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## **The Challenge Of Strategic Flexibility: A Case Study**

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Thesis submitted in fulfillment of the Degree of Doctorate of Business  
Administration (DBA)

University of Durham  
Durham Business School  
Durham, UK

2015

### **Declaration**

I confirm that no part of the material offered has previously been submitted by me for a degree in this or any other University. If material has been generated through joint work, my independent contribution has been clearly indicated. In all other cases, material from the work of others has been acknowledged, and quotations and paraphrases suitably indicated.

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## Acknowledgements

In completing this thesis more people have supported and guided me than this space allows for in recognition. However I would like to extend my gratitude to the following people:

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Finally, to my brother Byron who tutored me in the world of ideas during my critical formative years. Without this spark both my capacity and motivation for lifelong learning would never have been lit.

## Abstract

Strategic Flexibility has been widely cited as a critical success factor and capability for navigating today's complex and dynamic business landscape. Despite this recognition, there remain considerable challenges in the conceptual understanding and implementation of this strategic principle. Strategic flexibility has also been linked to strategic decision making as the extent to which new and alternative options in strategic decision making are generated and considered. This relationship plays a key role in effective firm response and when combined with a strategically designed leadership pipeline it can result in a valuable source of competitive advantage. Yet we know very little about the interplay between particular environments and the factors that influence executives' strategic frames as little empirical research has been conducted in this area.

Therefore, this study extends knowledge of these relationships by investigating the strategic frames of senior executives, the contexts and the factors that influence their capability for cognitive strategic flexibility. The study explores strategic thinking and decision-making at the individual and organizational levels. Thus, it falls under the Individual and Organizational Minds research stream with significant influence by the two cognitive branches of Information Processing Perspective and Ideological Perspectives. A qualitative and inductive case study method was employed with the use of the Kelley Repertory Grid Interview technique. Consistent with the interpretivist philosophy, this qualitative research focuses on the perceptions and experiences of the participants in the work context.

The study revealed multiple factors inhibiting the cognitive strategic flexibility of the individual executives. It also develops new conceptual connections between the Strategic Flexibility and Ambidexterity research streams that show promise for enabling strategic thinking in practice. The inductive creation of the new iSCOPE Framework from this research provides a useful tool that integrates academic theories and facilitates the development of intervention solutions that are concrete, mutually reinforcing and systematic.

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# **Chapter One**

## **Introduction**

## 1.0 Introduction

A firm's success or failure in the global marketplace is increasingly dependent on its strategic leaders and their ability to make sense of and respond to the environments in which they operate. Strategic Flexibility has been widely cited as a critical success factor and capability for navigating today's complex business landscape (Hitt and Keats et al. 1998, and Sanchez 1997, Buyterndijk 2010). Despite this recognition, there remain considerable challenges in the conceptual understanding and implementation of this strategic principle. Further, although this capability is linked to the cognitive ability of a firm's individual executives, limited research has been done at this level (Sanchez 1997, Reger and Palmer 1996, Nadkarni and Narayanan 2004). Recent research further stresses the increasing cognitive demands that flexibility brings to business leaders including paradoxical tensions of delivering on today and foreseeing the future needs of the firm (Heifetz and Grashow et al. 2009, Teece 2014). However, we know even less about how this flexibility is achieved in practice (Birkinshaw 2015). To gain a better understanding of how executives cope with these cognitive demands, consideration of the interplay between firm-level context and individual factors is necessary (Raisch and Birkinshaw et al. 2009). Therefore, this research design aimed at the investigation of the strategic frames of senior executives, the factors, and contexts that influence their potential for strategic flexibility. As this study explores strategic thinking and decision-making at the individual and organizational levels, it falls primarily under the "Individual and Organizational minds" research stream (Schwenk 1995). Within this stream, two cognitive perspectives concurrently underlie this research. The first is the "Information Processing Perspective" which provides theoretical foundations for individual and organizational level strategic thinking (Sharfman and Dean 1997), The second is the "Ideological Perspective" which covers the implications of "socially constructed belief systems" both at the organizational and industry level (Sharfman and Dean 1997). This Case Study uses qualitative methodologies and a "general inductive approach" of data analysis to investigate the potential for strategic flexibility and ambidexterity in one large multinational corporation (Thomas 2006). The findings and resulting induced iSCOPE framework are utilized to design and implement wide-scale change in the case company.

## **1.1 The Research Problem, Questions, And Structure**

The need for flexibility or organizational adaptation to fit one's environment is not new and is a theme that has long been of interest both in the strategic literature and to practitioners themselves (Philip Selznick 1957). However in the age of globalization, intensifying competition, with growing complexity and uncertainty of markets, achieving this fit is increasingly difficult. Thus, it is not surprising that there has been a mounting emphasis in the strategic literature and popular media regarding this challenge of operating in fast-changing and uncertain business environments. The commonly proposed response is to reduce risk by increased flexibility at the firm, market, business unit and individual cognitive level. The widespread recognition of this need has contributed to "flexibility's emergence as a new imperative" (De Toni and Tonchia 2005). In fact, during the early stages of this research when the global financial crisis was in full force, Strategic Flexibility was being promoted as a means to combat or exploit it (Sull 2009). Yet there have also been those that have noted from empirical evidence that "rigidity in market strategies and actions is more the rule than the exception in organizations" (Matthyssens and Pauwels et al. 2005). Much of this research has been linked to cognitive inertia at the individual and organizational level (Reger and Palmer 1996, Sull 2005). Also, the related research stream of Ambidexterity suggests that this rigidity may be connected to both individuals and firms struggling with the ability to resolve the cognitive tensions fast changing environments demand of them (Gibson and Birkinshaw 2004, O'Reilly and Tushman 2013).

Undoubtedly many of today's multinational corporations operate in markets that may at any one point in time demand a broad spectrum of responses from them. They do need to be adaptive, flexible and in many cases possess the capability for strategic flexibility. In supporting this viewpoint, Hitt and Keats et al. (1998) go as far as stating that "Success in the 21<sup>st</sup>-century organization will depend first on strategic flexibility" and that it "will require new types of organizations and leaders." How then, do multinationals create this capability? At the business unit or organizational level, it involves creating flexible resources, tactics and processes (Sanchez 1997). At the individual leader level, the key component is the cognitive flexibility of the strategic frames of the executives themselves



(Sanchez 1997, Shimizu and Hitt 2004). This dependency on leader's cognitive abilities may be one reason behind Hsieh and Yik's (2005) suggestion that in strategy one approach "is to weigh a corporation's strategic options against its ability to launch new businesses, new approaches, and other forms of breakthrough performance – in other words its leadership". The expectations of a leader's strategic thinking competency are increasingly being linked to the leader's ability to be adaptive (Heifetz and Grashow et al. 2009). The adaptive capability relates to both the individual's leadership style and cognitive strategic flexibility. The adaptive leader is expected to support the adaptation of the firm by fostering an environment of innovativeness. This task is accomplished through behavioral practices and the creation of supportive management mechanisms that enable the innovativeness of their employees. At the same time, the adaptive leaders should be flexible in their strategic thinking and decision making so as to balance exploiting today's capabilities while anticipating and generating options for future capabilities (Sanchez 1997, Lewis 2000). This latter dimension is fundamental to both strategic flexibility and the ambidextrous leader (Buytendijk 2010, Smith and Tushman 2005). Yet, what are the factors that support the creation and blossoming of an adaptive leadership culture? What type of strategic frames make leaders more or less adaptive? Are there factors or contexts that promote the potential for cognitive strategic flexibility of executive leaders? If so how does one go about enabling these in practice?

### **1.1.1 Theoretical Perspective And Research Process**

Qualitative research and, in particular, Case Studies are especially well suited for gaining in-depth and rich data sources for an understanding of the phenomenon in context (Eisenhardt 1989a, Yin 1994, Creswell 2009). Given the exploratory nature of the research objectives and questions, a general inductive approach was used in the development of data collection and its analysis (Thomas 2006). (For a comprehensive coverage of the Qualitative research approach applied, please see chapter three section 3.2 Research Methodology). To enhance the effectiveness and validity of the approach, the researcher was in the field or center of the context that allowed for multiple data collection methods and sources (Creswell 2009). This use of combining data collection

methods follows best practice in case study research (Eisenhardt 1989a, Creswell 2009, Yin 1994). This general inductive approach and range of methods provided a broader and deeper perspective on the context and the individuals. Ultimately, this greatly facilitated interpretation of the findings and addressing the research questions.

The primary theoretical perspective used in this research was interpretivist/social constructivist. As such, Kelley's Personal Construct Theory is utilized as the researcher believes that each individual constructs their own reality that is unique despite shared meaning developed in social or culture contexts (Kelly 1955). This perspective fits well with the nature of the research problem and purpose of the study being focused on the investigation and interpretation of the subjective meaning that executives construct from their work environment experiences. As noted above, the research drew principally on qualitative research methodology and, in particular, the qualitative case study as a method of inquiry. This mode of inquiry meant that the use of methods such as open-ended questioning, Kelly Repertory Grid interviews and other techniques that elicit participant's perspectives was employed.

The research also utilizes a general inductive approach for analyzing data for the purpose of discovering patterns, themes and a framework for better understanding of the phenomenon (Thomas 2006, Creswell 2009). Eisenhardt in her contribution to case method theory recommends that the specification "of some initial constructs will help shape the research design and measure some constructs and related elements more accurately" (Eisenhardt 1989a). Likewise, although the nature of qualitative case study is primarily inductive, by work familiarity the researcher deduced some initial consideration of themes. This deduction was reinforced by the conducting of one exploratory focus group pilot study at the global headquarters of the company during March of 2009. However, the inductive nature of the qualitative case method with its iterative process of data collection and analysis did necessitate going back to participants and other data points several times in the subsequent phases of the research to ensure "respondent validation" (Bryman 1988).

Nevertheless, the overall inductive nature of the research approach has been emphasized in the data collection methods chosen and in the open-ended quality of the research questions. Given the research problems identified, the research objectives intended to investigate the strategic frames of senior executives, the factors, and contexts that influence their potential for strategic flexibility. The objectives are in two groupings, each with one central theme objective and two supporting objectives:

**How do different environments influence the strategic frames of senior executives?**

What factors inhibit executive's strategic frames and the potential for strategic flexibility?

What factors enable executive's strategic frames and the potential for strategic flexibility?

**How do executives cope with diverse strategic decision-making environments?**

Which decision-making environments have a greater need for executive's strategic flexibility?

Which decision-making environments have a lesser need for executive's strategic flexibility?

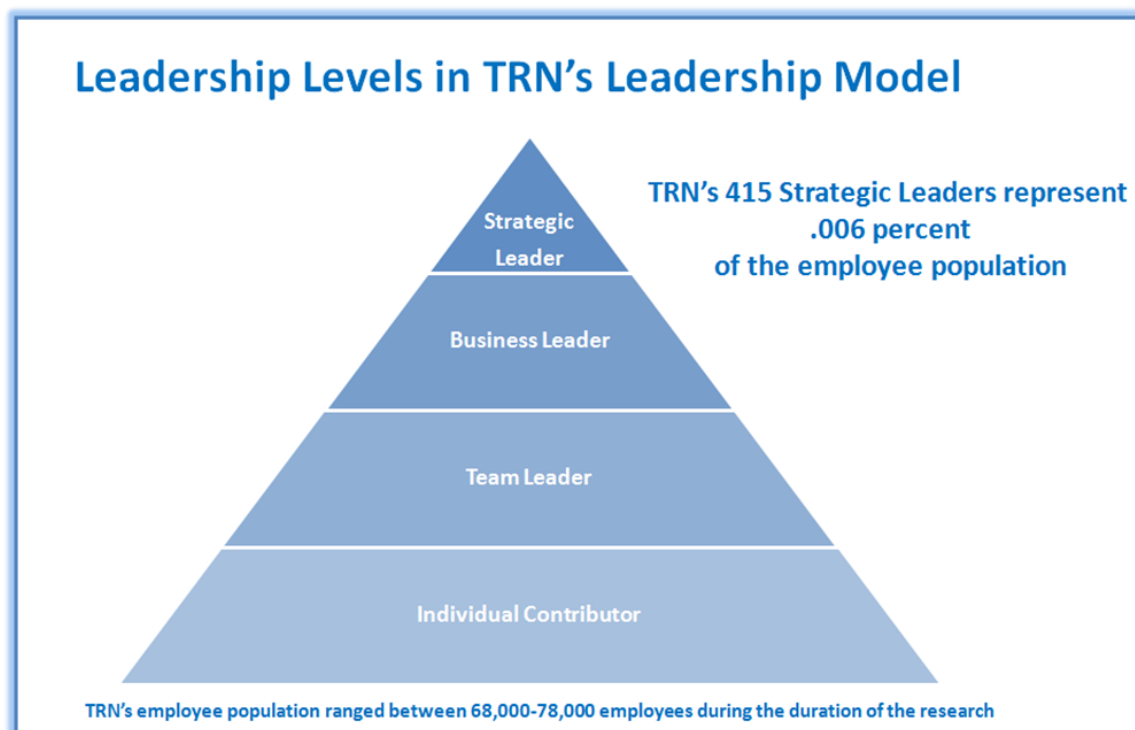
## **1.1.2 Research Context And Phases**

### **1.1.2.1 Case Company Context And Link To Theory**

According to Birkinshaw (2015), "qualitative research requires good access to senior executives". The researcher's role (Head of Executive Development) inside the Case Company assisted the fulfillment of this requirement. At the time of the launch of this research, the Case Company was a recently formed telecommunications industry Joint Venture (JV) between two global corporations. The rationale behind the JV was to create scale and scope in a consolidating industry that was experiencing intensifying competition. During the first year of the JV, the firm had already made significant progress with the challenges of building its independent culture, values, and routines.

However, the senior management of the company expressed concern that its Strategic Leader level executives were not showing the “flexible mindset” needed to cope with the demands of the changing landscape (Case Company Internal Communications June 2007). In parallel, there had been discussion and official communications around the need for creating strategic flexibility as a response to the harsh competitive environment facing the organization (CEO communications Q2 2007). Additionally the use of the terms “flexibility”, “agility” and “strategic agility” were occurring with increasing frequency in internal communications on the corporate intranet and webcasts with little consistency in meaning.

With the continued intensification of industry competition and increasing financial pressure on the case study firm, the concern over the Leadership Competencies and the strategic frames of the company’s Strategic Leader level executives intensified. In TRN Strategic Leaders are one of four levels of leadership and represent a small but high impact group of leaders. See Figure 1.



**Figure 1: TRN's Leadership Levels**

Based on the researcher's initial understanding of the theoretical themes underlying strategic flexibility, this research was launched as a preliminary step in assessing the validity of these concerns. The first consideration involved an exploration of what might be the appropriate strategic frames for this organization's Strategic Leaders. The long-term objective that emerged from the research was to influence the design of the firm's Leadership Brand through the creation of a new TRN Leadership Framework. This intervention would support and develop the appropriate strategic frames for the organization's Strategic Leaders (Intagliata and Ulrich et al. 2000). The creation of the new Leadership Framework was additionally intended to support TRN's ambition to increase its competitiveness through a stronger leadership pipeline with enhanced strategic foresight at all leadership levels (Charan, Drotter and Noel 2001). During the inductive research process, the researcher experienced increased awareness of the need for a more extensive intervention with additional change mechanisms employed. The recognition that recent developments in the ambidexterity research stream had a useful application for enabling strategic flexibility was then utilized and leveraged in the intervention plan. The resulting application of the new connections amongst the strategic flexibility and ambidextrous streams helps move thinking forward in both fields and provides useful examples of how to execute these concepts in practice.

An initial theoretical influence on this research was the work of Nadkarni and Narayanan (2004) linking strategic schemas to industry clock speed and firm performance. They suggest that complex schemas promote strategic flexibility and are suitable for firms in fast clock speed industries while the focus of schemas promote strategic stability and are suitable for firms in slow clock speed industries. While this work has not been done on the individual cognitive level, it does suggest that there is a preferred match of strategic cognitive frames to industry type. This research will argue and the data collected will evidence that the case study company (TRN) exists in an industry context that does not fit consistently in either of these categories but rather has dimensions of both. This condition leads to another question researchers have asked in these mixed dynamic contexts. Namely, whether senior executives can simultaneously manage businesses with different dominant logics (Prahalad and Bettis 1986, Tushman and O'Reilly III 1996). Recently

this paradoxical thinking and the tensions between the need to exploit and explore have been of increased interest at the individual level in the ambidexterity research stream. While the term “ambidextrous manager” has started to emerge limited research has been done at this level of analysis (Gibson and Birkinshaw 2004, Mom and van den Bosch et al. 2009)

The implication for TRN and any large multinational corporation who may have diverse market dimensions within one business is that it is mission critical to develop the right leadership competencies to match the corresponding business and market dimensions. This challenge of matching and allocating leaders is a daunting one that needs a proactive and informed talent management system (Hermann and Komm et al. 2011, Ulrich and Small et al. 2000). Attaining a deeper understanding of the factors that influence the cognitive demands on executives will greatly assist the consideration of the fit of strategic cognitive frames to specific contexts. This fit has significant repercussions for the development, recruitment and placement of executive talent within the firm. Snowden and Boone (2007) argue that executives need to “tailor their approach to fit the complexity of the circumstances they face.” However, research suggests that a variation of factors within different contexts influence their ability to do so successfully (Kiesler and Sproull 1982, Reger and Palmer 1996). In environments undergoing change, even recognizing the level of complexity is not an easy task. Therefore, the purpose of the case study research phases was to collect data and observe contexts that would most effectively facilitate understanding of the factors influencing those strategic leaders. Achieving this purpose necessitated research phases and methods that allowed the researcher to connect themes at a higher level and also descend to factors at the individual level. The overall intention was to follow the primary purpose of the inductive approach that is “to allow research findings to emerge from the frequent, dominant, or significant themes inherent in raw data, without the restraints imposed by structured methodologies” (Thomas 2006)

### 1.1.2.2 Research Phases

The research process has been divided into three projects with specific methods and objectives for each. A brief overview of the projects is provided below. See Figures 2 and 3 for high-level timelines.

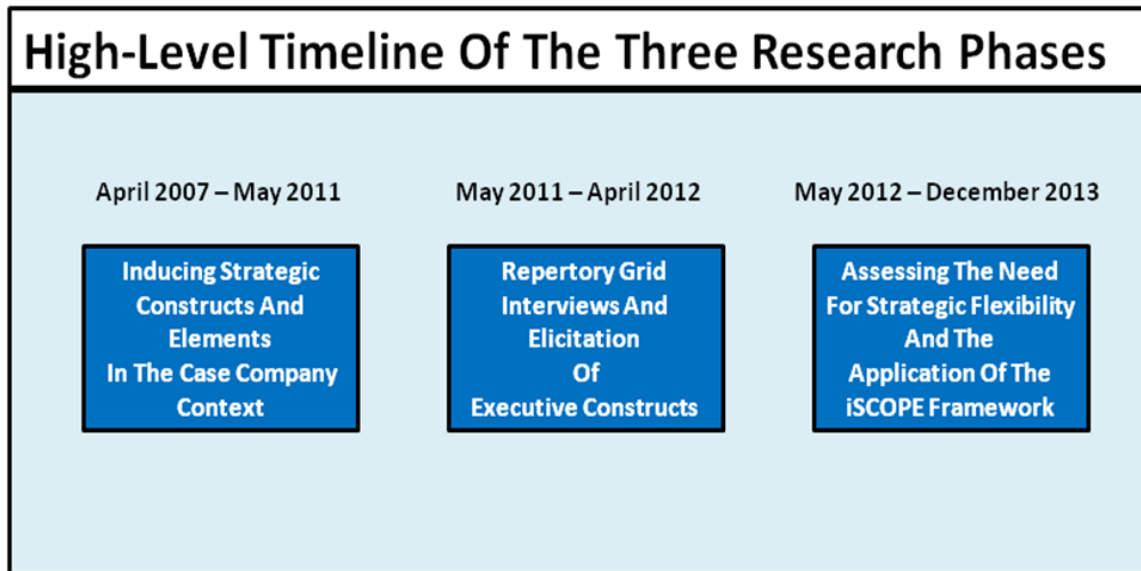


Figure 2: High-Level Timeline Of The Three Research Phases.

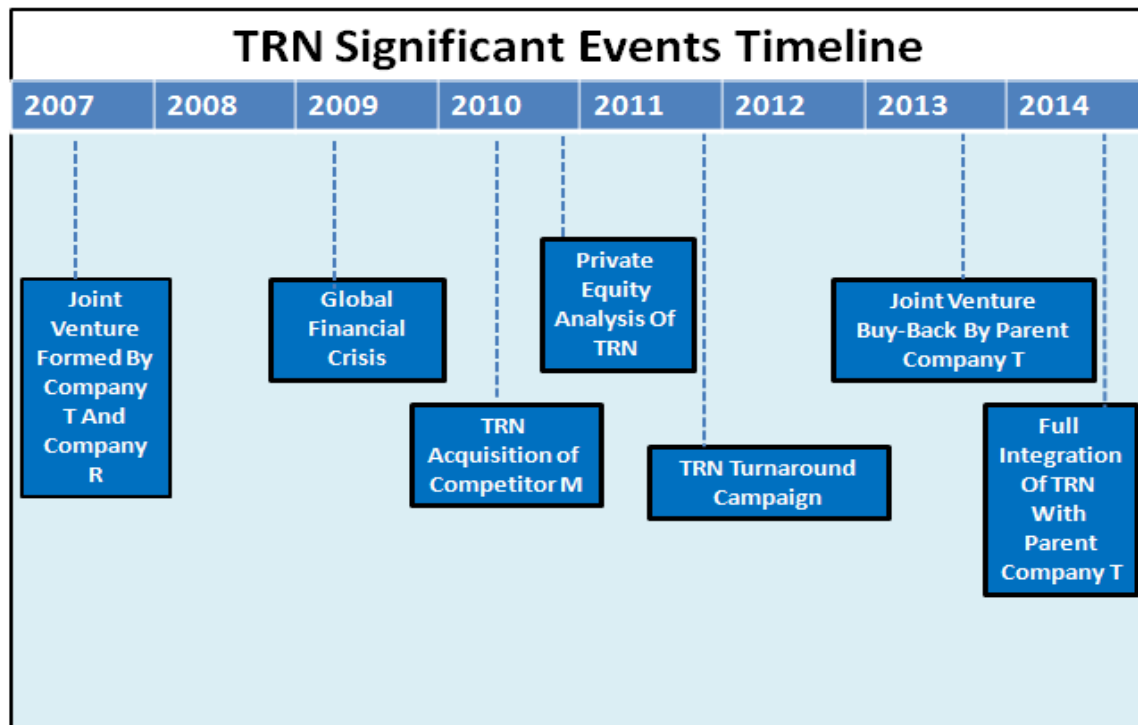


Figure 3: TRN Significant Events Timeline

### 1.1.2.2.1 Project One: Inducing Strategic Constructs And Elements In The Case Company Context

As this research utilizes the Case Study method to investigate individuals, an in-depth consideration understanding of the Case Company context was essential (Raisch and Birkinshaw et al. 2009). This method was useful to and consistent with the research questions regarding factors and contexts influencing the individual and the organization. The intent of this phase of the study was to 1) discover the key contextual drivers and 2) induce potential, themes, constructs and elements that may be influencing executive strategic frames 3) enable and inform the design of the repertory grid interviews of Project Two. The research timeline and data collection methods are illustrated in Figure 4.

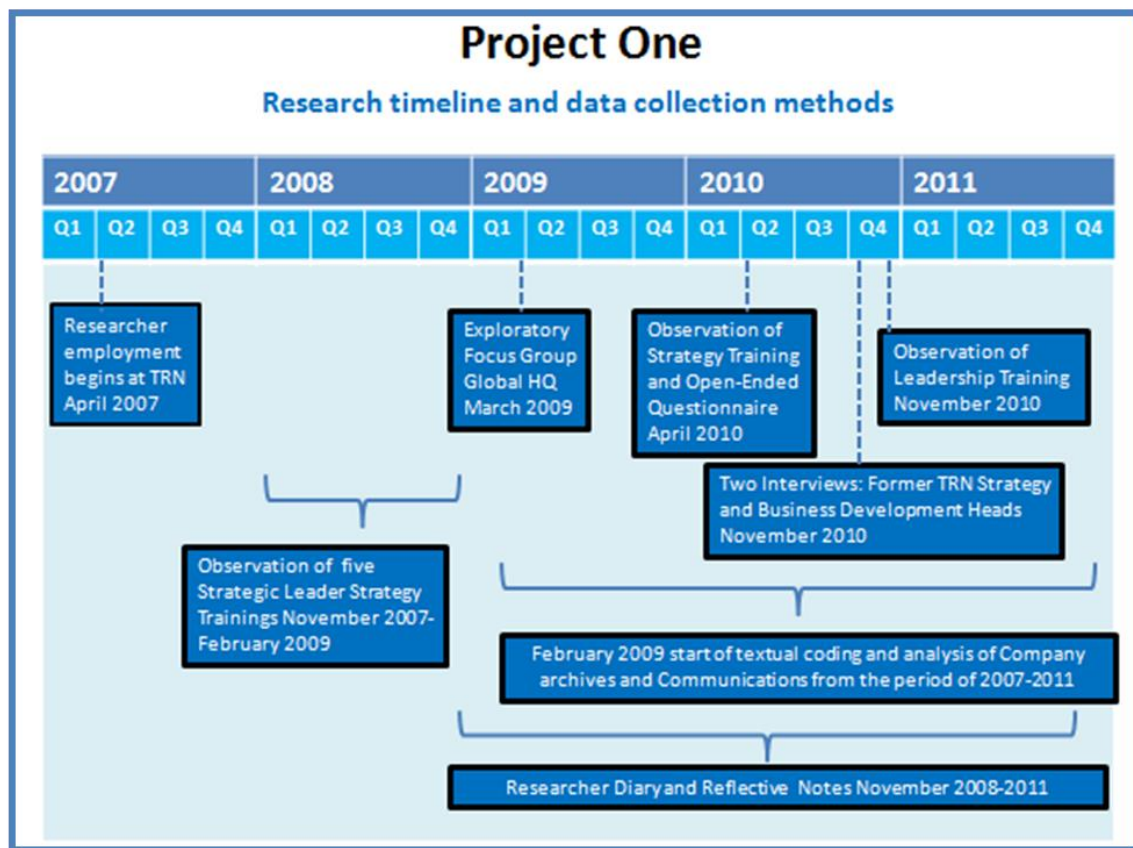


Figure 4: Project One Research Timeline And Data Collection Methods



### 1.1.2.2.2 Project Two: Repertory Grid Interviews And Elicitation Of Executive Constructs

Based on the induced findings from Project One of the research a focused and in-depth interview tool was created using the Kelley Repertory Grid Interview technique. The intent was to 1) elicit Executive’s strategic constructs in their own words from within their own working environment 2) identify factors and contexts that were influencing the strategic decision-making frames of the executives. The direct but nonintrusive method employed via the repertory grid interviews resulted in both fine-grained and rich sources of data. These sources confirmed not only many of the preliminary constructs and factors but also revealed several new constructs and influences not anticipated or uncovered in Project One.

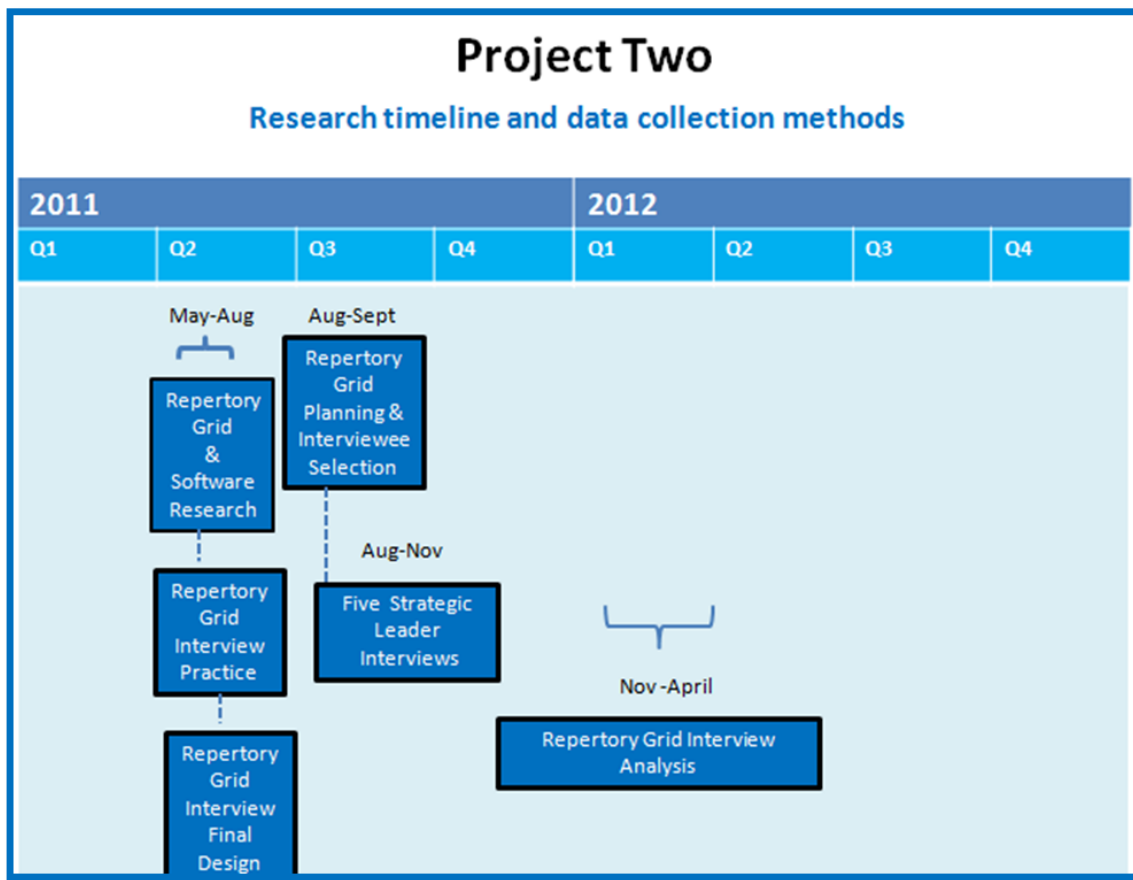
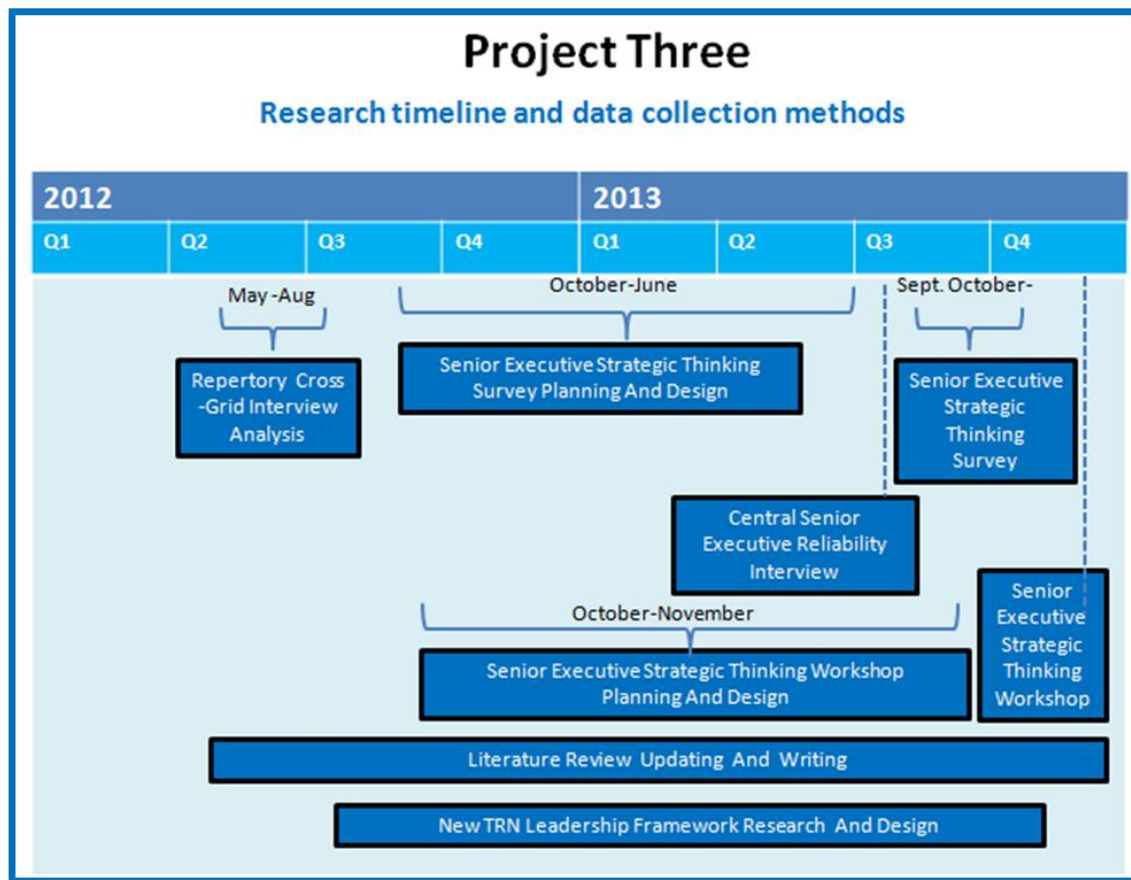


Figure 5: Project Two Research Timeline And Data Collection Methods

### 1.1.2.2.3 Project Three: Assessing The Need For Strategic Flexibility

Phase three of this research analyzed both the extant strategic constructs and context of the case company through cross repertory grid content analysis, a strategic thinking survey, and a strategic thinking workshop. The objectives of these combined methods was fivefold:

- 1) Gain further insight into the dynamics of the strategic context of TRN.
- 2) Obtain a deeper understanding of the strategic constructs extant in the senior leaders of TRN and their implications.
- 3) Provide additional reliability of the temporal relevance of the research findings.
- 4) Ensure that a high level of methods triangulation and validity was achieved.
- 5) Gain empirical evidence and insight to support the specific design of the TRN intervention.



**Figure 6: Project Three Research Timeline And Data Collection Methods**

From the content analysis, an integrative framework was induced (iSCOPE Framework). Based on the outcomes and the combined findings from all three projects, the iSCOPE framework was used as an integrative tool to analyze and generate recommendations for the redesign of the Case Company's Leadership Framework and supporting mechanisms. The findings and analysis from the framework made clear the need for the creation of a wider Cultural Transformation Project Office (CTPO) initiative, with particular consideration of the current and future need for cognitive strategic flexibility in TRN. Chapters six and seven deal specifically with the iSCOPE framework analysis and TRN intervention details. Chapter eight summarizes contributions to theory and practice and recommendations for future research. The Theoretical foundations underlying this thesis will be covered next in Chapter Two.

## **CHAPTER TWO**

# **Theoretical Foundations Of Strategic Flexibility**

## **2.0 Theoretical Positioning: An Overview**

This research had a primary focus on factors that enable the potential for cognitive strategic flexibility at the individual level of senior leaders. However, this inductive exploration also necessitated consideration of organizational and environmental contextual factors that influence the Case Company's strategic thinking and decision making. Therefore, relevant literature from the "Individual and Organizational minds" research stream was a primary source (Schwenk 1995). Within this stream, two theoretical perspectives have been central. Firstly, the "Information Processing Perspective" has provided theoretical foundations for individual and organizational level strategic thinking (Sharfman and Dean 1997). Secondly, the "Ideological Perspective" has supported the understanding and investigation of implications of "socially constructed belief systems" both at the organizational and industry level (Sharfman and Dean 1997). The field of psychology and contributions such as Kelly's (1955) Personal Construct Theory are also extremely significant given that much of strategic management theory in the cognitive perspective is based on the foundation of this work. Adaptation of the individual and the firm also has interlinking themes. These are strategic flexibility and ambidexterity. While the researcher has not found in the literature previously explicit and direct connections between these two streams this review will show that much of the content supports the overriding objective of adaptation. Further, the researcher will argue that there is a benefit in further integrating these two streams both at the individual and organizational levels. The development of a synthesis between these two related streams would advance conceptual understanding and improve managerial practice.

The concept of Strategic flexibility has experienced a growing interest in close correlation with the perception that environmental dynamics are increasing in their degree of uncertainty and speed of change. As Buytendijk (2010) emphasizes, "The more uncertain the future, the more valuable flexibility and adaptiveness are as core strategic competencies." This need for adaptive responses has generated the overarching concept of flexibility as a strategic principle from which strategic flexibility has arisen as a unique component. The need and overall degree of flexibility required by firms are dependent on

many external environmental factors but can also be reliant on the extent of the proactive orientation of the firm (Evans 1991). Essentially this is about creating options “rather than strong commitments that cause trade-off dilemmas” (Buytendijk 2010). The evolution of the literature has two main related adaptive themes or dilemmas. The first is the firm’s need to find the correct balance between exploitation and exploration of its environment (March 1991). This dilemma has had a more recent proliferation of contributors in the literature under the ambidexterity heading (Lavie and Stettner et al. 2010). Ambidexterity at the firm level is closely related to a company's flexibility. The "ambidextrous manager" or individual level ambidexterity also has close relations to cognitive strategic flexibility’s paradoxical thinking dimension (Lewis 2000). The second theme is the adaptive challenge of a firm or individual and the orientation it has towards deliberate or emerging strategic planning (Mintzberg 1990). Given the link between individual and organizational action, the literature related to leaders strategic frames and cognition are also a central concern. Additionally, the role of leadership has always held the expectation of sensing, sense-making, and setting strategic direction. This competence is at the basis of all adaptive firm responses (Sharfman and Dean 1997, Sanchez 1997, Bogner and Barr 2000). As such firms strategically invest significant time and resources in building leadership pipelines and competency models that fit their strategic context with the aim of enhancing their competitiveness (Ulrich and Smallwood et al. 2000). The challenge of delivering on this objective is complex and is impacted by factors at both the individual and organizational level. The significance of this challenge is exemplified by Hsieh and Yik’s (2005) research conclusion that “Even the best strategy can fail if a corporation doesn’t have a cadre of leaders with the right capabilities at the right levels of the organization.”

## 2.1 The Foundation of Adaptation: Flexibility

The range of definitions of flexibility as it has evolved in the literature is extensive and varies for at least three reasons. First, the concept has proven to be ambiguous due to its application across many diverse contexts, environments, industries, and functions (Aaker and Mascarenhas 1984, Evans 1991, Volberda 1996, Johnson and Lee et al. 2003, Nadkarni and Herrmann 2010). Secondly, it has been researched from several different disciplines including strategic management, economics, organizational theory, and marketing to name just a few. Thirdly, the concept can be applied at the level of the firm, business unit or the individual decision maker. As stated by De Toni and Tonchia (2005) “There is not in the literature, a definition of flexibility that is widely accepted.” This task is further exacerbated by competing scholars struggling to find holes in the literature. Therefore, even a review of definitions is a considerable task as can be evidenced by articles that refer to defining the term as a “search for the Holy Grail” (Golden and Powell 2000).

Within the discipline of strategic management, there have been numerous attempts to clarify and bring some structure to the concept. One of the central challenges to this task as suggested above is that flexibility has been from the beginning a fundamental strategic principle of strategy (De Toni and Tonchia 2005, Sanchez 1997). Ansoff (1965) in his earlier writings proposed that flexibility is a strategic option. It can be exercised in the focus dimension by “internal flexibility created by liquidity and external flexibility created by diversification that can be either defensive or aggressive”. As Aaker and Mascarenhas (1984) put it “A firm, as part of its strategic thinking, should consider whether it is necessary to increase flexibility and, if so, which approach is the most appropriate and effective.” Buytendijk (2010) takes the issue of this consideration much further. He goes as far as to question the traditional perspectives of strategy as making choices when he asks “Is making either-or choices what strategy is all about?”. While this question may appear to be radical, it is a valid point. The implication is that the flexibility perspective is a critical lens that can help modify leader’s strategic frames. As Buytendijk (2010) proposes it can assist in overcoming historic strategic dilemmas in the modern

business context such as inside out versus outside in or top down vs. bottom up. Thus, the “Flexibility Decision” or perspective involves considering the “likelihood and nature of the impact of environmental change upon the organization” (Aaker and Mascarenhas 1984).

Amongst the vast array of contributors to the concept and its use, the research of Aaker and Mascarenhas’ (1984) was one of the most comprehensive contributions to the literature at that point. It builds upon the classical studies of Ansoff and Cyert and importantly provides an extensive list of both objective and subjective means for measuring and auditing flexibility. Although one of the article’s aims is to clarify the concept of “Strategic Flexibility” it achieves much more in elaborating on how flexibility can be achieved and exercised as a strategic option in practice. This elaboration includes a pragmatic portfolio of concepts, capabilities and ways to use assets in flexible and dynamic means. The study suggests that strategic flexibility can be applied via diversification, reducing the commitment of resources to a specialized use or by investing in underused resources (Aaker and Mascarenhas 1984). On the definitional front, Aaker and Mascarenhas (1984) include the obligatory central aspect of flexibility as the ability of an organization to adapt.

In addition to focus mentioned above, three additional major themes or patterns seem to be dominant in the literature. The first theme classifies the dimensions of flexibility using temporal criteria. Under this classification three categories are formulated: (1) Operational which refers to day to day or short term flexibility, (2) Tactical referring to more significant changes in product mix or design related to demand, and (3) Strategic referring to the creation and realization of “options for a firm’s future” (Johnson and Lee et al 2003). In simplified terms, Operational is short-run, Tactical is medium-term, and Strategic is longer-run (Carlsson 1998). The second theme relates to the range of options open to a firm in reacting to foreseen or unforeseen changes in the environment (De Toni and Tonchia 2005, Volberda 1996, Carlsson 1998). The third classification is by intent. This intent dimension refers to whether a firm’s capabilities are developed with the



intention of either offensive or defensive maneuvers (Evans 1991, Combe and Greenley 2004, Aaker and Mascarenhas 1984, Golden and Powell 2000, Buytendijk 2010).

There remain numerous categorizations of the term, but the central, and most cited aspect of the definition is a firm's capability for change and adaptation. The literature on flexibility continues to accumulate beyond the definitional front especially in the operational areas of resource and production systems. There are now abundant and excellent examples that illustrate how flexibility can be achieved. Primarily, these examples individually make up a repertoire of approaches or means to support the strategic option of "strategic flexibility".

## **2.2 Being Strategic About Flexibility: The Strategic Flexibility Concept**

The term "Strategic Flexibility" was first coined in the 1950's by Eccles [as cited in Evans] (Evans 1991). Despite the widely accepted competitive importance of achieving strategic flexibility and that according to Eppink (1978) it has been examined in the strategic literature since the late 1950s there are some researchers who argue that it is "still unclear, what is meant by the designation "strategic flexibility" and how this can be measured in real terms" (Roberts and Stockport 2009, De Toni and Tonchia 2005, Evans 1991, Johnson and Lee et al 2003). Part of this confusion is its synonymous use with the concept of flexibility and its frequent categorization as a type of flexibility. This can be seen in Aaker and Mascarenhas' (1984) differentiation of the notion of strategic flexibility by adding the two dimensions of time (long term) and change of business scope (substantial). Another aspect of confusion is the abstract and inconsistent nature to which it is used in the literature with additional components added depending on the focus of the research. For example, Shimizu and Hitt (2004) add the dimension of reversing action when they define it "as an organization's capability to identify major changes in the external environment, to quickly commit resources to new courses of action in response to change, and recognize and act promptly when it is time to halt or

reverse such commitments”. This dimension fits nicely into their comprehensive exploration of barriers to changing courses of action from an organizational and individual level. However, it emphasizes only the reactive aspect of the strategic flexibility capability and how to avoid the “vicious cycle of strategic rigidity” (Shimizu and Hitt 2004). While this is useful both for increasing flexibility and managing the balance of ambidexterity it relies more on problem recognition rather than proactively designing to take advantage of opportunities. This missed dimension is critical as it is related to both an individual and firm’s cognitive orientation. Further, as Combe and Greenley (2004) note “different capabilities for reactive and proactive” strategic flexibility are needed. An example of the implications of this dimension can be seen in this case study. The evidence supports that the inward orientation of TRN led to a short-term focus or “temporal myopia” to the detriment of a longer term and more proactive strategic thinking (Miller 2002).

Sanchez (1997), as one of the most prolific writers on strategic flexibility, defines Strategic Flexibility “as the condition of having options (the what) that are created through (the how) the combined effects of an organization’s coordination flexibility and using flexible resources”. [bracketed text added]. This definition goes a long way in distinguishing between the means for developing flexible approaches from the generation of strategic options themselves. Johnson and Lee et al. (2003) make explicit two other critical aspects of intent and feasibility. The authors define it as “the firm’s intent and capabilities to generate firm-specific real options for the configuration and reconfigurations of appreciable superior customer value propositions”.

Evans earlier work anticipates this definition by providing an integrative framework and resulting formulation that is one of the most cited in the literature (Evans 1991). It outlines the scope of strategic flexibility options available to the firm. He incorporates the temporal and emphasizes intentional dimensions as they would be executed in both defensive and offensive modes. The four broad categories are 1) leading change through pre-emptive forms of strategic flexibility 2) withstanding change through protective forms 3) seizing the initiative for change through exploitive forms and; 4) correcting past

mistakes through corrective forms (Evans 1991). These intentional dimensions provide a pragmatic framework for thinking about applying the “how” methods of strategic flexibility outlined in the earlier literature. By considering a firm’s internal and external context different strategic emphasis and resources could be placed across Evan’s dimensions. However, to enable this potential requires being in the perspective that strategic flexibility is a strategic principle first and foremost. It is only then supported by the creation of flexible capabilities and resources that the strategic option becomes realized.” (Evans 1991).As the data collected in this research will show, TRN did not embrace this perspective in principle or practice. It struggled to have the strategic insight or strategic foresight to consider all but the minimum dimensions proposed by Evans framework.

Flexibility has been cited by many as a capability. Teece and Pisano et al. (1997) and later Eisenhardt and Martin (2000) have contributed to that definitional front by relabelling flexibility as “dynamic capabilities”. The first labeling of the capability as “dynamic” originated with Teece and Pisano et al. (1997). They “refer to this ability to achieve new forms of competitive advantage as ‘dynamic capabilities’”. Coming from the resource-based view (RBV) of the firm this perspective relies heavily on Barney’s (1991) concept of competitive advantage. The authors also spend considerable focus on the need to redeploy “resource configurations” closely mirroring work done earlier by Aaker and Mascarenhas (1984), Sanchez (1993) and others. Being deeply fixed in the RBV perspective they do recognize the need to reduce “stickiness” but focus primarily on how “to match the requirements of a changing environment.” It may be this subtle perspective that underlies why they miss the concept of strategic flexibility as a principle and its more proactive aspects of shaping the future. As Eisenhardt and Martin (2000) admit, “dynamic capabilities are idiosyncratic in their details.” More importantly as Bogner and Barr (2000) stress the RBV can be unhelpful in its focus on the past. As they note, “ A resource-based view emphasizes the cumulative weight of previous decisions on future strategy” and these are less relevant in turbulent and fast-changing markets (Bogner and Barr 2000). Further, they point out that “the process of inferring competitor’s future moves by focusing on fixed assets, established channels of distribution, or any other

historical basis of competitive advantage is not likely to be helpful, and may be deluding”. If this implication is valid, then the Resource Based View is more likely to create rigidity than flexibility in mindset by reinforcing unhelpful “Construct Anchors” and cognitive inertia (Bogner and Barr 2000).

To be fair to Teece and Pisano et al. (1997) this early attempt to define flexibility was intended to “facilitate theory development and intellectual dialogue” (Teece 2014). Teece’s evolution and defense of dynamic capabilities have not been easy but has been influential in academic journals. The most recent modifications of the dynamic capabilities concept bring it much closer in line with earlier strategic flexibility concepts espoused by Evans (1991), Sanchez (1993) and others. Dynamic capabilities now have three components comprising sensing, seizing and reconfiguring resources (Teece 2014). While Teece clearly sees dynamic capabilities as not being a strategy or a strategic principle he has associated it with the three fundamental processes of mobilizing resources, executing, and renewal that all businesses must achieve (Augier and Mie et al. 2009, Teece 2014). These recent modifications and additions are significant as they are influencing the ambidexterity research stream. Birkinshaw’s (2015) research argues against Teece’s assertion that “it is possible to identify a generic set of dynamic capabilities that apply in all settings.” What Birkinshaw’s (2015) research has rightly identified is that dynamic capabilities are simply flexible tactics and that there are multiple modes of adaptation. More importantly, this ambidexterity’s research view opens useful connections between how ambidexterity and strategic flexibility might be enabled in practice.

To avoid potential contradiction and inconsistency with the principle of strategic flexibility, this research utilizes the English language definition of capability “as the power to do something”. Therefore, the working definition of strategic flexibility for this case study was the firm’s intent and capabilities to generate firm-specific real options to exploit or respond to its environment. Firm-specific real options imply having the ability not only to create options conceptually but also to implement those via the type of resource and coordination flexibilities outlined by Sanchez (1997). This definition then

implies organizational change management skills as well as strategic thinking. The theoretical and practical implications of this contextual perspective was taken into consideration when crafting the intervention proposal for TRN, and it resulted in a solution of wider scope than originally envisioned by the researcher. However, it is also important to note that that the definition implies the deliberate strategic decision to create the capability to exercise strategic flexibilities. Buytendijk (2010) expresses both the principle and mindset well when he states “What happens when, instead of thinking of strategy as making choices and commitments, we see it as creating a portfolio of options? Options do not limit our flexibility in the future; rather they create strategic flexibility.” Thus at the individual level or that of the decision makers it can be defined as “the extent to which new and alternative options in strategic decision making are generated and considered”. Critically, it is the individual form of strategic flexibility that is a prerequisite for the firm-level capability. It is, therefore, a key rationale for focusing this research on the Strategic Leaders of TRN (Sharfman and Dean 1997, Sanchez 1997 Bogner and Barr 2000 ).

## **2.3 Theoretical Foundations of Strategic Flexibility**

### **2.3.1 Introduction**

At the very foundation of the need for firms to think and react flexibly is contingency theory as applied to strategy. It suggests that the best way to organize depends on the nature of the environment (Ginsberg and Venkatraman 1985). In the strategic literature, two main underlying themes relate to contingency theory and the importance of flexibility. The first is the “deliberate versus emergent” planning debate most widely known for the rivalry between Ansoff and Mintzberg (Ansoff 1976, Mintzberg 1990, Ansoff 1991, Mintzberg 1996). The second is the balancing dilemma of “exploitation versus exploration” (March 1991, Tushman and O’Reilly III 1996, Levinthal and March 1993, O’Reilly III and Tushman 2013). Both of these themes have their heritage in other disciplines. The tradeoff between seeking greater fit with the present environment versus investing in new or future opportunities/environments is documented from many

disciplines including biology, economics, learning and population ecology (Beinhocker 1999, Ghemawat and Costa 1993, Hannon and Carroll et al. 2003, Ghemawat and Patricio 1998, Garvin 2000). The deliberate versus emerging theme also has equivalents with particular relevance to economic and political theory (Barry 1987, Martin 1970, Conway 1989).

### **2.3.2 Planning Versus Learning: The Challenge Of Anticipating The Future**

The deliberate versus emergent dilemma is seen in many disciplines but often using different terminology. For example, the planning versus laissez-faire economics dialogue has a long history with political and moral implications that have shaped and continue to shape today's world (Barry 1987, Conway 1987). In the area of strategic management Ansoff (1965) was one of the earlier and strongest proponents of long-range planning. Part of this motivation may have been his frustration with the state of strategy during his time. It may also have been influenced by the post second world war economic boom where the influence of military planning and production was salient and reinforced by the installment of many senior ranking military leaders in corporate leadership roles. Yet one cannot fairly classify Ansoff as a thinker who did not anticipate the need or importance for flexibility. As referenced above, many of his writings dealt with this need in the form of planning for internal and external flexibility. He also made considerable effort to position planning as an appropriate response to surprise and change in the environment (Ansoff 1976).

The environmental upheaval caused by the macroeconomic events of the 1970s along with the increasing dynamics of globalization and international competition combined to highlight the weaknesses of the traditional long range planning school. As the studies of Rumelt (Rumelt and Schendel et al. 1995) would show it often failed to "lead to innovation, adaptation to change, or even survival". This failure gave rise to a school of thought that argued that rather than following precise long range planning; firms were seen to learn through search and trial. Strategies were then, only recognized or labeled if

at all, after the fact. This “unintended strategy” point of view is represented by articles such as Lindblom’s (1959) “muddling through,” Quinn’s (1980) “logical incrementalism,” and Mintzberg and Water’s (1978) “emergent strategy”. As cited in Rumelt and Schendel et al. (1995).

At the heart of the flexibility motivation is the need to adapt to changing environments. Therefore as Buytendijk (2010) states it, a strategy “must be flexible enough that it can be changed constantly and adapted to shifting internal, as well as external, conditions.” This is consistent with the considerable consensus in the literature that strategic flexibility and strategic agility are most relevant to fast changing and uncertain environments (Aaker and Mascarenhas 1984, Chakravarthy 1982, Evans 1991, Carlsson 1998, Eisenhardt and Brown 1998, Eisenhardt and Sull 2001, De Toni and Tonchia 2005, Doz and Kosonen 2008). A central red thread that underlies these publications is expressed well by Sanchez (1997) when he states “What clearly emerges from the diverse studies of strategic flexibility is the basic finding that the traditional strategic management objective of choosing a single “best” plan of action is likely to be an unrealistic objective in an uncertain environment”. In practice, the situation is not as black and white as it may first appear. Firstly, the degree of uncertainty and speed of change in environments will vary from firm to firm along a spectrum which makes planning more or less dependable and effective depending on the context. As Courtney and Kirkland et al. (1997) have outlined in their work on strategic posture, it is important for firms to go beyond just recognizing that uncertainty exists. They also need to determine the level of residual uncertainty so as to plan their response accordingly. Secondly, Mintzberg (1990), and Sanchez (1997) have recognized that the deliberate and emergent learning should go hand in hand. This synthesis can be achieved by realizing “strategic flexibility jointly through longer-term planning for basic competence building and near-term, emergent forms of specific competence building” (Sanchez 1997). Alternatively, it can be accomplished by establishing broad outlines of actions while allowing deliberate details to emerge (Mintzberg 1990). This latter suggested balance is very much in line with the type of strategic communications seen in large multinational corporations (TRN Plan 2010). The implication for senior executives is the need to responsively fill in the details based on

their understanding of the broad outlines and their interpretation of the changing factors in their environments.

This difficulty of having the ability to plan and be sensitive to shorter-term environmental change while maintaining a longer-term perspective is closely related to the concept of strategic foresight. This tension was highlighted at the organizational level by Stafford Beer (1985) when he put forward the idea that organizations generally focus on an “inside and now” orientation with the aim of achieving results and improvements in the near future. This temporal myopia tends to support the deliberate perspective as the focus is on the known variables (internal), and the relative planning horizon is closer and, therefore, easier to predict (Miller 2002). By comparison an orientation of focus on the “outside and then” would tend to support more of an emphasis on what is going on outside the firm with a longer term horizon (Beer 1985). This latter orientation enables a firm to improve existing operations but also to transform itself by “reshaping its purpose, niche or identity” based on the learning from taking a longer term orientation (Beer 1985). This perspective has also been emphasized in the more recent work of Doz and Kosonen (2010). Their research on strategic agility draws largely on the success stories of large multinational corporations such as Nokia, Cisco, IBM and others. They argue that strategic insight (the ability to perceive, analyze and make sense of complex strategic situations as they develop and be ready to take advantage of them) is the key to strategic agility (Doz and Kosonen 2010). While they also recognize the need for strategic foresight (the ability to anticipate key trends and changes and see further into the future than competitors, customers, suppliers, and partners) it is strategic insight that is harder to develop and the key characteristic needed to succeed in fast and complex changing industries (Doz and Kosonen 2008). The concept of strategic agility as espoused by Doz and Kosonen is not an exact fit to the flexibility and strategic flexibility concepts. However, it does draw upon very similar literature and has a strong fundamental overlap. More importantly, this work highlights one of the cognitive implications of the increasingly necessary balance between deliberate and emergent strategic planning. This discussion continues to have relevance in the strategic literature. As Goddard (2014) argues ‘winners’ are rarely chasing cost leadership. Rather they “see their journey as one



of continuous discovery, moving from a place of 'best practice' to one of 'unique practice.' (Goddard 2014) This perspective of placing emphasis on new value creation is a central aspect of strategic flexibility as it involves anticipating and even creating the future. Nevertheless the need to deliver value today is also critical. Achieving a suitable balance is context dependent. It also is at the core of the explore versus exploit dimensions to be covered next.

### **2.3.3 Exploitation Versus Exploration: The Challenge Of Sustainability**

Underlying the motivation and need for exploration and renewal are various comprehensive studies that highlight the decreasing lifespan or inconsistent performance of large firms. For example, Keller and Price (2011) note that the "excellent" companies of "In Search of Excellence" and "Built to Last" have not fared well. They cite that "by 2006, 20% no longer existed, 46% were struggling, and only 33% remained high performers" (Keller and Price 2011). This type of data supports just how critical it is for firms to find the appropriate trade-off between investments in current opportunities versus exploring new ones. In the Theory of the Growth of the Firm, Edith Penrose viewed firm growth "as a process of search and exploration. Management teams seek out new opportunities in the environment and then use corporate resources to exploit them." (As cited in Beinhocker 2006). The much later work of Teece and Pisano et al. (1997) extended the resource based view calling these firms "high-flex". There is, however, an associated cost and risk in the nature of this balance. Exploiting present opportunities often involves configuring corporate resources in a manner that creates a greater fit to the current environment. Economies of scale, vertical integration, deeper knowledge of and closer relations with customers are just a few of the benefits to leverage. From the resource-based view of the firm Barney (1991) would argue that it is from just such contexts that "firms may develop unique, hard to copy skills that give them decided competitive advantage." March (1991) in his consideration of organizational learning and competitive advantage warns that "adaptive processes, by refining exploitation more rapidly than exploration, are likely to become more effective in the short run but self-destructive in the long run." In a related article, Herriot and Levinthal et al. (1985)

conclude that "It is quite possible for competence in an inferior activity to become great enough to exclude superior activities with which an organization has little experience." This danger and the challenges of change and the resistance that comes with it are well documented in the strategic literature and business case studies. The unfortunate truth is that it is quite often the most competitive buggy-whip maker that is the last to become obsolete. As Leonard-Barton (1992), in her study of the core capabilities of twenty company cases found, "firms often fall into competency traps, as core competencies become core rigidities." Goddard and Eccles (2013) describe this as "an organizational bias towards the loop of 'control and alignment' largely focused on the here and now of 'doing more of what we already do.'" The clear repercussion is that such an over emphasis on this bias does not enable new competency development and will not lead to long-term sustainability. To offset this imbalance faster and more effective learning should be done by what they refer to as the loop of "learning and discovery" (Goddard and Eccles 2013).

The ambidextrous viewpoint appears to have close links to the strategic flexibility stream's view of building competencies and options. For example, Sanchez (1997) as a leading proponent of strategic flexibility emphasizes that "the process of managing to prepare for an uncertain future as fundamentally an effort to identify and achieve the right "strategic balance" in building new organizational competencies that create new strategic options and in leveraging current competencies through the exercising of existing strategic options." Therefore, these two perspectives both address what the literature highlights as one of the costs of exploiting a specific environment or skill set; the specialization that limits new options (Levinthal and March 1993). Sull's (2005) work on what he refers to as a firm's active inertia outlines this direct impact on flexibility in his following statement "While each decision defines your company's capabilities now, it also reduces its flexibility in the future". It is also suggested that the best time for anticipating the future and to explore is when "an organization enjoys surplus talent and other resources, or when the market is relatively stable" (Hines and Bishop 2006). This recommendation to engage in strategic foresight in good times is consistent with the earlier pre-emptive advice of Christensen's (1998) to face disruptive dynamics before

disruption appears. While this makes intuitive sense, there is also literature evidencing that firm success is linked to complacency (Hedberg and Jonsson's 1997, Sull 2005). The addition of the need to be planning for the future just as the present is most rewarding creates a paradoxical cognitive tension that underlies both ambidexterity and cognitive strategic flexibility. The literature reinforces this paradox by emphasizing both the cost of flexibility and the cost of not exploiting and creating competitive advantage (Barney 1991, Harrigan 1980). Thus, this balance is difficult to achieve by following prescriptions alone.

### **2.3.4 Exploitation And Exploration: The Aspiration For Ambidexterity**

The objective of finding the right balance between exploitation and exploration both at the organizational and individual level has been increasingly referred to in the literature as ambidexterity. The concept of ambidexterity was first used by Robert Duncan in 1976 to describe managerial contradictions (as cited in Lavie and Stettner et al. 2010) but was popularized and further conceptualized by Tushman and O'Reilly (1996). The essence of the challenge of ambidexterity can be expressed in simplified terms as the tension between two different business models; "running the business versus changing the business." (Nieto-Rodriguez 2014). Ultimately the goal is to enable your explore capability to "figure out the future before your competitors do" while at the same time managing to separate the "past from the future" orientations and capabilities within the firm (Tushman and Euchner 2015).

Although there are empirical studies supporting the positive benefits of achieving ambidexterity, there is considerable discussion regarding the best methodologies for doing so (He and Wong 2004, Gibson and Birkinshaw 2004, Mom and van den Bosch et al. 2009). The early work in this area by Tushman and O'Reilly (1996) proposed that separating the activities into distinct units avoided the challenge of what is considered to be two largely different capabilities and mindsets. An early solution proposed was the structural "differentiation" approach. By making structural separation you centralize the complexity of the two contexts in either the CEO or just the firm leadership team

(Tushman and O'Reilly 1996, and Tushman 2015). Much of the early work on structural differentiation was reinforced by the prominence of the "silicon valley" high-tech hype and start-up logic of the 1980s and 1990s. In this environment, multiple benchmarking examples of new ventures supported the idea that decentralized; smaller and less bureaucratic structures were more suited to the explorative orientation (Christensen 1998, Tushman and O'Reilly 1996). However, more recently this perspective has been questioned. As pointed out by those closer to the practitioner realm "very few companies can afford to have independent structures to focus solely on exploration" (Nieto-Rodriguez 2014). Further, as identified by Beer (1985) and supported by later academics (Eisenhardt and Martin 2000, Gilbert 2006, and Teece 2007) the ideal value capture from ambidexterity is when exploration and exploitation activities and insights are reunited. Despite the fact that structural separation could have viable benefits, firms that are under extreme cost pressure (as evidenced in the TRN context) may not have the slack to take advantage of this option. Therefore, there is support and varied suggested applications of the "integration" orientation despite the potential difficulties of mixing the two strategic frames. The primary challenge of integration is whether to do so through alternation, parallel, sequential or some combination of these activities. On the organizational level, this has also been debated. One option is what has been called "sequential ambidexterity" where firms go through phases of focusing on one orientation and then the other (Brown and Eisenhardt 1998). The implication is that firms adapt to their changing environments in the attempt to achieve an ideal state much like traditional contingency theory. However, this "static" view is not widely supported given ambidexterity as a capability is seen to involve continuous and intentional reconfiguration of resources (Lavie and Stettner et al. 2010). This latter description of ambidexterity resonates well with descriptions of the strategically flexible firm. Therefore, one might expect that the challenges of achieving ambidexterity or strategic flexibility to be similar. Further, there is likely overlap and potentially complementary mechanisms that enable both capabilities.

### **2.3.5 The Ambidextrous Leader: Dealing Strategically With Paradox, Change, And Uncertainty**

Recent research has increased the focus, scope and connection of ambidexterity at the individual level. Much like Sanchez's (1997) conclusion regarding the link between an organization's strategic flexibility and individual's strategic flexibility; studies show that ambidexterity is embedded in individual's ability to exploit and explore. Additionally, that specific organizational mechanisms can enable it at both the individual and unit levels (Gibson and Birkinshaw 2004, Mom and van den Bosch et al. 2007, Jansen and Tempelaar et al. 2009). One approach is to find mechanisms that enable individuals to focus on one or the other dimensions by creating discrete subdivisions, teams or roles. However as Gibson and Birkinshaw (2004) have established there is also "contextual" ambidexterity that allows both dimensions of alignment and adaptability to "simultaneously permeate an entire business unit." This concept has been further developed in Birkinshaw's (2015) recent research where it is referred to as "behavioral integration". Importantly, this works best when "the context is dynamic and flexible enough to allow individuals to use their own judgment as to how they divide their time between alignment-oriented and adaptation-oriented activities," (Gibson and Birkinshaw 2004). This autonomy of decision making has also been cited in the strategic management literature as an enabler of firm performance as well as providing for "richer sense-making and cognitive processes at the personal level" (Ghoshal and Bartlett 1994, Raisch and Birkinshaw et al. 2009 ). However, as Mom and van den Bosch et al. (2009) have recognized research regarding ambidexterity "at the individual level of analysis is very scarce." Previously Tushman and other researchers have focused primarily on team dynamics or contexts that enable ambidexterity to function at a unit or organizational level. However, the recognition of the concept of contextual ambidexterity and that it "manifests itself in the specific actions of individuals throughout the organization" has led to increased research focus on individuals (Gibson and Birkinshaw 2004). This new focus includes how "paradoxical thinking" impacts individuals beyond the CEO and executive board levels (Gibson and Birkinshaw 2004, Lewis 2000). The work of Smith and Tushman (2005) is an example of how looking at the cognitive impact of

ambidexterity connects with the demands put on individual's to generate strategic options. When faced with paradoxical frames, the authors suggest that leaders need to manage the two cognitive processes of differentiating and integrating (Smith and Tushman 2005). While cognitive differentiating refers to "recognizing and articulating distinctions", integrating involves shifting levels of analysis to identify potential linkages." As outlined by Smith and Tushman (2005) the benefit of cognitive differentiation is that it "allows team members to avoid cognitive commitments to the past even as they support the new". This cognitive ability not only ties into what a firm needs to do for ambidexterity, but it also relates closely to the concept of Strategic Agility and the dimensions of strategic foresight and insight. In other words, managing the short-term horizon involves cognitive differentiation to (make sense of complex situations as they develop). Managing the longer term horizon involves cognitive integration skills of shifting time horizons (anticipating key trends and changes) and looking for synergies, opportunities, and value capture from existing competencies (Doz and Kosonen 2008). Lewis (2000) describes these factors as creating paradoxical tensions and directly notes the examples of expectations on managers to both "increase efficiency and foster creativity." Lewis also references Kelly's (1955) personal construct theory, stating that "most actors accentuate contradictions by interpreting data through simple, bipolar concepts, constructing logical, internally consistent sets of abstractions that separate opposites" (Lewis 2000). Although these schema "enable actors to make sense of complex realities they are biasing and, once entrenched, become highly resistant to change" (Lewis 2000). Thus much like the cognitive biases formed in the information processing stream of the strategic decision-making research, the paradoxical tensions from ambidexterity potentially cause similar cognitive challenges.

The aspiration for ambidexterity has many implications for the firm. On the most fundamental level, it involves recognition of the need for adaptation and flexibility. This recognition has direct implications for firm and individual level development of strategic thinking and feasible options. Nieto-Rodriguez (2014) emphasizes this proactive process when he states that "exploitation encompasses knowledge creation and analysis of future opportunities." At the organizational level, it impacts a firm's choices regarding structure,

processes, and systems (Mom and van den Bosch et al. 2009). It also has repercussions for softer dimensions such as culture, leadership styles and competencies (Gibson and Birkinshaw 2004, Tushman and Euchner 2015). Thus, it can involve a significant level of change at multiple levels of an organization. Buytendijk (2010) comments on its difficulty level by observing that it is a "strategic stretch" and one that involves a synthesis of a dilemma. Nieto-Rodriguez (2014) adds additional potential constraints when he suggests that for many firms "the structural separation focused on by much academic research is unrealistic." While this latter view may be overstating the challenge it is likely accurate for firms with limited slack and intense or hostile competition as supported by the findings of the TRN case. Therefore, the promise is in the potential of achieving forms of contextual ambidexterity consistent with the requirements of enabling the potential for cognitive strategic flexibility. To do so requires leaders who have the potential for cognitive strategic flexibility. As pointed out in the ambidexterity literature achieving this potential also involves creating the mechanisms, process, systems, culture and leaderships style to enable it. In the TRN case, the intention of such a systematic approach would be to modify the strategic frames of its leaders and mitigate the danger of the short-term inward orientation that threatens sustainability. As Goddard and Eccles (2013) note "Time devoted to strategies of cost efficiency is simply time stolen from the much more important, difficult and wealth-creative activity of innovation, differentiation, and entrepreneurship."

In summary, much of a firm's choice of which ambidextrous dimension to emphasize will depend on the industry and market context. Equally important in such choices is the ability of the strategic leaders to interpret the meaning of the signals in that environment and context. As Trispas and Gavetti's (2000) in-depth study of the Polaroid story suggests, it is not always core rigidities described by Leonard-Barton (1992) or a lack of searching capabilities that cause an organization to fail. Rather these authors argue that Polaroid was able to be aware of and develop the capabilities of digital imaging with sufficient lead time. The issue was the cognitive barriers of senior executives. The Polaroid senior executives were trapped in the mental models (old business models) or a dominant logic that inhibited their ability to understand the potential of the new

landscape (Trispas and Gavetti's 2000). In other words, the way in which executives model a new landscape has a significant impact on their strategic prescriptions and thus their potential for strategic flexibility (Levinthal and March 1993, Walsh 1995).

## **2.4 Strategic Leadership: Enabling The Potential For Strategic Flexibility And Ambidexterity**

According to Heifetz and Grashow et al. (2009) executives today need to foster adaptation. Closely echoing the paradoxical thinking of Lewis (2000) the authors note the dilemma of executing on today while adapting “what and how things get done in order to thrive in tomorrow’s world.” (Heifetz and Grashow et al. 2009). This leadership expectation is not new. However, it is a critically important function of leadership. Ghoshal and Bartlett’s (1994) research has highlighted these mechanisms and their importance to quality management and firm performance. In their words “Organizational context is created and renewed through tangible and concrete management actions. The context, in turn, influences the actions of all those within the company” (Ghoshal and Bartlett 1994). Therefore, the firm’s ability to adapt and learn is dependent on the ability of its leaders to learn, adapt and create a supportive context for learning. Much has been written at the individual and organizational level that builds on Lewin’s (1947) early work on how additions or changes to mental models require the processes of unfreezing, change and refreezing. In today’s world of leadership, these processes are embedded in the emphasis on the need for reflection. As has been known for millennium, little learning comes from experience without reflection. Unfortunately, as Senge (1990) noted decades ago “most leaders do not reflect carefully on their actions.” Twenty-five years later the intensity of information via technology and the perceived increased pace of business has not enabled reflection or time for strategic thinking as a natural practice. In low slack contexts such as evidenced in the TRN case, there are even less supporting and more inhibiting factors.



Despite the challenges of learning and adaptation the importance and relevance of strategic flexibility and ambidexterity's ultimate objective of sustainability has not declined. Senge's (1990) observation that learning disabilities in an organization are fatal and result in most dying "before they reach the age of forty" still resonates. Senge notes a key link to ambidexterity and learning when he suggests that "Today's problems come from yesterday's solutions" (Senge 1990). This perspective underlies one dimension of why modern talent management strongly values learning agility. In building leadership pipelines Mitchinson and Morris (2014) explain that the focus is on "finding and developing individuals who are continually able to give up skills, perspectives, and ideas that are no longer relevant, and learn new ones that are." Another element of why learning agility is valued is that it goes beyond assessing things that are relatively static such as intelligence. Instead, it emphasizes potential in the form of the ability to learn and grow quickly (Lombardo and Eichinger 2000). This view is behind the separation of performance and potential in identifying what is commonly referred to in practice as "high-potential" leaders. In practice, the learning agility concept has been extended in use by many firms (including the TRN case company) to incorporate additional learning agility categories including People Agility, Results Agility, Mental Agility and Change Agility (Lombardo and Eichinger 2000). Just as in the balance of focus in ambidexterity, firm's talent management systems need to achieve a similar balance. Specifically, firms need to retain and develop high performers (for exploitation) and high-potentials (for exploring). As in ambidexterity, there is the same real danger in overvaluing one leadership profile over the other. To assist in achieving the ideal alignment with a firm's strategy and context firms depend on competency frameworks and models.

Leadership competency models are prevalent in large corporations as they "set clear expectations about the types of behaviors, capabilities, mindsets, and values that are important to those in leadership roles" (Conger and Ready 2004). Intagliata and Ulrich et al. (2000) argue that competencies can build competitive advantage through both distinctiveness and performance. The authors outline five reasons why competencies are important. 1) They guide direction 2) They are measurable 3) Competencies can be learned 4) They can distinguish and differentiate the organization 5) They can help

integrate management practices (Intagliata and Ulrich et al. 2000). Therefore, leadership competencies can be the foundation for competitive advantage and a core consideration in supporting strategic options. Hsieh and Yik 2005 support this view and suggest that leadership is a key factor in crafting a suitable strategy. They go as far as proposing that it could be the starting point of strategy via assessment of the leadership pool, “the types of leaders and their mix of capabilities” (Hsieh and Yik 2005). This rationale supports this research’s proposal for intervening in TRN’s competency model and leadership framework. By defining new TRN success profiles and the “unique combination of competencies that describe the skill set of the ideal person for a specific level or role” there is an increased potential for enabling cognitive strategic flexibility in the case company (Orr and Sneltjes et al. 2010).

## **2.5 Creating Strategic Leaders**

An initial catalyst for this research was the question of whether TRN’s Strategic Leader level executives had the required strategic flexibility to meet the demands of the company’s context. In addition to the internal Leadership Competency Framework, literature provides prescriptions and expectations for Strategic Leaders. An example that mirrors the Information Processing perspective is provided by Schoemaker and Krupp et al. (2013). The authors suggest that the “Adaptive strategic leaders” needs six essential skills: Anticipate, Challenge, Interpret, Decide, Align, and Learn. Snowden and Boone (2007) are more helpful in their prescription by going beyond the ‘what’ is needed to the ‘how’. The authors not only highlight the need to match strategic thinking to contexts, but they also provide an excellent framework to assist leaders in defining the range of contexts faced and appropriate approaches for each. These approaches also imply the need to adjust one’s leadership style, so that it matches the context. Alternatively some researchers suggest that “Rather than expecting present managers to learn new mental models, firms can recruit new executives and schemas that are appropriate for the changed environment” (Reger and Palmer 1996). Shimizu and Hitt (2004) propose limiting the tenure of top executives, hiring new outside directors and rotating managers

in key positions. While these prescriptions can assist in the partial renewal of a leadership pipeline, they have consequences. Recruitment at senior levels is highly expensive in process costs and salary package liabilities. In many cases, there is a short-term (and sometimes permanent) performance drop through loss of knowledge, relationships and fit for the role (Watkins 2003). Even the proposition of job rotation incurs negative performance costs in the short-term both on the position vacated, and the position occupied (Cheese and Thomas et al. 2008). For larger multinational corporations replacing or moving significant portions of the executive population is not feasible. Further, it avoids the issue of the incumbent population. It, therefore, becomes imperative to address the learning and strategic needs of the organization as a whole in a systematic and comprehensive approach. In the TRN case, the limited slack outlined in this research makes the direct approach even more appropriate than buying off the shelf solutions. The challenge of creating learning and change in strategic leaders in any firm is overwhelmingly difficult. As Peter Senge suggests there are three levels to be achieved: 1) practices: what you do 2) principles: guiding ideas and insights 3) essences: the state of being with high levels of mastery (Senge 1990). This leveling captures the challenge TRN faces in moving from single-loop learning (change in behavior) to double loop learning. The latter involves “a restructuring of the individual’s mental models” and is essential to enable the potential for cognitive strategic flexibility (Barr and Stimpert et al. 1992).

## **2.6 Theoretical Foundations For Researching And Enabling The Potential For Cognitive Strategic Flexibility**

### **2.6.1 Introduction**

As was previously indicated, this research has a central connection to the “Individual and Organizational minds” research stream. Further, the “Information Processing Perspective” and the “Ideological Perspective” has provided theoretical foundations for exploring the individual and organizational level strategic thinking of the TRN case

company. The impact of the discipline of psychology on these cognitive perspectives within strategic management has a long history with extensive influence. This influence is particularly relevant in the area of strategic thinking and strategic decision making. An indication of this influence has more recently been through high-profile works of cognitive psychologists such as Kahneman and Tversky's prospect theory. Or through Gary Klein's work on intuition. Both have had popularized formats intended for consumption by the general public. However, other influences have remained in the academic literature but have had even more profound influences on our understanding of the theoretical frameworks underlying individual cognition as it applies to strategic management and decision making. The work of George Kelley is one example that is central to this research. Therefore, his perspective and the impact of social cognition will be considered next. The section will conclude with a review of the linkages between the three main theoretical approaches of social cognition to strategic flexibility and its importance to the TRN case research.

### **2.6.2 The Influence Of George Kelley And Personal Construct Theory**

As mentioned, George Kelley and, in particular, his Personal Construct Theory is especially significant to the cognitive perspective in strategic management. He is often recognized as one of the first cognitive theorists and has thus greatly influenced many of the writers and researchers both in strategic management but also in social psychology. In addition, his theories are also of importance due to the interpretivist philosophical base this research has taken as well as to the methodologies that were employed. This perspective is behind the choice to explore strategic flexibility at the cognitive level in their own words and consider the implications based on the individual and shared meaning they perceive. Reger and Palmer (1996) in their work on cognitive maps note that this work on the psychology of personal constructs has had a high impact in this research stream. They also highlight the appropriateness and innovativeness of their use of Kelley's Repertory Grid Interview technique for this area of research (Reger and Palmer 1996). These author's and more recent increases of the repertory grid interview

technique in this stream provide confidence in its fit for the task. Further, it extends contribution to practice in its application to a new dimension of studying cognition.

Personal Construct Theory has several implications for the study of human cognition, or more specifically the study of executive's strategic frames. According to Personal Construct Theory, the world does not create the meaning of perceptions for individuals and, therefore, they have the freedom to choose meaning from that perceived world. This freedom allows one to apply alternative meanings (alternative constructivism) to what one perceives in the past, present or future contexts (Kelley 1955). However, as has been outlined in the social cognition literature and in-depth in the Information Processing Perspective this also has implications for what is noticed, interpreted and incorporated into one's constructs. The promise of this freedom for executive's strategic frames is that one is not bound by one's past cognitive frameworks and can, therefore, put new or adapted frames on their experiences. However, as subsequent research such as Reger and Palmer's (1996) study suggests, this may not happen quickly but may be accelerated in turbulent environments where consensus is not reinforced.

Part of this model's perspective is the idea of "man the scientist" and the trial and error process of building constructs and trying them out much like hypotheses (Kelley 1955). Therefore, this model promotes the idea of experimental action under uncertainty as prescribed in the strategic literature. This experimentation is suggested at the individual level where it is needed in unknown strategic contexts and where learning is needed via action (Snowden and Boone 2007, Shimizu and Hitt 2004, Buytendijk 2010). It also has relevance in the organizational minds perspective in the research outlined earlier in the deliberate vs. emergent planning dimensions. The inference strongly suggests that constructs and belief systems can be revised and are open to revision. If man is indeed this rationale, then there is hope for the ability of executives to break through their old cognitive frames and for them to adjust to the new realities of their environment. However much like an executive uses existing mental models or strategic maps to channel information and anticipate environmental changes, Personal Construct Theory suggests that a "person's processes are psychologically channelized by the way in

which he anticipates events” (Fundamental Postulate) (Kelley 1955). In other words, our constructs strongly influence what we pay attention to and how we anticipate the future. Further, despite the apparent freedom of individuals to choose meaning they are nevertheless influenced by the constructs they build and the groups of constructs which can, in fact, be a strategic schema or strategic frames. One’s constructs then indicate how one is likely to interpret the world and thus how we are likely to act and take action. This realm of possibilities can be summarized in Kelley’s statement that “Man can enslave himself with his own ideas and then win his freedom by reconstruing his life” (Kelley 1955).

This ability to reconstruct one’s reality is closely linked to the idea of one’s ability to win freedom from past constructs or cognitive maps. The testing out of our theories and adjusting them based on environmental feedback would hopefully lead to new learning and revised or replaced obsolete constructs with new more realistic hypotheses or strategic options regarding our environment. As applied in learning theory, this principle suggests that when our mental models are no longer congruent or cannot explain what is occurring in the environment then new learning must take place before adaptation occurs (Lewin 1947, Garvin 2000). The repercussion of the subjective nature of perception and interpretation is that we would expect to have huge variation and variety of worldviews that suggest incredible diversity in meaning. However, many factors come to play to support the development of communal and socially shared constructs. On the one hand, there are positive effects of this phenomenon. For example, as pointed out by the research by Bogner and Barr (2000) on sense-making in hypercompetitive environments “Individuals social interactions create shared belief systems. Which in turn make action possible by building common frameworks”. From the organizational minds perspective, this can create hierarchies of frameworks at the firm-level or industry level (Prahalad and Bettis 1986, Bogner and Barr 2000). As these examples suggest, the underlying perspectives from Kelley have influenced the field of Social Psychology and in turn strategic management. The Repertory Grid Interview technique developed by Kelley is also based on the principle of Personal Construct Theory. Its creation was meant for use in psychotherapy as a means to help reveal or uncover constructs in a less invasive

manner. It has been used effectively in many contexts and as Reger and Palmer (1996) have noted it is ideal functionally and philosophically for use in exploring strategic frames such as those of the Case Company Executives.

### **2.6.3 Sense-Making And The Cognitive Perspective In Strategic Management**

Executive's sensitivity to their environment is strongly linked to the cognitive perspective in strategic management. Schwenk (1995) defines this perspective as "the way executives conceptualize strategic problems, the way they develop their own rules and guidelines, the personal and organizational characteristics that influence the process, and the ways these rules influence their own decision-making". Similarly, Kiesler and Sproull (1982) reinforce this definition with an emphasis on how this applies to the strong role that senior executives play in adaptation. They state that "a crucial component of managerial behavior in rapidly changing environments is problem sensing, the cognitive processes of noticing and constructing meaning about environmental change so that organizations can take action."

A central cognitive challenge for all humans whether they are individuals dealing with daily life or executives coping with their environments is the overwhelming amount of information in those environments. As Simon (1955) puts it "Since managers are boundedly rational, they must rely on simplified representations of the world in order to process information". These simplifications and the process of simplifying information have individually unique aspects that hold significant implications for the way in which executives think strategically and make decisions (Trispas and Gavetti 2000). As Sargut and McGrath (2011) point out "Most executives believe they can take in and make sense of more information than research suggests they actually can. As a result, they often act prematurely, making major decisions without fully comprehending the likely consequences for the system". The possible heuristics and cognitive biases that can influence a strategic decision maker are continuously being identified, categorized and added to (Roxburgh 2003, Lovallo and Sibony 2006, Kahneman and Lovallo et al. 2011,

Heathand Lovallo et al. 2013). These processes, perspectives and biases combine to influence what are frequently referred to as a leader's strategic frame or schema. How these schemas are developed and influenced will be discussed next.

### **2.6.3.1 Schemas, Strategic Frames, and Related Concepts**

Although the cognitive perspective in strategic management is a broad area of research, its foundations are even broader given the strong influence of fields such as behavioral economics and psychology. Due to the influence and diversity of schools of psychology, the number of terms and various related concepts is exhaustive and often overlapping. This situation is exasperated by the fact that many of the concepts of cognition are abstract and difficult to verify empirically. The result is that in the area of strategic management alone, Walsh (1995) has compiled a list of close to one hundred terms related to the cognitive realm. Many of these are used interchangeably and include relevant terms such as strategic schema, dominant logic, cognitive maps, world views, strategic frames, belief structures and knowledge structures to name but a few. Walsh (1995), himself defines a knowledge structure or schema construct as “a mental template that individuals impose on an information environment to give it form or meaning. From the social cognition perspective of psychology, Fiske and Taylor (1991) define schema as “a set of interrelated, largely unquestioned assumptions that highlights certain characteristics of new stimuli and establishes the grounds for categorizing them as similar to or different from those encountered before”. Neuroscience and emerging perspectives such as NeuroLeadership are helping to confirm and categorize some of these abstractions and terminology (Rock and Schwartz 2006, Rock 2008). Still this work is in its infancy and has to date largely done more to confirm existing confirmed psychological theory than provide extensive new insights. Therefore, as discussed, the field of psychology and, in particular, the theories of social cognition continue to have huge influence in providing a theoretical foundation for many of the phenomenon observed and researched in the field of management.



### **2.6.3.2 The Influence Of Social Cognition On Management And Strategic Flexibility**

Kiesler and Sproull's (1982) article explores the implications of social cognition processes on problem-solving behavior and is one of the most cited in the literature within the cognitive perspective of strategic management. It provides an excellent review of the three main theoretical approaches to social cognition (Social Perception, Information Processing, and Social Motivation). All three of these approaches commonly hold the assumptions noted above by Simon that individuals have limited capacity to deal with information. Specifically, that the ability "to notice and interpret information varies with learning and innate capabilities, with social pressures and with the technical limits of information search" (Kiesler and Sproull 1982). Another central shared assumption that is largely researched in the strategy literature is in regards to cognitive processes being made up of perceiving, encoding, storing, retrieving, and inferring. Each of these components is considered to be lying "along a continuum of requirements for attention, effort, and higher order mental activity" (Kiesler and Sproull 1982, Reger and Palmer 1996). This continuum's range is from automatic to effortful processes. Where "automatic processes are relatively unaffected by environmental or organismic conditions, while effortful processes are greatly influenced by such conditions as personal intention, learning and social influence" (Kiesler and Sproull 1982). An example of this assumption being applied in the strategic literature is Reger and Palmer's (1996) study of cognitive inertia in executives experiencing an industry with increasing uncertainty or dynamism. They question the "sharp dichotomy" between automatic and controlled cognitive processes that both cognitive and social psychology originally saw in this spectrum. Rather, they cite several examples of controlled aspects of automatic processing and automaticity in judgment tasks previously thought to be controlled. The widely accepted conclusion is that there is likely a "continuum of processing modes, each mode exerting a greater or lesser effect on action depending on which is primarily engaged" (Reger and Palmer 1996). Automatic processes can act much like our stereotyping of individuals. Similarly "executive decision makers categorize key environmental factors in automatic stereotype ways" (Reger and Palmer 1996). While both cognitive modes are slow to

modify “cognitive inertia is stronger in automatic modes”. Further, as Weick’s (1990) study of the Tenerife air disaster suggests, it may be even more prevalent in crisis situations where expert intuition plays a strong role (Klein 2003). By contrast, Reger and Palmer’s (1996) research finds that both automatic and controlled modes had a greater accuracy of interpretation in stable environments. It is during a turbulent change that “strategic mistakes” can occur. Namely, the study revealed that executives used automatic maps that represented obsolete industry boundaries even though the dynamics of the industry had changed. However, executives can modify their mental models, but this involves “deliberate processing of acknowledged information” (Reger and Palmer 1996). The research also indicates that the modification is slow but can promote greater divergence of mental models and increased constructs across an industry in turbulent contexts. Examples such as these illustrate the importance of determining when and where executives need to be mindful and when and under what conditions judgment is automatic. These and other related types of cognitive dimensions undoubtedly have significant implications for strategic frames and how they may evolve and be modified. It is, therefore, not surprising that there has been a proliferation of models and proposed prescriptions to guard against these type of cognitive perception challenges (Miller and Ireland 2005, Lovallo and Sibony 2006, Snowden and Boone 2007, Kahneman and Lovallo et al. 2011, Heath and Lovallo et al. 2013).

### **2.6.3.3 Social Perception Theories: Sensing Our Strategic Environment**

Social perception theories emphasize how people encode information and use it in explanations. Kelley and Weick are two major contributors in this area, and their work is central to this research. Although it is not possible to categorize either of their writings exclusively in any one of these three theoretical streams (Social Perception, Information Processing, and Social Motivation) much of their work can be found under the social perception theory category (Weick 1979, Kelley 1955). The writings of Weick (1979 and 1995) contribute to a central aspect of the cognitive perspective, that of sense making. According to Weick and Sutcliffe et al. (2005) sensemaking is “central because it is the primary site where meanings materialize that inform and constrain identity and action”.

Taking an interpretivist view Weick (1995) goes on to claim that “the environment is not an objective thing to be known, but rather the product of interpretation and action.” In other words, he claims that “the concept of sensemaking is valuable because it highlights the invention that precedes interpretation” (Weick 1995). Thus like Kelley’s “man as the scientist” both see man as an active selector and interpreter of data (Kelley 1955).

This social perception perspective underlies much of the work done on strategic decision biases. The significance of this theoretical stream can be seen by the widely cited and famous studies of heuristics and biases by theorists such as Kahneman and Tversky (Tversky and Kahneman 1974). According to Kiesler and Sproull (1982) five main concepts dominate social perception theories: “1) Augmentation 2) Discounting principle 3) Illusory correlation 4) Illusory causation 5) Automatic Scanning”. These concepts impact the application of many broader theories such as salience and attribution theory. The result has been the development of numerous studies and new categorizations of potential heuristics and biases in the management context (Miller 2002, Roxburgh 2003, Lovallo and Sibony 2006, Kahneman and Lovallo et al. Sibony 2011). Also, these conceptual categories are used in the other theoretical streams to highlight different aspects of social cognition. Clearly, the application of social perception theory has extended across a vast many disciplines and contexts including its considerable impact on strategic management research (Bukszar 1999). In the specific area of strategic cognitive flexibility, it is significant as it offers a greater understanding of how individuals perceive and attend to their environment.

#### **2.6.3.4 Information Processing Theories: Friend Or Foe In Strategic Thinking?**

Information Processing theories emphasize what comes after perception, the “encoding, representation, and organization of encoded material, memory and retrieval” (Kiesler and Sproull 1982). These phases involve the development and use of schemas and how expectations from those schemas affect judgment, memory and the use of new information (Galambos and Abelson et al. 1986). As Beinhocker (1999) indicates in his

review of adaptive strategies, our mental models “become less likely to perceive experiences as totally new and instead we try to relate them to previous ones, which we group into existing categories”. This attempt to find a fit with existing categories may inhibit our ability to recognize the link between changes in our environment and the need for strategic change as was the case for Polaroid and in the TRN case study. As Sharfman and Dean (1997) state, “cognitive structures or models may influence capabilities for strategic flexibility by limiting decision makers’ thinking and blinding them from innovative decision-making options”. Therefore, sensing and sense-making take effort as it is not enough to just passively absorb and categorize information. According to Johansen (2007), the skill of foresight also involves having “the discipline to hold at the perception stage just long enough, before moving to judgment”. Foresight then “encourages you to spend more time sensing, to develop skills in asking questions that matter and resisting answers that don’t” (Johansen 2007). While this practice will increase the likelihood of premature judgment based on our assumptions and existing categories, it is not easy to rethink strategic frames. Paradoxically, it is our mental models that also enable us to recognize repetitive patterns and relationships quickly. This recognition enhances our ability to cope successfully with the majority of our daily managerial tasks. It is also this pattern recognition that is one of the fundamental principles behind the use of the case method in business schools. Pattern recognition is also a key element of the intuition research done by Klein (2003) and has been espoused to be of benefit in specific decision-making contexts. Intuition is at its core “a set of insights and understandings that is not fully known to its owner” (Miller and Ireland 2005). Therefore, it can be dangerous and one reason Klein (2003) suggests it is best in non-turbulent conditions where predictability and learning from feedback enables expert intuition to be developed. Klein refers to these contexts as “high-validity” but stresses that major strategic decisions do not meet this criterion fully. Therefore, executives should only listen to their intuitions as a starting point (Kahneman and Klein 2010). Problematically, Kahneman points out that there is a bias to select leaders who are risk takers and make decisions quickly (Kahneman and Klein 2010). In his words, this is because “We deeply want to be led by people who know what they’re doing and who don’t have to think about it too much.” (Kahneman and Klein 2010). This latter

leadership dilemma will be an additional motivation for shaping the TRN Leadership Framework to discount this bias. The intent is to dilute the impact of this bias by highlighting and reinforcing competencies, supporting mechanisms and culture that value perspective, strategic agility and managing vision and purpose. A final key aspect of information processing is that information from the environment “is not a selection process that is arbitrary” but rather “people attend to and encode salient material” (Kiesler and Sproull 1982, Galambos and Abelson et al. 1986). These factors make processing information in a non-biased way i) more challenging ii) more effortful to avoid iii) and as salience is connected to existing schema and strategic frames, more likely to reinforce existing information and beliefs. Given the needed effort involved to avoid these processing errors, it is not surprising that the evidence from this case study suggests the senior TRN executives fell prey to these dynamics. The pressure for short-term results and lack of slack were two of many factors reinforcing this tendency.

#### **2.6.3.5 Social Motivation Theories: What’s In It For Me?**

Social Motivation theories regard how people enhance information based on their individual goals, motives and include emotional needs such as social approval. These theories see the function of cognitive processes as linking information with whatever particular goals are strongly held (Kiesler and Sproull 1982). An example of research in the business field that utilizes this principle is Staw’s (1981) study of escalation of commitment. He suggests that the search for information may be narrowed so as to justify past decisions. Other circumstances under which goal motivation may affect the evaluation of stimuli, or the interpretation of information are more commonly found. Kiesler and Sproull (1982) refer to these as “aspiration-level triggers”. These are typical motivational and often incentivized goals such as market share, Profit and Loss targets and so forth. If the goals are not met then, problem-solving behavior begins. Understandably, the stakes at risk with these types of goals can influence both consciously and unconsciously the attention and interpretation of data. These factors are highly relevant to the TRN case study in the three general categories: 1) the incentive systems (both formal and informal) that drove personal interest and focus of cognitive

attention and effort 2) the negative leadership behaviors associated with decline as outlined by Kanter (2003) in her study of the psychology of turnarounds, and 3) the organizational mindset resulting from a survival mode context. These factors will be covered in more detail in the mainstream of this research.

### **2.6.3.6 Summary of Social Cognition Influences**

In summary, social cognition theories heavily influence the study of mental models or strategic frames in strategic management. The multiple micro-social-cognition processes affect our strategic frames in at least three ways: 1) determining what information will receive attention 2) interpretation through the current map or frame may limit or slant recognition of the strategic significance of the data 3) our frames limit the number of alternative solutions we generate for issues identified (Barr and Stimpert et al. 1992, Mintzberg and Raisinghani et al. 1976). The significance and challenge of enabling the potential for cognitive strategic flexibility will be covered next.

## **2.7 Strategic Flexibility: The Challenge And Importance Of Cognitive Strategic Flexibility**

Strategic flexibility is a capability and as has been pointed out by Sanchez (1997), Combe and Greenley (2004), it is associated with new resource configurations required to deal with change. Sanchez (1993) illustrates this in describing the coordination flexibility as an essential component of the overall strategic flexibility capability. Individuals and the organization as a whole need to “identify new uses for resources, imagine new configurations of resource chains and deploy new resources effectively in a given resource chain”. The creation of these complex configurations often involves building imaginative relationships and solutions throughout the resources chain or value chain. In many large firms that cooperate and or have co-opitition with a large set of players, the creation and managing of what is often considered an eco-system is not only a means for flexibility but also an attempt to create competitive position, dependency, and control in

uncertain environments. The need to consider the big picture and think of the strategic implications of these complex relationships is essential and a central expectation of modern leadership (Hodgson and White 2003, Brousseau et al. 2006, Schoemaker and Krupp et al. 2013). In a single supply chain, there can be hundreds of players to consider and manage. For example, decisions involving choices of sourcing, co-development, brand sharing and others can have implications of lock in or lock out of competing ecosystems. The same can be said for the more traditional competitive repertoires of price, product line or service (Miller and Chen 1996). Success in this coordination flexibility is clearly dependent upon the engagement of the individual and organizational cognitive capabilities of the firm. This interdependency is hinted at when Sanchez (1997) observes that the “overall flexibility of an organization will be limited by the inherent limitations or inflexibilities of the least flexible resource in the chain.”

This theme of dependency on individuals is reinforced by Sharfman and Dean (1997) in their study of 57 strategic decisions in 25 companies. They suggest that “the core of all adaptation is a decision-making process” and that without flexible decision making it is unlikely the organization can be flexible enough to adapt (Sharfman and Dean 1997). Again it is implied that weak links of individual cognitive inertia are important and that decision making is critically important. One reason behind this criticality has been illustrated in the literature surrounding the concept of Strategic Flexibility. Namely, that the time frame for all strategic actions is being reduced (Sanchez 1997). As the numerous studies of Eisenhardt (2004) and many others have suggested, strategy is becoming more and more “temporal.” The environmental pressure and strategic necessity of recognizing, interpreting and responding quicker are placing new demands on executives (Hitt and Keats et al. 1998, Schoemaker and Krupp et al. 2013). These demands are not unfounded given that previous research has shown a link between fast strategic decision making and effective firm performance in the form of increased profitability (Bourgeois and Eisenhardt 1998).

Strategic Flexibility is also reinforced when the speed of the strategic decision-making process is enhanced. This speed is accomplished by maintaining “simultaneous alternatives” which in turn lowers the psychological stake individuals have in any one alternative and enables them to shift between options (Staw 1981, Eisenhardt 1989b). Shimizu and Hitt (2004) have provided a similar approach in their study of reversing ineffective strategic decisions. They recommend that executives should look at projects as “a portfolio of options” as this tends to reduce the risk of commitment both cognitively and in resources. As noted earlier, the ability to cope with this tension or paradoxical thinking has also been recognized as an enabler of ambidexterity (Lewis 2000, Gibson and Birkinshaw 2004). Another identified source of increasing the speed of the strategic decision-making process has been the suggestion of using real-time information. This type of information may “speed issue identification, allowing executives to spot problems and opportunities sooner” (Dutton and Jackson 1998, Eisenhardt 1989).

The research and practitioner literature have many prescriptions for improving the quality and speed of the problem-solving capability of individuals and organizations. These include increasing the speed with which managers receive information, increasing the range of information, providing more experiences from which to learn or simply having sophisticated planning and control systems that allow early recognition of deviations from plan. The implications in regards to individuals becoming the potential weakest link in the chain of resources are considerable and central to enabling the adaptation of the firm. As indicated above, this factor is one of the central reasons why firms spend significant resources on the recruitment, development, and tracking of their leadership pipeline (Charan and Drotter et al. 2001, Conger and Ready 2004, Herman and Komm et al. 2011).



The strategic literature in both the ambidexterity and strategic flexibility streams point to the critical role of leaders in enabling these key capabilities. However, they also highlight the fact that both internal and external contextual factors have a significant impact on the cognitive potential of leaders. The researcher has argued that there are close links between the ambidexterity and strategic flexibility literature. Further, that there are potential benefits in leveraging their complementary aspects to enable cognitive strategic flexibility and the adaptation capability of the firm. The implication is that a comprehensive approach is needed to achieve these objectives. The literature and the complexity of the task are considerable. The development of an integrative framework to guide thinking and the intervention planning in the TRN case study was developed to assist this task. The inductively developed iSCOPE framework has proven to be extremely helpful in building a customized approach while leveraging the conceptual synthesis of the ambidexterity and strategic flexibility literature to meet the needs of TRN. The TRN case company has explicitly acknowledged its ambition to create a distinctive leadership brand as one mechanism to support increased cognitive strategic flexibility and overall competitiveness. On the organizational level, the structural and contextual ambidexterity discussion will be addressed by utilizing the complimentary approach noted in the literature proposed above (Gibson and Birkinshaw 2004). The cognitive and contextual dimensions that influence “Individual and Organizational minds” is a central theme of this research and, therefore, we now turn to methodology and purpose of Project One.

## **CHAPTER THREE**

### **Project One**

#### **Inducing Strategic Constructs And Elements In The Case Company Context.**

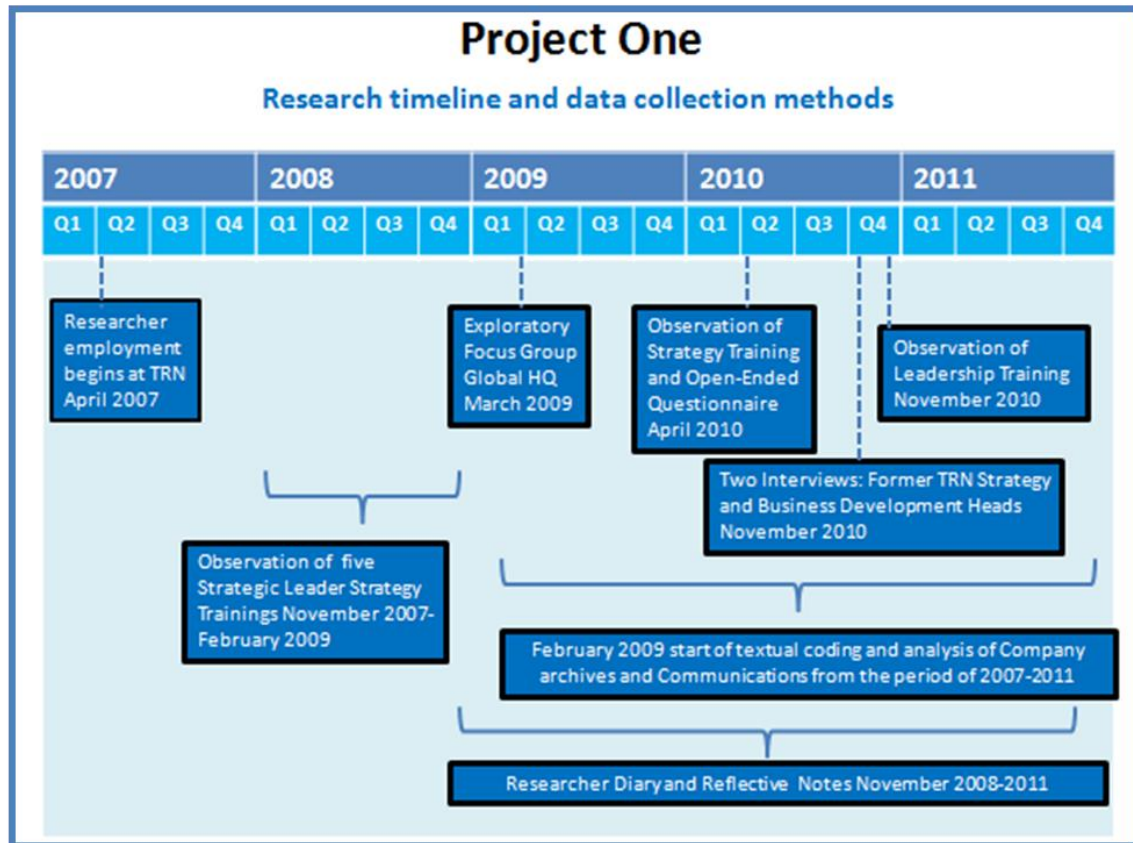
### **3.0 Project One: Inducing Strategic Constructs And Elements In The Case Company Context**

#### **3.1 Specific Purpose Of Project One**

Given this research is a Case Study focusing on the strategic frames of one global company's Strategic Leader level executives, a deep understanding of the overall context in which these executives operate was a fundamental requirement. Raisch and Birkinshaw et al. (2009) recommend a similar approach for understanding ambidexterity. The authors cite numerous studies that "provide a strong indication that organizational factors have to be considered alongside personal characteristics when explaining individuals' ambidexterity" (Raisch and Birkinshaw et al. 2009). This greater contextual understanding enables the researcher to better analyze the strategic perspectives of the research target group. Further, the gaining of insight to potential elements for and possible constructs from the Repertory Grid interviews for Project Two of the research enabled the researcher to build more successfully the grid creation process and carry out the open-ended section of the Repertory Grid interviews. It also allowed for a more grounded analysis of the results and their implications. Therefore, the intent of this phase of the research was to 1) discover the key contextual drivers 2) induce potential constructs and elements that may be influencing executive strategic frames 3) and enable and inform the design of the repertory grid interviews of Project Two.

As has been noted, the researcher was an embedded participant in the organization and therefore already had significant experiential knowledge of the main events and other details at play since the time of the founding of the Joint Venture in 2007. However given the size, scope and complexity of the organization, one perspective on its own is quite limited. Thus, multiple data sources and methods were employed to bring about a richer and more diverse view of the organization and its context. Furthermore, as will be shown in the results section of this chapter, many executives from this JV spent considerable time in the pre-integration period and in the industry itself. Therefore, the history of the

Parent companies and precedent JV factors were taken into consideration. The overall structure of Project One is illustrated in Figure 7.



**Figure 7: Project One Research Timeline And Data Collection Methods**

## 3.2 Research Methodology

### 3.2.1 Characteristics Of Qualitative Research

Qualitative research methods of inquiry have struggled to achieve legitimacy and as pointed out by Creswell (2009), in earlier years research proposal writers needed to spend considerable time convincing stakeholders of its credibility. This issue of credibility is principally due to questions about the reliability and generalizability of the findings. It may also be related to the perceived subjective or central role of the researcher in the

process. Consistent with the interpretivist philosophy, qualitative research focuses on the perceptions and experiences of the participants with data that reflects this mode. This focus means that data is usually text and often in the words of the participants themselves. In this case study the researcher does play a key and central role in carrying out the research, by being in the field for extended periods of time and collecting data directly (Sekaran 2003). However, of critical importance and one of the challenges of this methodology is the researcher's ability to keep the focus "on learning the meaning that the participants hold about the problem or issue, not the meaning that the researchers bring to the research or writers express in the literature" (Creswell 2009).

Unlike quantitative research methods, fully formed theories or precise hypothesis are not established in advance. In contrast, the qualitative process is very much bottom up with themes or patterns emerging through analysis of the data. This inductive methodology has been used extensively as the strategy of inquiry for this qualitative case study. As Eisenhardt (1989a) describes in her theoretical contribution to this methodology "research is begun as close as possible to the ideal of no theory under consideration and no hypotheses to test". In fact, even the research process is emergent and somewhat opportunistic. As Creswell (2009) explains, "the initial plan for research cannot be tightly prescribed, and all phases of the process may change or shift after the researcher enters the field and begins to collect data. For example, the questions may change the forms of data collection shift, and the individuals and sites visited modified". Eisenhardt (1989a) calls this "controlled opportunism" and provides research examples where unscheduled events or unexpected access to individuals have made significant contributions to the study despite their not being in the original design. This phenomenon has occurred in this research design in several constructive instances due to the dynamism of the case study organization and the industry in which it operates. This freedom or flexibility to make adjustments during data collection is consistent with the reflective and bottom-up nature of the approach. Qualitative research offers some freedom to make modifications during the data collection process to reflect themes or events that emerge. It is also consistent with the practice of seeking multiple sources of data that help in establishing validity and in recognizing themes across the data (Yin 1981). Again, this highlights the central and

interpretive role of the researcher in understanding the data and “reporting multiple perspectives, identifying the many factors involved in a situation, and generally sketching the larger picture that emerges” (Creswell 2009). As will be discussed below, despite this apparent subjectivity, there are multiple methods and procedures to support the validity and reliability of this method of research.

### **3.2.2 The Qualitative Research Strategy: Case Study**

As noted above, the research strategy chosen for this inquiry is the case method. Case studies can have a range of focuses. They can be an in-depth investigation of a process, event, organization “or one or more individuals” (Creswell 2009). Cases focus on “understanding dynamics present within single settings” and in this instance, the single setting is a large multinational organization with a relatively diverse and geographically dispersed presence (Eisenhardt 1989). Since the aim of this research is to investigate the strategic frames of senior executives and the factors that influence their potential for cognitive strategic flexibility, the context is an essential part of the study that needs to be captured and analyzed. As Yin (1981) points out “As a research strategy, the distinguishing characteristic of the case study is that it attempts to examine:(a) a contemporary phenomenon in its real-life context, especially when (b) the boundaries between phenomenon and context are not clearly evident.” In this study, strategic flexibility is the phenomenon in question, and the context of interest are the diverse factors that are influencing both the organization and the individuals representing that organization. As identified previously a central research focus is the ability of firms to match and enable executives with the appropriate strategic frames that will fit the demands of the varied business contexts facing the firm. Being in the field or center of the context and using multiple data collection methods and sources is one of the best strategies for investigating this research focus. A fundamental part of the research during Project Two involves drawing out and eliciting the ideas, constructs, perceptions of the executive participants in the setting and not in an experimental or laboratory environment. Themes and theory building cannot be successfully developed without the understanding and interpreting of the larger context that influences their daily challenges

Raisch and Birkinshaw et al. 2009, Thomas 2006). This reflexive analysis was largely enhanced by the researcher's proximity to both the subject/s and the data sources in the organization and industry setting (Maxwell 1992).

While the case method can employ both quantitative and qualitative methods, the qualitative approach was the principal methodology utilized in Project One. As Eisenhardt and Creswell, both note, the qualitative case method allows for flexible and opportunistic data collection where the questions or choices of data collection methods can change (Eisenhardt 1989a, Creswell 2009). Eisenhardt and her colleagues have often used this blended approach by employing questionnaires to supplement qualitative interviews and observations. Nevertheless, Yin (1981) reminds us that with "case study designs (all must cope with the essential problem that, because the context is part of the study, there will be too many "variables" for the number of observations to be made, thus making standard experimental and survey designs irrelevant)".

The inductive nature of the qualitative case method with its iterative process of data collection and analysis did necessitate going back to participants and other data points several times in the subsequent phases of the research to ensure "respondent validation" (Bryman 1988). The case method often allows relationships and familiarity that can facilitate the ease and effectiveness with which this can be done. On the other hand, it has been necessary for the researcher to maintain protocols to reinforce consistency and limit researcher bias. As noted above, Eisenhardt (1989a) in her recommendations for building theory from the case method suggests avoiding developing hypothesis and theories in advance. For the purpose of focusing efforts, she recommends that researchers "should formulate a research problem and possibly specify some potentially important variables with some reference to extant literature" while avoiding, at least at the beginning, thinking about detailed relationships between variables and theories. It must be stated that this has been a challenging balancing act but was assisted by organizing the research in sequential inductive projects. Still one cannot help being influenced during the process by the literature and existing theories. The very process of refining elements, constructs, and themes with a continuous comparison of data and literature implies looking for how the

data fits with or creates theory. In the attempt to look at each data source independently, one cannot help being influenced by knowledge and emerging conclusions already developing from other data sources. Strauss (1987) points out that this is not bias to be eliminated but rather crucial “experiential data” that contributes a significant source of hypothesis and validity checks. Also, constructivist grounded theory makes no claim to be objective and recognizes the interpretivist role of the researcher (Glaser and Strauss 1967).

### **3.3 Data Sources and Recording Methods**

Case studies typically combine data collection methods such as archives, interviews, questionnaires and observations and this research has used all of these methods (Creswell 2009, Eisenhardt 1989a). This range of methods provides a broader perspective on the context. The interpretation will provide clarity and focus for Project Two. Consistent with the Inductive Qualitative research approach to data collection and for gathering a comprehensive environmental perspective the following sources and methods have been used in Project One:

- Exploratory Focus Group
- Open-ended Questionnaire and observation of Company strategy training participants
- Textual coding and analysis of Company archives and communications
- Interviews (and textual coding) of two former Heads of Strategy and Business Development
- Observation of a Strategic Leadership training
- Researcher diary and reflective notes



While the specific purpose of each of these methods will be explained in their following correlated sections, the overarching objectives of these combined methods was threefold:

- 1) Gain an understanding of the current and historical macro level trends, dynamics and factors operating in the company and the telecom industry
- 2) Begin to identify specific factors, constructs and potential elements that are impacting the strategic frames of executives at the individual level
- 3) Ensure that a significant degree of methods triangulation was achieved to increase the reliability and validity of the overall findings from the data

### **3.3.1 Exploratory Focus Group**

Initial information about the firm's strategic situation and strategic orientation were formed by the researcher during employment and from informal observation of five strategy training sessions for Strategic Leaders over the period of November 2007 to February 2009 (See Figure 7). The training involved approximately 120 executives including Executive Board members and the Head of Strategy and Planning. It was from this context that the research problem, possible questions, and related issues began to emerge and be formulated. As a means to dig deeper and explore whether there was a real foundation for further investigation one focus group was conducted at the global headquarters of the JV.

The focus group was held in a relaxed setting during March of 2009 with 7 of 10 invited Strategic Leaders participating. Due to evolving working time conflicts and the overall demand on this level of leadership, 3 participants needed to decline participation. This purposively selected target group was chosen i) as it was the category of leadership senior management had expressed strategic mindset concerns for and ii) due to the close correlation between the leadership level and the significant percentage of "time applications and focus of effort" that this leadership level applies to strategy and vision as these tasks related directly to the strategic thinking topic of this thesis (Charan and

Drotter et al. 2001). This expectation is confirmed by the company's Strategic Thinking, Leadership Competency description for this level: "Creates Company's strategy and promotes the vision ensuring it evolves to meet global needs" (TRN Leadership Competencies).

The participants were chosen with the intention of achieving as much gender, ethnic, age, functional, business unit and parent company heritage diversity as possible from a small group (Patton 1990). This diversity was aimed at for the purpose of revealing a full range of perspectives and avoiding a one-dimensional representation of the firm's Strategic Leaders. A structured protocol was used to ensure that all participants were aware of the purpose, process and confidentiality of the discussion. The exact research agenda was not revealed to the participants so that preconceptions would be kept to a minimum. Consistent with this, the overall approach for the focus group discussions was to go from low to high moderator control. This approach was chosen to enable themes to emerge more freely while allowing for deeper exploration through focused discussion on concepts relate to strategic thinking of primary interest. To stimulate and guide the discussion, numerous visual cues were employed. These were primarily company logos from well-known global players. These were used to generate initial discussion and build a broader frame of reference. Companies selected included direct competitors, complementors and others from unrelated industries. Various exercises and constructs were used to allow individuals to do self-reflection and sharing of perspectives. The focus group was conducted over a two hour period and was tape-recorded and later transcribed. A series of discussions around the following themes emerged: Global Players and Speed of Change, Individual and Organizational Focus, Flexible Mindset, Market Dimensions, and Environmental Complexity.

### **3.3.2 Open-ended Questionnaire And Observation Of Company Strategy Training**

A portion of the researcher's role in the Case Company involves the design and implementation of executive training. In April of 2010, the eighth of a continuing series of globally located independent four-day strategy training events for senior executives was held in Moscow, Russia. The participants were 24 Strategic Leaders representing all global regions and functions of the organization. The format of these strategy trainings included analysis and consideration of the strategic context of the company including macro-level issues, customer business models, and alignment, the competitive landscape and a deeper dive on a particular strategic issue of timely relevance.

Although the researcher had played an essential role in the previous seven strategy workshops, no formal protocol for observation had been conducted. Given that the researcher was the primary orchestrator and facilitator of the sessions the role was direct and actively involved with the work environment. However, the formal line between observer and participant was not black and white. In some portions of the events the researcher was deeply involved in facilitating and directing the activities. Whereas in other sections of the event the researcher had the possibility (and even work role duty and participant expectation) to take notes and freely capture the insights, factors, and understanding from the participants' perspective.

For the Moscow event, the intention was to do a more comprehensive observation of the session given that many of the activities simulate strategic thinking environments and stimulate the need to think strategically from new and unusual strategic perspectives. The utilization of other stakeholders to support the facilitation of the session and thus reduce the researchers' formal work duty would have allowed more systematic and wide observation. However, as suggested by Eisenhardt (1989a), qualitative case studies can enable opportunistic research but also require the need to adapt. The unforeseen volcanic activity that disrupted air travel across the globe and especially Northern Europe at that time deeply impacted the delivery of and resources available for the Moscow event.

Although the researcher was able to make observations and notes the level of the structure was significantly reduced as two support resources were not able to attend due to air travel cancelations.

As a result, a post-event open-ended questionnaire was conducted with the participants. The questionnaire was intentionally implemented one month after the participants had re-entered their formal work environment. The objective was to enhance reflection on their feelings, perceptions and thoughts regarding individual and group strategic thinking practices. The questions emphasized both the strategy related activities during the workshop while also asking for a comparison of the factors impacting their “real” work conditions. The questionnaires were collected digitally and coded. Although the identification of the participants was possible, procedures were used to do the individual analysis anonymously. Memos were recorded in the MAXQDA software system for each question’s answer, and a summary was made on conclusions from each questionnaire. Themes and concepts were then summarized both at the individual questionnaire level, across questionnaires by question category, and followed by summary observation from the entire data source. (Maxwell 2005).

### **3.3.3 Textual Coding And Analysis Of Company Archives And Communications**

Given the role of the researcher and unrestricted access to documentation and communications of all formats, the need to be selective for the purpose of research focus was required. Initial plans were to explore a wider range of internally produced strategic support documents that are generated by the Corporate Business Intelligence units and various subscriptions available on the intranet and sharenet databases (competitor reports, customer reports, regional analysis, etc.) that are available to the Case Company’s Strategic Leaders. However during the iterative process of observing, discussing and reviewing interview material the lack of influence of this wider material became apparent. Firstly, the researcher discovered that an increasing amount of these materials are obtained from generic external sources and reflect consultant or analyst views rather than

views of the case company executives themselves. Part of this trend came from the overall reduction in resources within the strategy function and a corresponding decline in strategy sharing sessions that were intended for two-way intelligence sharing. Also, a familiar theme that emerged from the executive target group was “information overload” and relative lack of time. This can be evidenced by the following representative Moscow Survey response “This lack of time is also affecting the ability to follow the markets and the world around us, to generate any new ideas, and to read everything (or even part of) what is available for example in the TRN intranet or FYI e-mails” (Moscow Survey Respondent 3). Despite the limits of the executives and bounded rationality, these documents have had a considerable impact on the researcher, and this is something that cannot be removed from the analysis. The primary impact on the researcher was an increased understanding and insights into industry-level dynamics. As will be discussed in the results sections of this thesis, this cut back on the breadth of intelligence gathering and upwards and downwards communication did influence the overall strategic thinking potential of TRN’s Strategic Leaders.

The final choice of documents reviewed for coding and analysis are in five categories:

- Quarterly Business Review sharing documents for internal communication 2007-2011
- Quarterly CEO Internal Communications 2007-2011
- Selective corporate level strategy documents and communications 2007-2011
- Transcripts and notes from interviews
- Moscow Open-ended Questionnaire forms

The period of the documents initiates with the legal start of the JV and ends with the closing of Project One. The first two sources above were chosen because they reflect and reveal the main activities that were being heavily communicated and emphasized at the top tiers of the organization and to the Strategic Leader target group. They also cover macro-level issues regarding industry dynamics and corporate priorities including strategy. The combination provides factual based data and interpretation of performance.

It also communicates the state of mind of the CEO/s given these messages came directly from them and contained priorities, general opinions, and personal perspectives. The documents also reveal information about the pulse of the organization. Critically the communications were shared first with senior executives and then cascaded through formal processes to the leadership teams down the organizational pipeline. Therefore, each strategic leader needed to familiarize themselves with the messages and use the available material packages to “own” the message by internalizing it and sharing it in their own individualized way.

The formal corporate level strategy documents and messages have been chosen as they are central to the strategic frames of the senior executives and essential to their role expectations.

After conducting search and analysis of several text-coding software options, the MAXQDA software system was chosen due to its high level of features that enabled depth and flexibility of analysis. It also provided the capability to code the widest range of document formats (Creswell 2009). MAXQDA was then used to code all communications including the transcripts from two former Heads of Strategy and Business Development. An open coding system was used combined with memoing. This software allowed for easy retrieval of code segments by code, document, document category and multiple other formats. It also allowed for easy revision of codes during the coding process. An example of the coding functionality is provided in Figure 8.

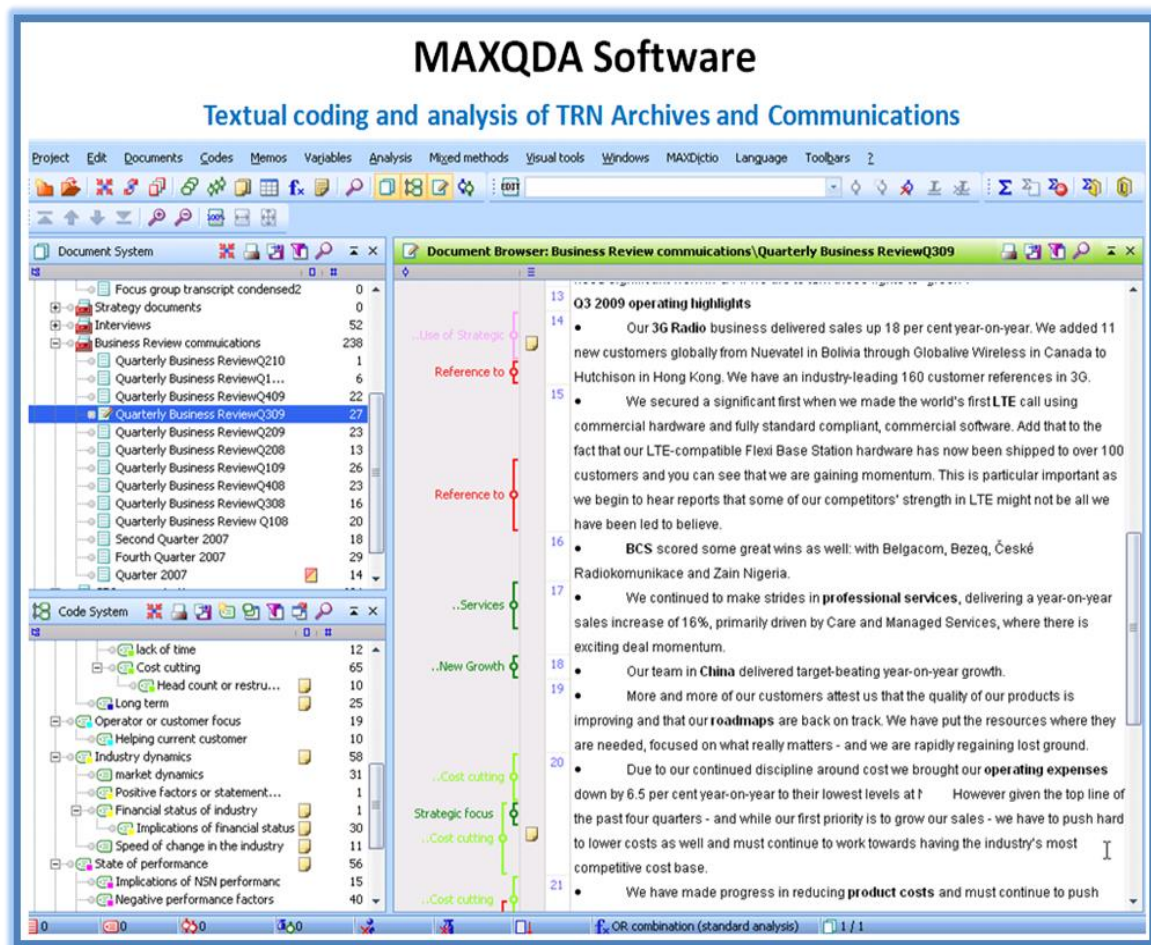


Figure 8 Example Of Textual Coding Using MAXQDA Software

### 3.3.4 Interviews With Two Former Heads Of Strategy And Business Development

Two semi-structured interviews were conducted with former Heads of Strategy and Business Development during November of 2010. The interviews were done on the site of the interviewees new employment premises in private settings. Interviews were 1.5 hours in duration. Both interviews were recorded and later transcribed. The researcher also took careful notes during the interviews. These purposefully selected interviewees were chosen on the basis of the strategic significance and impact of the former role of the

interviewees, their relatively removed objectivity, and the tenure of their employment in the telecom industry.

The researcher had prepared sets of questions based on several themes that had emerged during observation and analysis of the other sources of data collection outlined earlier in this section as well as from informal discussions with TRN employees. These themes were primarily around:

- the strategy process
- history of the company's strategy and context
- the strategic focus of the company
- the strategic focus of the senior executives
- specific actions and stakeholders
- conclusions, perspectives, and insights

Nevertheless, the structure, format, and procedure of the interviews were kept very loose so as not to box in the interviewee and leverage any emerging perspectives that were elicited. Learning from the first interview did influence some content of the second interview, primarily on new topics unknown but revealed to the researcher during the first interview. This adjustment is consistent with the inductive nature of the data collection and research approach (Coffey and Atkinson 1996). Extensive memo taking was done in the MAXQDA software system during the transcribing process. The transcripts were then coded, and summary analysis of both interviews was done both individually and in combination.

### **3.3.5 Observation Of Strategic Leadership Training**

Although not originally planned for in the research design a very relevant opportunity emerged at a four-day Strategic Leader training during November 2010, in Surrey, U.K. Therefore the researcher successfully sought consent from the event participants to include this in the data collection. The event was primarily organized and implemented



by an external vendor for 28 globally representative senior corporate executives who had been chosen chiefly due to their being assessed as critical resources during the Executive Board Talent Watch. This outsourcing of event management allowed the researcher to focus completely on observation and note taking during the entire event. Although not designed to be a strategy workshop a significant number of the activities focused on the company strategy and the leadership/strategic role of the participants. This multidisciplinary approach is consistent with modern leadership development practice where corporate content is a primary starting point, and the artificial separation of Leadership and Strategy is removed. Also, one full day was dedicated to reflecting on the challenges they face and the messages they would like to communicate with the Executive Board. During the four days, the researcher was able to take notes and engage in informal conversations with all the participants. The notes, reflections, and memos were recorded anonymously and confidentially in the MAXQDA software system.

### **3.3.6 Field Diary And The Role Of The Researcher**

The nature of the central role of the researcher in collecting and interpreting data in qualitative research usually requires a discussion and sharing of the researcher's values, biases, personal background and other relevant factors that may come to play in the interpretations of the study (Creswell 2009). Since this particular case study would be categorized as "backyard" research involving the researcher's organization some explanation of the connection to the research setting is also needed (Creswell 2009). One of the biggest factors that enabled this study was the researcher's four and a half years of employment inside the organization at the time of completion of Project One. This experience provided significant prior knowledge of the setting regarding details on size, structure, history and culture. In addition to familiarity with many of the strategy documents, there was significant knowledge of where to look for and how to obtain data. This awareness allowed for access to information that external researchers would not have knowledge of and would be unlikely to uncover. The ability to spend extended periods of time in the field is an advantage but makes protocols and triangulation an even more important means to guard against too much individual bias (Yin 1994). On the

positive side, being embedded in the organization provided the researcher with the possibility to gain a holistic view of the big picture and be a “complete participant” or complete observer with less intrusiveness (Creswell 2009). It also exposed the researcher to real time and other types of information not usually gained by an external researcher. This experience proved to be valuable in providing a highly informed contextual perspective and understanding of the participant’s precise situation during the data collection phase. These were minor things like knowing about recent results or relationships at play in an individual’s context or much larger things such as a publicly unannounced reorganization that was on everyone’s mind, but that would not be revealed to an outsider. Access to real-time knowledge via intranet and impromptu conversations were also extremely valuable in gaining insights. A significant number of previously mentioned “opportunistic events” emerged and were valuable in adding strategic direction and additional perspective to the study. These included several workshops/interventions with various Global Leadership Teams, Business Unit Leadership Teams and the Strategy and Business Development Insight Planning scenario planning development workshop.

On the other hand, the advanced knowledge and intimate relationship the researcher has with the firm and its employees have required that multiple forms of validity be used to guard against potential bias. Having been so involved with the organization, its success and failures meant that particular effort has been needed to step outside the role of employee and take on the role of the researcher. Protocols have been useful in this process, but there remains the view of the researcher’s role (Strategic Leadership), function (within Central Functions) and previous involvement in activities including strategy formation and sharing. One of the functional and relational dynamics that was managed is in regards to researcher’s role in Talent Management and Executive Development. The Researcher’s role carries with it associated or potentially perceived power dynamics. Several research techniques for ensuring anonymity and providing a sense of safety and neutrality in the data collection methods have been utilized to mitigate this possible factor. Further, the target group is very much at a peer level or more senior to the researcher, so the overall perceived threat has likely been minimal.

The researcher's work and educational background are rooted in executive education. In these work roles before TRN, there had been considerable exposure to senior executives in many large corporations on a comparatively global basis. While this provided some comfort, skill and multicultural perspective in facilitating interactions with the executive population, it also implied the need to be wary of the danger of being too familiar with the target group. Extra reflection via the use of memoing and using sources of additional perspective (discussions with trusted external consultants and professors) were needed to guard against potentially being blind to certain observations and jumping to assumptions based on previous individual experiences. (Maxwell 2005, Creswell 2009)

### **3.4. Data Analysis**

#### **3.4.1 Data Analysis Approach: General Inductive Approach**

A general inductive approach to data analysis was used for Project One (Thomas 2006). For case studies, Eisenhardt (1989a) suggests that the overlapping of "data analysis with data collection not only gives the researcher a head start in analysis but, more importantly, allows researchers to take advantage of flexible data collection." As mentioned above given that the researcher took on-going field notes, Eisenhardt's prescription of making summary write-ups after each appropriate stage or phase of data collection was followed. This process facilitated one of the fundamental characteristics of qualitative research, the iterative data collection/analysis approach. According to Coffey and Atkinson (1996) an essential principle of qualitative research is that data analysis should be conducted simultaneously with data collection. This pairing allows you to "progressively focus your interviews and observations, and to decide how to test your emerging conclusions." (Coffey and Atkinson, 1996). This focus repeatedly occurred in choices regarding data sources, interview questions and target group refinement for Project Two. The challenge for the researcher has been to balance reflection on emerging themes without jumping to conclusions based on limited data, memorable experiences or

the opinions of very senior authority figures. In other words, not to fall prey to many of the cognitive biases that were discussed in the social cognition section of Chapter Two in this thesis. In the case of textual coding, the initial Inductive Coding was heavily influenced by the preliminary literature review and the researcher's existing experience with the Case Company. The insights gained from the 2009 focus group also influenced the choices for recognizing and tracking specific terms or category references. The main impact was the expectation and creation of specific categories of codes related to the environmental influences that might be at play, and that would impact strategic leader's potential for strategic thinking and decision making.

### **3.4.2 Strategies For Analysis**

As with strategies for validity, triangulation was also used in analysis techniques. According to Maxwell (2005) "Strategies for qualitative analysis fall into three main groups: categorizing strategies (such as coding and thematic analysis), connecting strategies (such as narrative analysis and individual case studies), and memos and displays (Coffey and Atkinson 1996). In the choice and process of analysis, all these methods have been used and combined.

In categorizing analysis, Maxwell (2005) recommends that it is important to make distinctions between "organizational, substantive and theoretical categories." Organizational categories are "broad subjects or issues" that the researcher establishes in advance of the data collection. In Project One, some examples are themes used to create discussion during the Exploratory Focus Group, questions chosen for the Questionnaire and some textual coding categories. Although these are useful for sorting and conducting data collection, they are less helpful for "the actual work of making sense of what's going on" (Maxwell 2005). As implied above the substantive and theoretical categories are more useful in providing a deeper understanding and making sense of what is going on. For both of these sub-categories, their significance is not usually known in advance. However given the researchers familiarity with the setting and the target group the importance of some categories and themes of analysis were anticipated.

“Substantive categories are primarily descriptive, in a broad sense that include a description of participants’ concepts and beliefs” without implying a theory on their own (Maxwell 2005). In Project One examples included anticipated construct categories induced by the researcher, themes brought out by the Open-ended Questionnaire that have been used in the Case Company context analysis and coding categories as well as categories created using “open coding” (Thomas 2006, Corbin and Strauss 2007). Theoretical categories are “derived either from prior theory or from an inductively developed theory” (Maxwell 2005). In relation to Project One, examples of prior theory influencing categories and themes were theories from the areas of strategic management and organizational development. These were primarily used in the anticipated constructs as well as the Case Company Context components illustrated in Figure 9. For example, when considering preliminary constructs mainstream strategy theories such as Blue Ocean strategies, strategic posturing, and industry clock speed were used. These categories are covered in more detail in the literature review section of this thesis. Whereas inductive theory came in to play first in the reflection captured in memoing and then concurrently into the data categorizing. These “etic categories” (the researcher’s concepts) will be covered more fully in the discussion section of Project One. The “emic categories” (participants’ concepts) will be covered in greater depth in Project One, Two and Three.

Connecting strategies “attempt to understand the data (usually, but not necessarily, an interview transcript or other textual material) in context, using various methods to identify the relationships among different elements in the text. Such strategies include some forms of case studies” (Patton 1990, Maxwell 2005). In Project one and throughout this Case Study connecting strategies are used as a primary analysis method to make linkages and produce insights to the big picture themes and ultimately back to their relative impact on the participants’ strategic frames.

### **3.4.2.1 Sampling**

As referenced above, the most common form of sampling in qualitative research (Purposeful sampling) has been used (Patton 1990). This focused sampling has been partially guided by the logic of the initial research questions as well as by information gained from the data collection and time in the field. This strategy has been chosen because it best meets the requirements for obtaining the type of information needed for the area of research.

### **3.4.2.2 Coding**

As mentioned above, the MAXQDA text analysis software [was](#) used for storage, coding and analysis of all the primary forms of data collected including interview transcripts, survey responses, company archives and observation notes. Although some enumeration of the words and codes was done it should be noted that in qualitative research “the goal of coding is not to produce counts of things but to “fracture” the data and rearrange it into categories between things in the same category and between categories. (Strauss 1987, Maxwell 2005). This method of analysis is consistent with the goal of inductively creating themes and grounded theory (Glaser and Strauss 1967).

Although a small portion of the initial coding was influenced by existing theory the primary coding method employed was Inductive Coding, which involves the researcher directly examining the data and “developing the codes as they code the data” (Burka and Christensen 2007). This method also involved the creation of “codes that partially or completely overlap.” or co-occurring codes (Burka and Christensen 2007).

The process of analysis of the text documents was as follows:

- 1) **Selection through a purposeful sampling** of the most relevant forms and sources followed by the uploading of all sources of data into MAXQDA. As MAXQDA has the capability to code multiple document formats (including PowerPoint) this allowed easy and integrated analysis. As mentioned above some refinement of choice was made through information gathered and learning in the field. For example the target group for interviews was adjusted after learning who are the most strategically relevant leaders, the archived materials were focused based on increased knowledge of readership and use of the documents.
- 2) **Coding of the individual documents within each data category.** The sequencing of coding these documents was dependent on the timing of data collection, the perspective on the context the data might provide and finally the scheduling and availability of access. As this coding was done concurrently with data collection throughout Project One, a significant portion of substantive categories were created during the process. In practice, this meant revising and adding new code categories to the code table and re-coding earlier documents
- 3) **Summarizing the memos from each data category and reviewing for themes and insights.** The MAXQDA software allowed for memoing in the documents with easy merging, summarizing and other comparative methods. This capability enabled the researcher to reflexively analyze individual documents and categories on an on-going basis throughout Project One. During the final summarizing of each document category the researcher made an intentional sequencing choice. The company archives were reviewed first as they represented the CEO's or official corporate view. The remaining document categories were then reviewed as they were more representative of emic categories. This purposeful intention was to see if there was congruence and alignment in themes and perspectives across categories.

- 4) **Reviewing the coding of each sub-category within data categories and making summary conclusions.** For example the coding and memoing from the Business Quarterly Reviews were summarized and analyzed, then the CEO letters and so on.
  
- 5) **Overall conclusions from each data document category.** After insights and themes were considered from each document an overall summary analysis was made for each category. Therefore, summaries were made for the corporate archives, the interview transcripts, the questionnaire responses and for each document category.
  
- 6) **Macro evaluation of all sources for input to discussion and next steps for Project Two.** A final qualitative review of the overall coding outcomes using connecting analysis strategies was done to reflect on the larger themes and insights to what might really be going on inside the Case Company. These insights are discussed in the review of Contextual Factors, Preliminary Constructs and Discussion sections of Project One below.

### **3.5 Validity And Rigor**

This research used an embedded design as recommended by Yin (1981) and Tellis (1997). This meant the use of multiple levels of analysis and multiple scopes through a wide selection of data collection methods. The researcher has also employed “data triangulation” through the breadth of documents used for text analysis both in the corporate archives/communications and also in the wider range of data sources selected and then converted into text documents. “Methods triangulation” has also been utilized via the breadth of analysis methods used. As mentioned above in the coding section, analysis of individual data sources in isolation has been done as this often leads “to insights not noticed when reviewing the extensive overall data that tends to compile in case studies (Stewart 2009). Connecting strategies to find themes across data sources has



also been employed. According to Yin (1981) and Eisenhardt (1989a) this corroboration of patterns or themes in more than one form of data means the findings are likely to be more valid. However, interpretation has been the primary method, going hand in hand with content analysis and reflexive memoing. This resulting triangulation provided for increased validity and substantiation of the findings. Additionally, Denzin (1970) states that this “strategy reduces that risk that your conclusions will reflect only the systematic biases or limitations of a specific method, and allows you to gain a better assessment of the validity and generality of the explanations that you develop”.

### **3.5.1 Strategies For Validating Results**

Some of the methods for validating results have already been touched on in the analysis and coding procedures above such as triangulation. The use of checking data content and some of the researcher’s conclusions with the participants themselves was done to enhance validity. In regards to the content referring to the Company Contextual Factors below, several one on one discussions were held with internal senior executives as well as with external stakeholders close to the company to share the model and test its soundness. To ensure respondent validation the researcher has also gone back to the interviewees and a sub-set of the questionnaire participants to check for accuracy by allowing them to comment on aspects of the findings of Project One. Further accuracy and validity checking was done in Projects Two and Three.

Yin (1981) points out an underlying logic of case validity is replication, treating cases as series of experiments with each one serving to confirm or disconfirm the conclusions. “In replication logic cases which confirm emergent relationships enhance confidence in the validity of the relationships. Cases which disconfirm are often an opportunity to extend the theory” (Eisenhardt 1989a). In the single case study situation, internal individual groups or individuals have been used in a similar fashion. However, as Creswell (2009) comments on the nature of qualitative research, “the intent is not to generalize findings to individuals, sites, or places outside of those under study”. Returning to the role of the researcher and the time spent in the field Creswell (2009) also mentions that the “in-depth

understanding” of the phenomenon under study and “the more experience that a researcher has with the participants in the actual setting the more accurate or valid will be the findings.” Given the researcher’s deeply embedded position in the Case Company, the depth and breadth of relevant relationships and the longitudinal nature of the data collection, there is a substantial basis for claiming such accuracy and validity. Finally, Eisenhardt (1989a) observes that tying “emergent theory to existing literature enhances the internal validity, generalizability, and theoretical level of the case findings.” These three objectives will be addressed in the Contextual Factors, Preliminary Constructs, and Discussion sections below as well as in Project Two and Three.

## **3.6 Interpretation And Results**

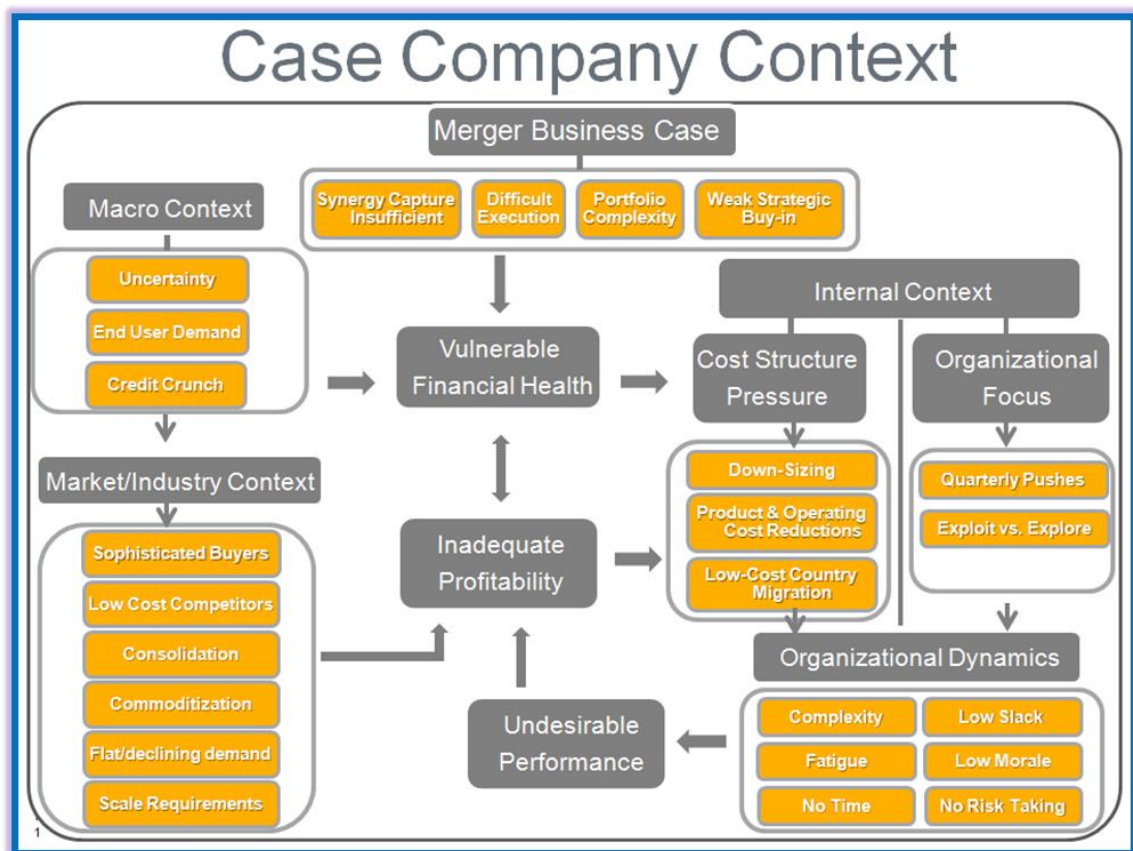
The aim of this section is to present the outputs and results of Project One. This section is split into two parts. Firstly, the outcome of the analysis of data and observation regarding contextual factors that the case company employees perceive to be present will be covered. Secondly, during Project One the researcher induced strategic constructs that were potentially extant in the mindset of the case company executives. A preliminary review of these constructs will be conducted.

### **3.6.1 Contextual Factors**

During the pilot focus group session in March 2009 a number of themes arose around the possible internal and external factors that seemed to be present in the case company. The data collection sources have largely supported the presence of these factors and brought to light further interrelated factors. These have been grouped under the following headings:

- Merger Business Case
- Market and Industry Context
- Macro Environment Context
- Financial Health and Profitability
- Internal Context
  - Cost Structure
  - Organizational Focus
  - Organizational Dynamics

Each of these is considered in detail below. Figure 9 provides a visual representation of the findings.



**Figure 9: Case Company Context**

### **3.6.2 Corporate and Industry Historical Context**

As in all industries the history and evolution of the telecommunication infrastructure business has made a significant impact on the relationships between the players, the overall industry logic and the mindset of the current executives. Given the current harsh state of the industry it is easy to forget that during the early days of the global expansion of the 1990s the infrastructure business was extremely attractive. During that time in both the Joint Venture parent companies, the network divisions were the “stars” while the handset sides of the businesses were still struggling to become profitable. This factor had a long term impact on the corporate culture and the mindset of the individuals even extending to the years of the JV. In the words of one of the Heads of Strategy it “was like mining gold” there was “so much capacity that new devices went out practically as fast as you could produce them” (SBD Head 1 interview).

This incredible growth and expansion meant there was enough market for all the network infrastructure providers and the emerging markets demand only extended the “land grab” (SBD Head 2 interview). It seems that even the players themselves did not fully understand the scope and implications of the expansion to come as evidenced by this sample reflection of a key strategic leader of the time “no one in their wildest dreams believed the market would grow five times in 3-4 years and then double again in two years” (SBD Head 2 interview). Although these experiences are seemingly far in the past the confidence of this success of being number one, consistently winning and finding ways to succeed has continued to influence the performance of senior executives in the case company (TRN Talent Watch files 2009).

The growth or capacity-filling phase of the industry came to a sudden slowdown during the early 2000s when a number of factors combined to produce pressure on the network infrastructure providers. The overall collapse of the technology bubble of the time was closely followed and reinforced by the financial burden and overestimated market related to the “3G hype”. The enormously expensive licenses dropped 350 Billion from the potential operating expenditure capacity of the Communication Service Providers (CSPs).

This in turn meant a resulting squeeze on the network infrastructure providers along with pressure from the increasingly professional procurement of the CSPs (SBD Head 1 and 2 interviews). This shock was something that most of the industry participants had never seen before and made a lasting impression. Given the large R&D expenditure needed in the infrastructure business and the declining revenues it was not long before consolidation became the trend and top of mind for industry executives. Despite this there were attempts by the leading infrastructure providers to change the industry dynamics in relation to the CSPs through forms of cooperation but in the end the intensity of competition amongst the providers did not allow it. (SBD Head Interview 2, Strategy discussions Moscow Vision 2015 workshop April 26-29 2010)

Even with these significant setbacks the continued growth of demand in emerging markets combined with increasing mobile and internet penetration provided the basis for optimism in the future of the industry. This optimism in the industry potential is summarized in TRN's own strategic documents as follows "We are involved in a technology that is the fastest growing in history, and touches literally everyone on the planet. We can see being a major part of a €350 billion market and the rewards that will bring" (Plan 2011 TRN Priorities). This communicated optimism was understandable based on the technological growth and the need to keep the employee population hopeful. However, this frame of mind likely contributed to TRN's struggle to establish a sense of urgency amongst this same target group. This sense of complacency is not unusual in munificent markets (Hedberg and Jonsson 1997). The result, as will be evidenced by interviews in Project Two and Three is that it limited the awareness of the need to increase strategic variation and increased the faith in the use of "more of the same" tactics. (Central Senior Executive Interview and Asian Regional Customer Operations Head to CEO Chief of Staff to Region Head Interview)

### 3.6.3 Merger Business Case

As noted above consolidation was and appears to remain as a central industry logic driving the strategic frames of many of the executives in this case study. Prior to the Case Company merger of 2007 two other major network infrastructure providers merged and one of the parents of the Case Company Merger had already tried an unsuccessful attempt to find an alternate merger partner.

Although the Case Company is approaching its 8<sup>th</sup> year of existence at the time of this writing, the implications and impact of the original merger business case are still felt. According to the current CEO's 2009 Quarter 3 Communication "Our company and our cost structure was designed for annual revenues of €15bn. Revenues for the past four quarters total just €13.3bn" (TRN 2009 Q3 Business Review Communications). While this overestimation of the potential revenues demonstrates the pressure on the financial health of the company other internal stakeholders who were part of the integration planning have cited numbers for the original estimate in the range of €16bn with plans to grow to €25bn (SBD Head 1 and 2 interviews).

Yet from the beginning the need for "synergy capture" was transparent and open in the corporate communication and strategy headings of "Consolidate, Leverage, Transform" (Case Company Strategy Communications 2007). The then CEO remarked on the positive progress that had been made in this direction by year end 2008 "we also met our commitment to achieve substantially all of the €2 billion in annual synergies by the end of 2008" (TRN 2008 Q4 Business Review Communications). Further progress was made at that time around profitability and financial health "During the course of the year, we reduced costs, increased margins, improved operating cash flow, and delivered committed synergy savings" (CEO communications Q4 2008). However even though the CEO recognized that by Quarter 1 2009 the company had "exceeded our synergy targets" it would not prove to be enough to obtain net profitability (CEO communications Q1 2009).

The on-going implications and reasons behind this context are multiple and will be discussed further below. Yet based on questionnaires and workshop observations some insights regarding the early failure can be gathered. According to one representative comment by a senior strategic leader there may have been significant issues in translation and cascading of the strategy from the start: “In a way, strategy and targets were created by an impressive and enthusiastic team of leaders who had been through months of analyzing the whys and what’s of the merger (insights and foresights). Then they handed over the strategy and targets to the next level in the organization, expecting immediate understanding of the what’s and whys and nearly overnight adoption of the many changes, including the cultural changes. But the next level was less aware and less “owning” the strategy, and therefore more resistant – consciously or unconsciously – to the whys and what’s of the strategy – this might relate well to the execution weakness” (Moscow Survey Respondent 5). This issue of poor cascading and even upward capturing of communications is a strong theme that recurs throughout this study. It takes a different form during the turnaround phase and the findings from this research show similarity to recent studies of Nokia by Vuori and Huy (2015). The implication will be covered in more depth in Project Two and Three.

Issues of buy-in and related execution are also supported by comments of the two sequential former Strategy and Business Development Heads of the time: “Execution has been more difficult than anticipated - has not enabled the company to move faster towards the targeted long term. (SBD Head 1 interview). Certainly the size of the merger provided somewhat predictable but daunting challenges of integration around structure and people. However perhaps more problematic was the complexity of combining product portfolios in the context of uncertainty in the industry’s evolution: “The secondary implications of having to deal with both the technical and commercial complications had a lot to do with the less than optimal financial results and the non-material realization of the business case.” (SBD Head 2 interview).

### **3.6.4 Macro Environment Context**

The Macro Environment Context is wide in scope and impacts both internal and external dimensions of the Case Company. Although there was a wide range of factors to consider under this heading the primary driver was the global financial crisis, its economic impact and related level of uncertainty both for institutions and individuals. The significance of this crisis in relation to other temporary down cycles or recessions can be seen through the Case Company's inaugural CEO's recognition in 2008 that " We are now in the midst of a global economic crisis the likes of which has not been seen for a generation or more" (CEO communications Q4 2008). By 2009 this same CEO may have been reflecting the overall macro sentiment when his comments moved from cautious statements of uncertainty such as "Exactly how long the economic crisis will last is not at all clear," to statements that might be interpreted as outright pessimism or harsh realism " Two years of market decline, a brutal global economy, rising unemployment, and ongoing tight liquidity for our customers all point to tough times ahead." (CEO communications Q1 2009 and CEO communications Q2 2009). As will be discussed below the impact on the industry's end-user consumer was increased price sensitivity and variable usage. When this was combined with the tightened liquidity for the CSPs the resulting reduction and/or delaying in capital expenditure had a domino effect all the way through the value chain.

### **3.6.5 Market And Industry Context**

From the initial observations and data collection the description of the telecommunication infrastructure business would likely be categorized in the literature as "declining" or "hostile" (Harrigan and Porter 1983, Potter 1994). Competition is intense, demand is flat or declining due to saturation of the mature markets and yet it remains "an industry where scale is essential" (CEO communications Q1 2011). Where significant growth does occur it is primarily in the emerging markets. However the challenge in these markets is providing needed expansion with low margins in a GDP environment where cost pressure is even more sensitive. From the perspective of the Case Company, the overall profitability of the business then remained to be driven largely by the fate of the CSP



customers and the price pressure of the newer low-cost competitor entrants.

In the emerging markets the CSPs had fast growing but low-income end users who tended to have high churn (consumers switching between CSPs). This pushed providers like the Case Company even harder because “the economics for those operators per subscriber is different so by default they have a need to get that capacity cheaper” (SBD Head1 interview). In the mature markets, saturation means that competition is primarily focused on the replacement market or up-selling one’s installed base. At the same time, smartphone devices and the correlating huge expansion in network traffic (video and similar download demand) means that enabling growing capacity at cheaper and cheaper Total Cost of Ownership (TCO) is passed on to the infrastructure providers. The perception of this dynamic is captured well in the 2011 strategy documents as follows: “remember that our customers are going through huge challenges themselves, with signaling issues in their networks, end-customers who are constantly churning, and changing technology and customer expectations” (Plan 2011 TRN Priorities).

Then there is the Chinese effect that is more general in the marketplace” which is largely determined by China’s decision that the telecommunications sector is one of the five strategic sectors in which it will be a global player (SBD Head 2 interview). The “Chinese effect” had not been taken seriously during the early 2000s when the two competitors (Company H and Company Z) were both lower cost, and lower quality with primarily a domestic market focus. By 2008 the momentum could no longer be ignored and became worthy of special attention by the Case Company as evidenced by the comments of the CEO and resulting internal task forces to deal with the fact that “we face low-cost, credible competitors who are putting pressure on us far beyond their traditional strongholds” (CEO communications Q2 2008). At the time of the writing of Project One the leading Chinese competitor moved from 5<sup>th</sup> to challenging the Case Company for 2<sup>nd</sup> in industry market share and had extended the low cost pressure from the low margin to higher margin markets pressuring all competitors to respond much as the Japanese had done decades earlier with ‘loose bricks’ strategies (Hamel and Prahalad 1989). The combined market factors outlined here further reinforce some of the ambiguity related to

defining market types that was revealed in the Exploratory Focus Group. During that session, lack of clarity and cohesion of perspective was revealed regarding what defined a mature market. The group was divided between defining mature as dependent on TRN penetration, country GDP or the level of technological evolution. These internal observations were further substantiated in Projects Two and Three. Yet, even at the initial data collection phase of this thesis, there is evidence of the potential variation of strategic thinking demanded of TRN's Strategic Leaders.

### **3.6.6 Financial Health And Profitability**

From the inception of the Case Company, the “non-material realization” of revenue in the anticipated amount of in excess of €15 billion had put tremendous pressure on the balance sheet. Given the natural special circumstances and expenses in any merger the initial benchmark for success was operating profit. This focus in both CEO and Quarterly Review communications was positioned as the most reasonable given it reflected the controllable performance of the Company. In addition these mostly positive results helped to overcome the possible and real “crisis of customer confidence” in the viability of the organization. Surprisingly to the researcher, several TRN Strategic Leaders interacted with during this thesis were deceived or blinded by these communications in regards to the real profitability results and the lack of viability of the JV. This long term viability is particularly important in the telecommunications industry given the long term commitments involved with technology and its evolution (CEO communications Q1 2010). Nonetheless in the face of “eight consecutive quarters of the company’s sales shrinking,” even massive and largely successful efforts to reduce costs on all dimensions; operating profit was small or negative (CEO communications Q3 2010). Even with the success of four sequential quarters of sales growth during the writing of Project One, the net profitability (includes taxes, interest and other charges) was negative. The implications of the inadequate profitability and its resulting vulnerable financial health of the organization had significant impact on the internal organization and the strategic frames of its leaders regarding what strategic options were feasible.

### **3.6.7 Internal Context**

#### **3.6.7.1 Cost Structure Pressure**

As part of the initial merger “synergy targets,” a 9,000 employee reduction in global headcount was undertaken and completed during the first two years of the merger. The recognition that the originally planned “synergy capture” would not be enough to achieve net profitability meant continued focus and pressure on reducing costs in all forms. Therefore, the headcount reductions that were meant to be a one-time activity became a way of life for the organization. These were accompanied by a gradual but consistent effort to migrate employment from high to low-cost countries. Statements by the CEO as early as 2008 indicated that “We need to have more of our people based in these countries” (CEO communications Q2 2008). Although this philosophy is consistent with leveraging a globalization strategy, it brought about a lot of uncertainty and turnover at the individual level in the merger parents’ origin countries and in most of the European based operations. This had additional significance given that these locations are where the majority of the Strategic Leader population is based.

At the same time much had been achieved in reducing product and operating costs via continuous effort and supporting communications to be “ Accelerating our cost savings”, “ Finding additional savings” and “ eliminating non-value added work and getting more efficient” (CEO communications Q2 2008). Despite this positive trend, the continuous cost pressure, reductions and migrations of employment contributed to i) limited slack ii) less of a risk taking mindset iii) less information sharing and conditions for innovation iv) and increased focus on internal operational efficiency. These combined findings contributed to the questioning of TRN’s overall health and sustainability. They are also fundamental issues to be addressed in the research’s intervention proposal.

### 3.6.7.2 Organizational Focus

Given the pressure to achieve profitability from both a financial health and a customer credibility perspective, there is little wonder that the overall perspective was short-term. To quote one executive “Tomorrow’s 1 Euro seems to be valued higher than 50 Euros in half a year” (Moscow Survey Respondent 3) and based on other surveyed executive’s comments it appears that “forcing salespeople to review and report their figures weekly because the company is panicking that quarter targets may not be reached” was also a common experience (Moscow Survey Respondent 6). These results indicating a significant concentration on short term horizon results are consistent with those found in the exploratory focus group. This overall perspective and their potential consequences are captured in the following executive’s questionnaire response: “Pressure, and typically bad results, is pushing individuals to park strategic foresight for a while in order to focus more on strategic insight and short-term actions. I suppose a good company has the capability to mobilize extra resources into short-term actions in order to respond to temporary turbulent times, while not hampering strategic foresight and long-term actions” (Moscow Survey Respondent 1). To put this in the terminology found in the literature, the Case Company appeared to be highly focused on exploiting the current environment for more predictable and perhaps dependable short-term results at the relative expense of exploring new profit pools that have longer return horizons. This suggests that the ambidextrous organization (Tushman and O’Reilly III 1996) hinted at by Moscow Participant 1 was non-existent. It also evidences that the overall company context and mindset was not enabling strategic flexibility at the individual or organizational level.

### 3.6.7.3 Organizational Dynamics

One of the first challenges with any large merger is the complexity of combining systems, physical and human resources in a way that creates synergy and shareholder value. The Case Company had to do so under significant pressure due to the Merger Business Case expectations mentioned above. During the first years of the merger many of the operational barriers of mixing corporate and national cultures were overcome. Yet extensive complexity remained to the extent that in 2010 a “Simplification Office” was established to confront the problem. Issues regarding fighting complexity and overall low Employment Engagement Survey scores had resulted in the creation of a “Scorecard” that tracked a number of financial and “reinvigoration” variables on a quarterly basis. This Scorecard was tied to incentive bonuses with the intention of increasing the Company’s engagement, innovativeness, cost structure and competitiveness. However, based on the survey and observation results of this research there was evidence of incongruity between intended outcomes and the organizational dynamics.

The results suggest that the long-term drive for cost reductions and its accompanying lack of slack impacted the energy, creativity and motivation of the employees. Typical attitudes expressed by employees identified issues around not having enough time, resources or energy to take actions even when they may have the know-how as illustrated in the response of the following executive: “Also, it may be that as people are so heavily overloaded with work, any issues that might increase the work amount (without having equal decrease in the workload immediately after implementation) might be the reason why new ideas are not raised. I have to admit, there are issues in my mind which we could/should change, but I am not starting the actions myself simply as I don’t have the extra time for that” (Moscow Survey Respondent 7). By contrast, the literature and Case Company executive responses assert that “Any factor that tends to create an environment where people are given targets and maximum freedom, trust, empowerment and support to meet the targets is contributing to the development of strategic options by these people” (Moscow Survey Respondent 5). This employee’s statement echoes the research findings of Ghoshal and Bartlett (1994) and Raisch and Birkinshaw et al. (2009) who

come to the same conclusion. Again, the data collected during Project One indicated otherwise. It suggests that this lack of time, overwork, and short-term focus supports the likelihood that “This (short term target pressure) is inhibiting strategy making because this is “boxing” people into telling them what tasks they are supposed to focus on.” – bracketed text added (Moscow Survey Respondent 9). The concern may have been further aggravated by an increasing lack of qualified employee resources given that several survey respondents commented on the “difficulty in finding enough qualified managers for execution of daily operations.” (Moscow Survey) This implies the creation of an added burden for the line manager in their allocation of time. In other words, they need to trade off supporting actions for subordinates versus doing higher value adding activities appropriate for their level in the leadership pipeline (Charan and Drotter et al. 2001).

### **3.7 Summary Conclusions Of Contextual Factors**

The overall context of the Case Company and the correlating environment in which its Strategic Leaders operated in was one where the viability of the organization was increasingly in question. From a net profitability standpoint, the continuous loss-making was not sustainable even with intermittent parent company financial support. The external market and industry conditions remained intense and challenging. Internally the attempt to create a “lean machine” had been partially successful as significant product, and operating cost reductions had been achieved. However, as cited by sequential CEOs, the reductions had not been enough. Further, the impact of the short-term focus on cost, quarterly profitability, and financial controls had taken a heavy toll on the organization’s morale as evidenced by the Employment Engagement Survey’s and employee turnover. (TRN Employee Engagement Survey results 2008 and 2009). The longer term implications of these factors on the strategic frames of TRN’s Strategic Leaders will be further explored in Project Three. The associated apparent possible constructs of the Executives managing in this context will be outlined next.

### **3.8 Preliminary Constructs**

The intent of this phase of the research was to uncover and gain insights to the central contextual drivers influencing TRN's Strategic Leaders and induce potential constructs and elements that may be influencing their strategic frames. Based on this data collection the researcher was enabled to more effectively build the Repertory Grid interviews for Project Two of the research while providing a foundation for more deeply grounded analysis of the results and their implications.

Therefore, based on field research conducted during Project One and analysis of data sources several sets of potential constructs related to the strategic mindset of the Case Company's Executives were induced by the researcher. These were grouped under the following headings and are presented in the order they were induced during thematic analysis:

- Sources of Competitive Advantage
- Growth and Profitability (Existing vs. Blue Ocean)
- Financial Health and Resources for Action
- Market Development (Emerging vs. Mature)
- Industry Clock Speed (Fast and Slow)
- Uncertainty and Complexity
- Strategic Posture and Positioning

Each of these constructs and the interrelatedness is discussed below.

#### **3.8.1 Sources Of Competitive Advantage**

As referenced above many of the actions taken by the Case Company seemed to be consistent with the competitive moves described in Potter's (1991) Hostile Market Theory (HMT). While components of HMT and many other strategic theories build on the foundations of Industrial Organization and Industrial Economic theory, HMT seems

to tightly describe the TRN and telecommunication industry evolution. For example, evidence that the hostile market perspective was extant can be seen in corporate communications such as the current CEO's statement that "We operate in a ferociously competitive market, against often unscrupulous competitors who seem prepared to do anything to win share: from giving away free base stations to offering crazy, uneconomic financing" (CEO communications Q3 2010). According to HMT after an initial phase of predatory pricing to gain market share, incumbent leaders continue to believe that quality and customer loyalty will support premium pricing (Potter 1991). In TRN, this belief was complimented by heavy investments in Total Quality Management initiatives. However, when the effectiveness of this tactic falters incumbents engage in "Self-defeating cost reduction (reduced spending on quality, R&D, suppliers, etc) and a focus on margin maintenance". Given the contextual factors cited above and the extensive coverage of margin levels both in CEO communications and strategy documents it would appear that this competitive response was top of mind for the Case Company executives. Further correlation between HMT and Case Company competitive actions can be seen in Phase V of Consolidation and Shakeout where overhead reduction is achieved via reducing workforce, pruning the business and M&A activity (Potter 1994). These actions correlate extremely well to the TRN turnaround strategy (TRN Plan 2012 Priorities). In addition to the downsizing activities noted above the Company has been engaged in several acquisitions with one major competitor absorbed. Among the recommended competitive responses cited by Potter's HMT are differentiating on reliability, turning price into a commodity and achieving an effective cost structure (Potter 1994). According to internal strategy documents the company has identified "Execute consistently" as a Focus Area in its strategic plans and clearly recognizes the competitive importance of differentiating on factors other than price "We have a business which is largely built on trust and reliability" (TRN Plan 2010). The inaugural CEO emphasized this early on with statements referring to related competitive factors such as the following "the (X) deal in Singapore showed that competition with the Chinese is not a one-way street, and that quality and execution are as valuable as price" (CEO Communications Q2 2009). Yet at the same time margins and price which had significantly impacted the company's cost base and focus were not irrelevant either as noted in the company's strategic priorities



“we can’t stay in business without matching or exceeding the competition when it comes to cost efficiency” (TRN Plan 2011 Priorities). These actions were further intensified during Project One and Two when an additional push to achieve internal operational efficiency was established.

### **3.8.2 Growth And Profitability (Existing vs. Blue Ocean) - “grow or die” (CEO communications Q2 2011)**

The link between growth and profitability is in itself a construct that is widely held in management theory and practice. This is perhaps a result of the comprehensive 19-year research study entitled Profit Impacts of Marketing Strategies that has had extensive influence both on academic publications and on companies such as GE, who have been heavily benchmarked during the past several decades (Buzzell and Gale et al. 1975). While there are plenty of successful high margin and high profitability niche examples both in literature and practice, this approach had not been as accepted in the telecommunications industry or for the Case Company. The consideration of whether a viable niche or focused strategy was even possible pre-dated the JV creation according to sources in the TRN strategy function. However, such a strategic position was not undertaken by any of the players until TRN was forced to do so in 2012. Reasons and implications of this shift on this research are discussed in Project Two and Three. The accepted mode of operation prior to this with its heavy R&D expenditure requirements made the “end to end” growth assumption seem inevitable as scale was seen as a fundamental prerequisite to cover the cost structure. There are also the psychological, morale and ego related factors associated with growth as noted in the internal strategy documents “Winning companies grow, and with growth comes the satisfaction of being a winner” (TRN Plan 2011 Priorities).

Critically related to the growth question from a strategic perspective are the potential sources of growth. The product-market matrix suggests five possibilities (Aaker 1995). These involve market penetration, product expansion, market expansion, diversification (related or unrelated) and vertical integration. The Case Company made efforts in all of

these areas. Market penetration was attempted via up-selling, selling higher margin products and generally “increasing share of wallet” from the installed base. Product expansion had been extensive and perhaps mandatory given the nature of the technological evolution in the industry and the end-user’s sophistication of demand. However considerable internal communication and effort was made in an effort to transform the organization from one selling “boxes” to one providing solutions. Market expansion was primarily in the context of new geographical markets of which more will be discussed below. Additionally, some efforts were made to target new segments outside of the core CSP target group. Diversification was also attempted in modest means primarily by the accepted practice of establishing small separate “Start-up” units to focus on potential new products and markets much as structural ambidexterity would suggest (Gibson and Birkinshaw 2004). The timing, financial resources and overall firm context did not support the feasibility of this option.

The most substantial competitive construct was vertical integration via “outsourcing” by the customer. As a source of growth, the Case Company had analyzed that two-thirds of the “300 billion addressable market” is internal spending by CSPs (TRN Plan 2010). This meant forward rather than backward integration and resulted in a considerable change in the Case Company’s organization and competencies. The main method for this was Managed Services, which in itself reveals significant insights to the strategic focus of the Case Company executives. Managed Service involves taking over the running of network services of the CSPs and usually includes taking on the existing employees related to those services. Therefore, the Managed Services contracts change the organization's competency makeup considerably. To quote one former Head of Strategy and Business Development “Maybe outsourcing has been the most notable thing which has also changed the asset base that the company has. Instead of having R&D assets you actually have network operations assets” (SBD Head 2 interview). From a Strategic Flexibility standpoint, the outsourcing contracts increase the “stickiness” of the customer relationship by raising switching costs but equally lock in the Case Company to long-term illiquid assets. The additional longer term impact of this asset shift was an increased overall employee population (growth to 78,000 employees). Over time, these new

employees changed the dominant percentages of the two original parent companies from 97% to 45% by 2012. This dynamic put additional overhead cost pressure on TRN but also became one of the underlying catalysts for the consideration of the Culture transformation initiative arising from this thesis.

An alternative method of growth is Merger or Acquisition. As referenced above this mindset is very prevalent in the industry and particularly in the rationale for consolidation. The current CEO positioned it as an enabler when he referred to the long-term objective of the Case Company “We have set as our long-term goal to be #1 in our industry. Again, this is not just because it is nice to be first. The reality is that consolidation has become a way of life in our sector (TRN Plan 2011 Priorities). The intensity with which this belief is felt can be seen both from what appears to be almost statements of survival “Be a consolidator, or become consolidated.” and from statements of pride from the conquest “We have moved from being talked about as ‘one of the consolidated’ to ‘stepping up as one of the consolidators’” (CEO communications Q4 2010). However this stance was tempered by the Case Company’s outlook in relation to its resources and the correlating recognition of the limits to growth by this method as evidenced by the inaugural CEOs reminder that “we have to be careful not to fall into the trap of relying only on acquisitions for growth” (CEO communications Q4 2008). Despite this, the acquisition of at least one major competitor became seen as almost mandatory and face-saving action after one failed attempt in 2010. As will be evidenced in Project Two interviews, this experience resulted in buyer’s remorse and did not significantly shift the Strategic Leaders’ mindset into exploring alternative growth sources.

### **3.8.3 Financial Health And Resources For Action**

In contemplating strategic options for the company there appears to have been an association with financial resources and the ability to generate feasible strategic actions. A characteristic response from surveyed executives is that “Our financial situation does not provide us with the flexibility beyond the traditional telco business model” (Moscow Survey Respondent 2). Part of this also relates to possibilities within the

telecommunications industry as well and may be particularly strong in the Case Company as a result of the referenced above case of the market leader outbidding it for acquisition assets very late in the process during one high-profile occasion. Alternatively, it may have been a legitimate recognition of the balance sheet strength relative to the primary competitors as has been alluded to in comments of an executive when reflecting on the performance of his colleagues in a strategy role-play exercise “And being practical, it is also a cost issue. TRN does not have the cash the competitors have” (Moscow Survey Respondent 3). Although these are legitimate constraints for specific options, they appear to have been seen as more restrictive than might be the case in other industries.

Closely related to the restrictions felt by limited financial assets is the aspect of risk-taking. Although there may be the feeling that in a down-sizing environment it may not be wise to take major career risks, there was also the evidence that the organization did not feel it had many chances to waste in its struggle for viability and independence. In the words of one senior executive responsible for making portfolio decisions “I guess we also cannot afford making too big mistakes, therefore we have to be cautious” (Moscow Survey Respondent 5). This perspective is quite opposed to the mindset expressed in Project Two by interviewees, regarding the comfort with which one of the parent company’s had historically made big bets. As will be evidenced in Project Two and Three, the differences between the two parent companies strategic frames added a layer of coordination costs that hindered options and speed of response.

### **3.8.4 Market Development (Emerging vs. Mature)**

A variety of constructs relating to geographical markets and their classification for significance have been induced by the researcher from the time of initial observation in the Case Company and were later reinforced during the pilot focus group session. One of the key findings of the early focus group was the apparent ambiguity around market terminology in the company. Terms like emerging, developed, mature, developing and others were labeled based on different criteria. In a few cases, the term “emerging” referred to economic development. For others, the term emerging was in relation to the

Case Company's market penetration even if that geographic area was advanced industrially. After further analysis and wider sources of data collection a number of aspects regarding how executives appear to view markets arose. The initial differentiation between mature and emerging markets came from the "land grab" phase of rapid growth and expansion of the early to mid-1990s. During this time, there was a clearer distinction of targeting new (to the company) geographic markets that were emerging economically as mature (economically advanced) markets became saturated. How this has evolved to present day and the implications for the need to vary strategic approaches and business models is outlined by a former Case Company Head of Strategy and Business Development "I think there are definitively some differences in how the services should be done, at what level the technology should be done- a slightly different methodology should be applied on how to treat the customers and how to evolve the business when there is a very mature market there with less opportunity for a "roll-out" and more of taking care of an installed base versus more of a roll-out or new build out - ***organizational capabilities and business models should be attuned according - but then there is a hell of a lot of space in between*** as well. More mature markets where we don't have an installed base and emerging where we have a large presence, so it is more of a continuum really - ***the extremes really need to be managed, but the reality is that there is a huge continuum as well***" (SBD Head 2 interview), [bold italics added]. This continuum adds to the complexity of strategic responses needed by the Case Company strategic leaders and is a source of ambiguity around market definitions as noted in the initial Exploratory Focus Group.

The classification above is an important construct for reasons of focus and investment for the company. However, it also suggests a wide range of factors at play with different variables determining success and profitability. In the context of the Case Company, this meant the introduction of additional strategic references to markets as "Priority Markets." From the initial introduction of the term in 2009, the number of markets labeled as priority grew from 5 to 7. The purpose of the labeling was to focus resources and grow market share. It is worthy to note that the priority markets were a mix of the original mature and emerging continuum "We are focused on the six priority markets of Brazil,

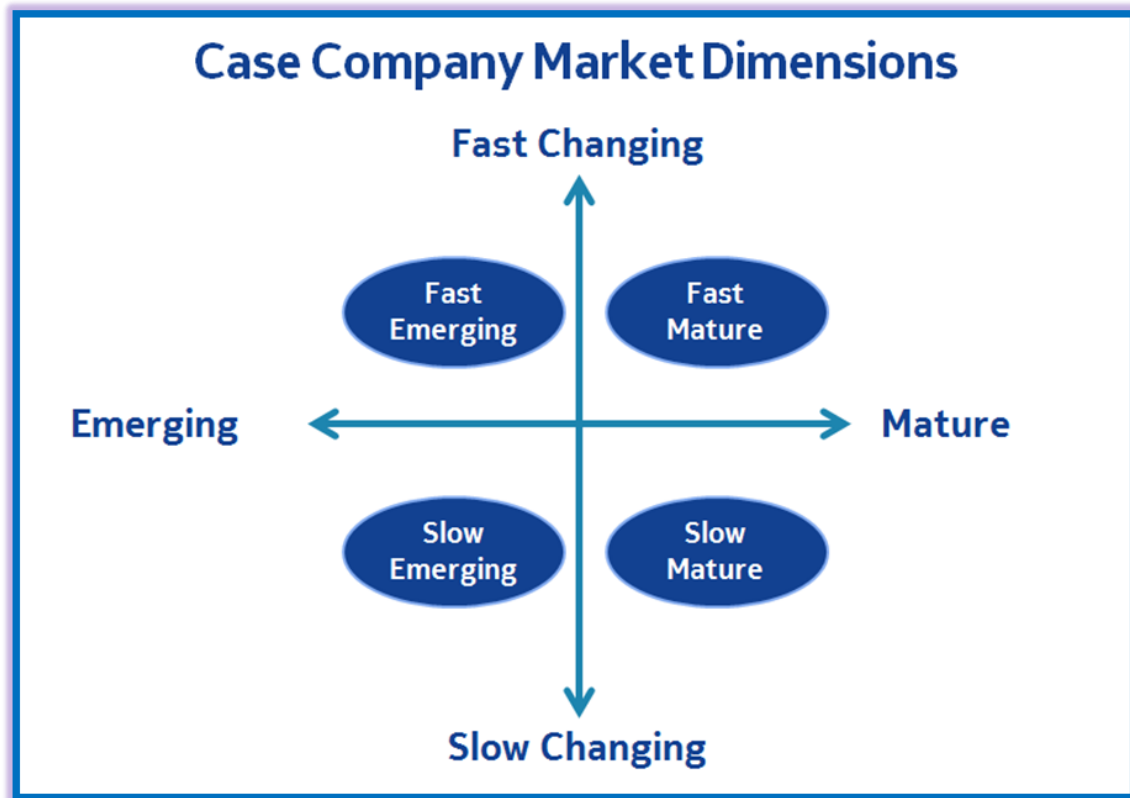
Russia, China, India, Japan and the US -- where we will target our limited resources in order to take market share and grow faster than the TRN average (TRN Plan 2010). While Korea was added to the list in 2011, the priority markets construct has a relation to a number of others including growth, profitability and portfolio theory all of which are captured in the following statement from internal strategy documents "We will also need to ensure that our regional footprint is balanced with strength in a number of key markets that offer a combination of growth and profitability " (TRN Plan 2011).

### **3.8.5 Industry Clock Speed (Fast and Slow)**

Nadkarni and Narayanan's (2004) research have built on Fine's (1996) previous studies on industry clock speed and have proposed schemas (Complex and Focus) or strategic frames appropriate for each of the two speed categories (Fast and Slow). Clock speed is defined by three dimensions 1) frequency of new products introduced by incumbent firms 2) frequency of new processes introduced by incumbent firms and 3) frequency of changes in the strategies and structures undertaken by incumbent firms (Nadkarni and Narayanan 2004). In the telecommunications infrastructure industry, the clock speed does not appear to fit exclusively into one of the two categories. The reason for this is that not all three variables align as fast or slow. In fact, even within the product category, there is a mix of frequencies depending on the portfolio and the market.

In the words of one senior strategy executive referring to both the product and process speed there is a "Strange balance of slow moving and fast moving because the standardization in a way has to move in a certain practical pace, and there is some slow moving aspects, on the other hand, market movement takes place relatively fast (SBD Head 2 interview). However on the strategy and structure dimension, there was significant frequency in change of structures and competitive moves regarding acquisition and alliances throughout the industry. This is reflected in the Case Company's quarterly review communications first in how it relates to the response needed by the company "The market pace is such, that we must speed up" (Quarterly Business Review Q3 2009) and secondly in how the organization views the future of the competitive

environment “because the intensity of that competition can only increase” (Quarterly Business Q2 2007). The additional dimension that restricts the exact classification of the industry is the reality of how these dimensions play out on the ground. As referenced above the frequency of changes on these dimensions between emerging and mature markets has more of a continuum. Based on the data collected the result is closer to a mix in the range visualized in Figure 10 below.



**Figure 10: Researcher Induced Case Company Market Dimensions**

In the product and technology realm frequency is not only dependent on the pace at which a market can absorb, afford or evolve to the products, there is also the challenge of predicting the life cycle of products and related approval-body processes. One senior executive with over 20 years industry experience put it in the following way when describing the on-going challenge and in particular the pre-merger selection of products “ there was also not a fully solid understanding of the future prospects of the portfolios - always difficult to understand in detail the longevity of the business portfolios” (SBD Head 2 interview). As discussed in the literature review there is a foundation in the

research for expecting that factors such as these increase paradoxical thinking. Prahalad and Bettis (1986) and Ghoshal and Bartlett (1994) suggest that this added cognitive demand can occur for executives managing diverse geographies and business or product scope.

### **3.8.6 Uncertainty And Complexity**

The uncertainty and complexity described above in the product portfolio was also felt in regards to the external context of the organization. This was expressed by the inaugural CEO when he stated that it is both an “increasingly uncertain world” and that the organization “faces an uncertain market” (CEO communications Q2 2008). This construct has also been articulated in executive survey responses in regards to the limitations of foresight capabilities and how from their perspective the horizon for predictability is shortening (Moscow Survey Respondents). This may have been closely related to the recognition of the complexity of a “converging industry” and the difficulty this adds to coping with and making sense of environmental signals. The growing numbers of “players” in different competitive “spaces” combined with the unknown evolution of the technologies themselves make for an increased diversity of potential industry outcomes.

In the internal context, complexity had been noted as one of the focus areas of the company’s strategic priorities. As mentioned above the company established a “Simplification Office” in the largely unsuccessful hope to reduce complexity and the resulting related complaints from employees. On the operational level, this was seen to hinder execution and even the sales function. A common view is “Guys understand the financials, but the complexity of how margins are calculated and averaged across the business units has made the prediction of profitability very difficult” (Singapore Strategy workshop participant May 2011).



From an organizational and correlating individual level, uncertainty had been a way of life from the time of the JV creation. Speaking in 2009 the then CEO expressed the concern regarding viability “Just as we began to feel successful, there is a risk that some will now start to question our future, and whether we have what it takes to make it through the storm.”(CEO communications\Q1 2009). How this played out at the individual level was later put across and recognized by the succeeding CEO’s messages “While we have sought to conduct necessary headcount related measures in both of those countries in the least difficult ways possible -- voluntary exit packages in Finland and short-time work in Germany, I know that uncertainty and concern remain high (CEO communications Q1 2010). When taken together, these data point examples represent the on-going level of uncertainty and the struggle TRN faced at both the individual and organizational levels during Project One. These factors add to the level of pressure, performance, personal risk and the emotion of fear. This research finds (and discusses in Chapter Six) that these symptoms will later result in the factors described by Kanter’s (2003) research on firm’s “cycle of decline.”

### **3.8.7 Strategic Posture And Positioning**

The concept of strategic posture is one that has been espoused by Courtney and Kirkland et al. (1997) and refers to a company’s participation intentions within an industry. These are categorized by Shapers, Followers and those “reserving the right to play”. While the researcher did not see evidence of this exact terminology being used in the field, the observed attitudes and opinions expressed during Project One appeared to indicate the existence of a mindset in line with this framework. As referenced above there was an apparent belief and related constructs amongst the executives that the Case Company does not have the resources to be a Shaper. At the same time, there had been extensive dialogue around real means of differentiation with the typical observation being that “We are in a sandwich position between Company E (high-end competitor) and Company H (low-end competitor)” (Moscow Survey Respondent 4). This Michael Porter Generic Strategies Model type of reference to being stuck in the middle between high-end quality

differentiation and low-end cost competitors was quite widespread (Porter 1980). The associated construct is that TRN should probably be a Follower in one or the other realms. This question of direction appeared to be one of the most significant strategic challenges for the organization. Reflecting on the Case Company's successfully overcoming customer's confidence questions one executive expressed the directional problem this way "So now since we not only can claim "we are back" we need to tell the public what we intend to do being back (other than surviving)" (Moscow Survey Respondent 4). Given the constructs around limited resources and the short-term turn-around pressure, the evidence suggests that one of the constructs for the executives was in line with the "reserving the right to play" intentions outlined in the literature (Courtney and Kirkland et al. 1997). During 2013 the researcher openly revealed this framework as one amongst many other strategic theories while conducting six separate Strategic Leader level strategy trainings held across four continents. The preliminary finding from Project One was further reinforced by the quickness and consistency with which the executives independently linked this approach to TRN's journey. However, the overall data collection from the combined projects did not find supporting evidence of systematic or explicit application of this posture.

## **3.9 Discussion**

### **3.9.1 Introduction: The Inherited Agenda**

The results and analysis of data sources above provided evidence that there was a possible incongruence between the Case Company's aspirations and the status of the contextual factors and the potential constructs of the stakeholders involved. Based on interviews with key strategic stakeholders it was clear that "there was a game plan which included the industry consolidation scenario" even before the merger and that this construct continued to be a primary one that carried over to the newly formed organization (SBD Head 2 interview). Given the complexity of the merger and the intense competitive context the organization faced it is not surprising that not much in the

way of new strategic thinking materialized. In the words of the Head of Strategy and Business Development during the early days of the merger “So when you have that kind of business climate, hard competition attacking you almost each and every day, markets that are flattening or even declining a little bit, you are still in the middle of your integration - how strategic can you be?” (SBD Head 1 interview). This perspective was further evidenced in the Repertory Grid interviews of Project two and suggests that the intensity continued far beyond the initial merger phase.

As this implies, long-term (beyond 1-2 years) strategic thinking in the traditional sense was extremely limited during the early quarters of the JV however at the CEO level directional discussions were launched as early as 2007. It, therefore, appears that in a merger situation there is at the start a natural tendency to be more top down in strategy creation since the front line people need to focus on customer transition issues, product migration, and other related issues. How much participation can come from contributors farther down in the organization or from those who are getting signals on the front lines depends greatly on the stage of evolution and the sophistication of the company. In the Case Company situation, there is evidence that Strategic Foresight in the initial stages was actually derived from the strategic thinking of one of the parent companies. This foresight was established during what was a more stable and conducive period for longer term thinking on directionality but at the time of the merger, it was still not fully formulated. As expressed by one participant who was present and highly involved with both the pre and post-merger strategic dialogue it appears that taking strategic frames that existed previously was all there was capacity for “I think it took full concentration from everybody getting things up and running. And I think that the key thing that TRN has been pushing, like incapable of capturing the outsourcing opportunity or trying to define how you could approach the customer in a more comprehensive more customer oriented way, I think those are more stemming from the late years of TN (SBD Head 1 interview).

### **3.9.2 Parallel And Emergent Strategic Thinking**

In addition to the lack of capacity available from the initial demands of the merger, there was an underlying sense that strategic foresight had become increasingly challenging to achieve in the industry. Despite the existence of a large unit devoted to strategy creation and development the reality of high-level thinking on directionality in the first two years appears to have been more emergent than structured, hierarchical and sequentially planned as in the deliberate perspective (Mintzberg 1990). Instead, many dialogues were launched in parallel at multiple levels of the organization. This relatively democratic and emergent process is described by the leader of one of the early catalyst projects:

I really didn't understand that it actually served more as a platform to for the first time to have a strategic dialogue about where is it that we want to go as a company? ... And then we were trying to do too many things in parallel. That we were trying to have this executive level discussion about directionality and at the same time we were massaging this solutions company analysis, current state analysis and mapping the required competencies and, of course, you should do them more in sequence but because for many reasons they wanted to do it in a rather short period. So that sort of led that we did things in parallel. It was sort of difficult mentally because you ended up discussing different level of things in even the same workshops" (SBD Head 2 interview).

This context illustrates dimensions of the cognitive processes of integrating and differentiating mentioned by Smith and Tushman (2005). It also has aspects beyond ambidexterity that link to shifting time horizons of strategic insight and foresight (Doz and Kosonen 2008). In summary, the Case Company moved from strategic thinking that was relatively top-down and largely inherited to one that was highly democratic and participative. The timing of this seems to have been closely aligned with the releasing of capacity and coinciding reduction in internal focus. On the other hand, the level of market pressure intensified causing increasing awareness of the need for change and eventual movement towards other factors that inhibited cognitive strategic flexibility and paradoxical thinking (Lewis 2000).

### **3.9.3 The Recognition Of The Need For Speed And Strategic Flexibility**

Clearly the Case Company organization was disadvantaged at the start by coordination costs and the resulting lack of speed. We know from the research literature that “when firms adapt by changing strategy in response to changes in their environment they outperform firms who persist with unchanged strategies in response to changes in their environment” (Haveman 1992). The relative speed with which this change is undertaken is, of course, critical as was recognized in the strategic priorities communicated to all Case Company employees in 2010: “Priority 4: Improving our speed. We need to be much quicker at responding to customer needs, making decisions and driving change internally. We need to create a work environment that enables agility” (TRN Plan 2010). As cited earlier in the literature review Sanchez’s (1997) research identifies coordination capabilities as fundamental to strategic flexibility and adaptive responses. To make such adaptations firms’ executives often need to generate flexible options that are outside of their normal repertoire and in some cases involve creativity or innovation. This additional cognitive variety needs to be enabled or at minimum not constrained. There is significant and repeated evidence that the senior management of the Case Company had genuine intent to create an environment where strategic thinking and flexibility would be enabled. The Case Company’s CEO acknowledged this when he put forth that the rationale and goal of further organizational change is to “enable employees to focus on core responsibilities with the freedom to allocate resources to new opportunities and align priorities”. Further, he stated that by “enhancing our collaboration and removing dotted lines, we will improve accountability and trust and foster quicker and decentralized decision-making” (CEO communications Q3 2010). This intent is strongly reinforced throughout 2010 by statements such as “Our future rests in becoming an agile company” and again in the 2011’s strategic plan goal statement of becoming “Financially strong, with true strategic flexibility”. (TRN Plan 2011)

As described above in the Context section, several factors have been identified that contribute to the Case Company’s ability or inability to adapt to its environment. Despite the desire to have “everyone across the company act as a strategic business manager with

the knowledge and empowerment to make decisions that best balance our commitment to grow faster than the market, while delivering the levels of profitability needed for long-term success”, there existed inconsistency between the desired organizational state and what is indicated in the data collected from company executives (CEO communication Q1 2010). This inconsistency became one of the early indicators of the need for organizational change at the cultural and individual levels. At the individual level this resulted in several initiatives including an extensive management appraisal overseen by the researcher and a reconsideration of the TRN leadership framework competencies and supporting mechanisms. At the organizational level it led to an investigation of the company’s values and ultimately to its sustainability.

### **3.9.4 Value Chain And Shifting Landscape**

The difficulty in navigating and predicting the industry landscape had resulted in mixed messages and changing priorities internally and externally. Part of the issue was in the nature of the changes to the customer base and the Case Company’s strategic decision to be “customer-centric” in a Business to Business (B2B) context (TRN Plan 2010). This focus left the company vulnerable given that its customer operators/CSPs became increasingly professional in procurement after the fallout and negative financial impact of 3G licensing bids earlier in the century. This shift which coincided with the “tech bubble” of 2001 and the closely following collapse of the telecom bubble impacted the strategic frames of the Case Company veteran strategic leaders who had been with the company during the preceding boom period of the 1990s. This factor was referenced by the inaugural CEO in 2009 in his appeal to senior leaders in communications shortly after the break of the global financial crisis. In his attempt to provide some encouraging perspective and a sense of realism on the duration of the impact he stated that “We have many leaders across the company who experienced the extraordinarily difficult environment earlier this century when the telecoms bubble broke, and markets declined by between 20% and 40% for three years” (CEO communications Q1 2009).

This combination of cost pressure and the financial crisis provided opportunities for some of the strong CSPs who arose to consolidate and internationalize. This gave the CSPs even greater transparency in pricing across markets and the scale needed to have a sophisticated understanding of their business models and revenue horizons. The resulting intensification of competition at the CSP level led to a greater squeezing of suppliers including the Case Company.

The end-users were also evolving and were increasingly price sensitive while demanding vast leaps in levels of performance and quality. Devices such as smartphones and the general increase in video downloading (as compared to voice usage) also impacted the strategic position of the infrastructure suppliers. This was recognized relatively early on by the same CEO when he identified the opportunity of “helping operators meet the challenge of a 100-times growth in traffic by 2015” (CEO Communications Q4 2008). The related issue of “convergence” seems to have been one of the stronger constructs driving uncertainty around just what type of industry the company was in and how fast things were changing. This also prompted some limited thinking and investment regarding new products and customers. This ambiguity is expressed in the Case Company’s Plan 2010 “The increasing importance of Internet-based communication and rapid development of social media is challenging our customers’ core business models and changing the ground rules for success” (TRN Plan 2010). The associated conclusion is that “Our industry has evolved to become much more like the Internet sector: fast-paced and ever-changing” (TRN Plan 2011). Despite the growth of “Over The Top” players’ (OTT) increased provision of content and services at the end-customer interface level, it was unclear whether the sector was becoming truly a close analogy for the competitive dynamics of the internet or whether these and similar comments were meant more for psychological impact to support the need for rapid change.

By comparison, the need for profitability had been a consistent message from the start of the company. Yet even communications around these objectives and results were subtly managed. The emphasis was on Operating profit rather than on Net profit. This was partially rationalized by its closer alignment to results more controllable through the

actions of the mass of employees. These relatively positive numbers also supported confidence internally but more importantly externally as pointed out in this Quarterly results communication “. Our operating profit margin in Q1 was 0.8%. At €21m, that profit is small, but it is immensely valuable in terms of the perception of TRN among external stakeholders, and, in particular, our customers.” (Quarterly Business Review Q1 2010). The level of recognition, understanding, and awareness of the dire state of the company’s true financial position may have not been widely understood by both the general employee population and even amongst some senior leaders. This is evidenced in comments of self-surprise during the Central Senior Executive Reliability Interview in Project Three and in the extensive approach to more clearly highlight the financials and total losses during the 2012 turnaround launch (Central Senior Executive Reliability Interview).

The inconsistency in or lack of a clear strategic intent around just how to achieve growth was an underlying issue that resulted in frequent changing of priorities and impacted the mindset of the strategic leaders. The struggle to meet the merger business case revenue numbers was an initial driver. The industry logic around scale to support heavy R&D investment was likely another construct as was evidenced in the Repertory Grid interviews of Project Two and the Cross-Repertory Grid analysis of Project Three. From a competitive strategy perspective, the emphasis on measurement of market share consistently emphasized in CEO and Quarterly Results communications from 2007-2009 seem to indicate a clear association with the “market share relates to ROI” (and profitability) mindset and research findings of the Profit Impact of Market Strategies research (PIMS) (Buzzell and Gale et al. 1975). However initial growth by all means and directions gave way to the more focused strategy of “Smart Growth” (selective investment and customers) which proved to be untimely in its implementation just before the global financial crises. After eight consecutive quarters of sales decline the opposite emphasis returned with “Drive for Growth”. The discipline and strategic frame of this latter initiative comes through an evolution of emphasis on related constructs such as “Value creation”, “Value Capture” and finally “Value Leakage” (TRN Plan 2010, TRN Plan 2011, TRN Plan 2012). Combined, the above dynamics and communications



evidence the challenges TRN faced in interpreting and responding strategically to its landscape and in determining its own role in value creation.

### **3.9.5 Theoretical Constraints On Strategic Thinking**

Many of the theorists in strategic management conclude “that it is interpretation rather than noticing that plays the most important role in triggering strategic adaptation” (Bogner and Barr 2000). We see extensive evidence in the Case Company that the majority of executives were “working on very short term achievements and don’t have that much bandwidth to really analyze, deeply enough, the changing business landscape” (Moscow Survey Respondent 1). Even at the corporate central function level the complexity facing individuals placed significant cognitive pressures on strategic thinking as was articulated by one Strategy Function member reflecting on the first years of the merger “As a corporate I think that there was perhaps a little bit of the challenge that, are you actually reading those signals, are you absorbing them or are you trying to cut them out and say please don't complicate our world anymore. In the strategy process and looking at the environment etc you should somehow take those with a rather open mind” (SBD Head 2 interview).

According to the literature, an additional challenge to receiving signals is the idea that our strategic frames or schema become more resistant over time and that stress, incongruity or some form of shock to the system is needed to cause change or revision (Bogner and Barr 2000, Beinhocker 2006, Galambos and Abelson et al. 1986). Supporting the motivation to build and solidify these schemas is the fact that it is exactly our ability to learn from experience and the application of that experience that both reinforces our mental models and often leads to professional advancement. As Beinhocker (2006) notes, hierarchies are filled with the most experienced people at the top. This is primarily due to “their large storehouse of specific responses” that are “usually among the best for execution in a stable environment”. Data collection in Projects One, Two and Three strongly support that the complexity and overload of new signals or signals that did not fit established schema were impacting the Case

Company's executive's inclination to reframe and include data. Eisenhardt builds on this phenomenon from the exploit vs. explore dilemma perspective and the impact of intense competition on the reliance or influence of the successes of past performance when she states "Many managers use the past wisely. But sometimes these managers are fooled by their success. They may skillfully craft strong business models but neglect to change them after competitors have launched more attractive ways of competing. Other likely victims are managers whose businesses are caught in intensely competitive markets. These managers become so wrapped up in gaining the efficiencies the past can bring to today's competition that they forget the relevance of novelty for reinvention and growth (Brown and Eisenhardt 1998). This success trap and over focus on gaining efficiency and operational excellence were reinforced in TRN after the successful turnaround of 2012-2013. The implication was similar to the case in Polaroid, where clinging to the logic of old business models impeded the Case Company's senior leaders from recognizing the new (Tripsas and Gavetti 2000). To further complicate things it appears that there were "essentially quite different business models being bundled within the same umbrella of the companies" in the industry (SBD Head 2 interview). This factor made it harder for executives to reconcile how these paradoxical business models may or may not fit together and how to anticipate their long-term financial and strategic implications.

When considering the Executive team and the origin of the merger, the literature would raise issues around individual self-interest motives about controlling larger businesses and the personal rewards involved both financially and prestige wise (Staw 1981, Kiesler and Sproull 1982, Miller 1991). Certainly the level of complexity facing the decision makers to go forward was overwhelming given the size of the product portfolios and the global reach of the two companies. The decision to move forward may not have been based on personal factors alone but rather on the industry dominant logic or strategic frame that consolidation is "inevitable" in what could have been perceived as a "do or die" situation (Prahalad and Bettis 1986). The continuation of this consolidation paradigm is consistently evidenced far beyond the merger case and continued past the duration of this research. In the end, personal bandwidth relative to the level of complexity of the decision context may have given way to an underestimation of the "secondary

implications” of the merger that went beyond the initial set-up and integration issues. An additional factor that continued throughout the short life of the Case Company was that the key senior executives involved in the merger decision had limited or no previous experience in this type of process as they had primarily been Business Unit Heads and not Executive Board members of standalone entities.

Almost all of the original Case Company Executive Board members had long and focused industry tenure. Although this can be seen as a strength, it can also be limiting in the ability to recognize change, and thus the literature suggests that there is a resulting justification for cleaning house when such change is needed (Miller 1991, Beinhocker 2006). In the Case Company there was higher than average turnover amongst the executive population and the Executive Board itself. However, this was due less to planned intention and more due to the weak performance of some individuals and the natural attrition of a struggling organization losing its talent.

The literature also suggests that troubled firms become active risk takers and that some amount of risk is necessary for innovation or even exploration (Bowman 1982). However, as noted above without appropriate interpretation limited action will be taken. Yet there were other factors at play. Miller and Milliken et al. (1996) found that firms would continue to simplify their repertoires unless there was a feeling of threat or significant amounts of slack resources were present. The evidence supporting the struggle to achieve a sense of urgency and lack of slack cited above supports the possibility that narrow focus was extant in the executive population. The data obtained during the repertory grid interviews of Project Two further evidence these conclusions.

When looking at the overall context of the organization there seemed to be grounds for the perception of a “burning platform”. This classic context for initiating change is often fueled by the discomfort individuals feel from the loss of certainty that the overall threat brings and is more recently supported by findings of Neuroscience (Rock 2008). On the positive side, Sharfman and Dean (1997) have found a link between uncertainty and increased flexibility in decision makers. Unfortunately, they have also found that “in the

very conditions where managers need the most flexibility (high competitive threat and low slack) they are the least likely to be flexible” (Sharfman and Dean 1997). One might speculate as to what the reasons are for this lack of flexibility at what would appear to be decisive moments. Could it be explained by tighter cost controls and approval systems? Might it be that these dimensions inhibit risk taking at the individual level? Alternatively, could it be that constant short-term firefighting limits executive’s time and motivation to explore new ideas and the assumptions behind a firm’s strategy? Although Project One provided initial affirmative evidence to support all of these possible explanations, more in-depth investigation was needed. Project Two and the eliciting of constructs from the executives themselves provided this further evidence as well as a more complete understanding of how the dynamics played out in practice. As Raisch and Birkinshaw et al. (2009) conclude based on numerous studies, context is essential for explanatory purposes when researching individual level characteristics.

### **3.9.6 Conclusion: From Contexts To Individual Constructs**

Project One provided an in-depth coverage of the Case Company Context and factors underlying the dynamics both in the internal and external environments. The context and initial data collection from Project One suggested the likelihood of a number of potential constructs permeating the strategic frames of the senior executives of the Case Company. As was discussed, these preliminary constructs were induced by the researcher but also have theoretical support for their possible presence from the strategic management literature. Yet to go beyond the induced and theoretical potential of these constructs, further establishment of their existence was needed by collecting deep rooted data directly from Case Company’s Strategic Leaders. We now turn to Project Two where obtaining the constructs and factors impacting the target group in a direct and thorough methodology added further validation of the state of cognitive strategic flexibility in TRN’s Strategic Leaders.

## **CHAPTER FOUR**

### **Project Two:**

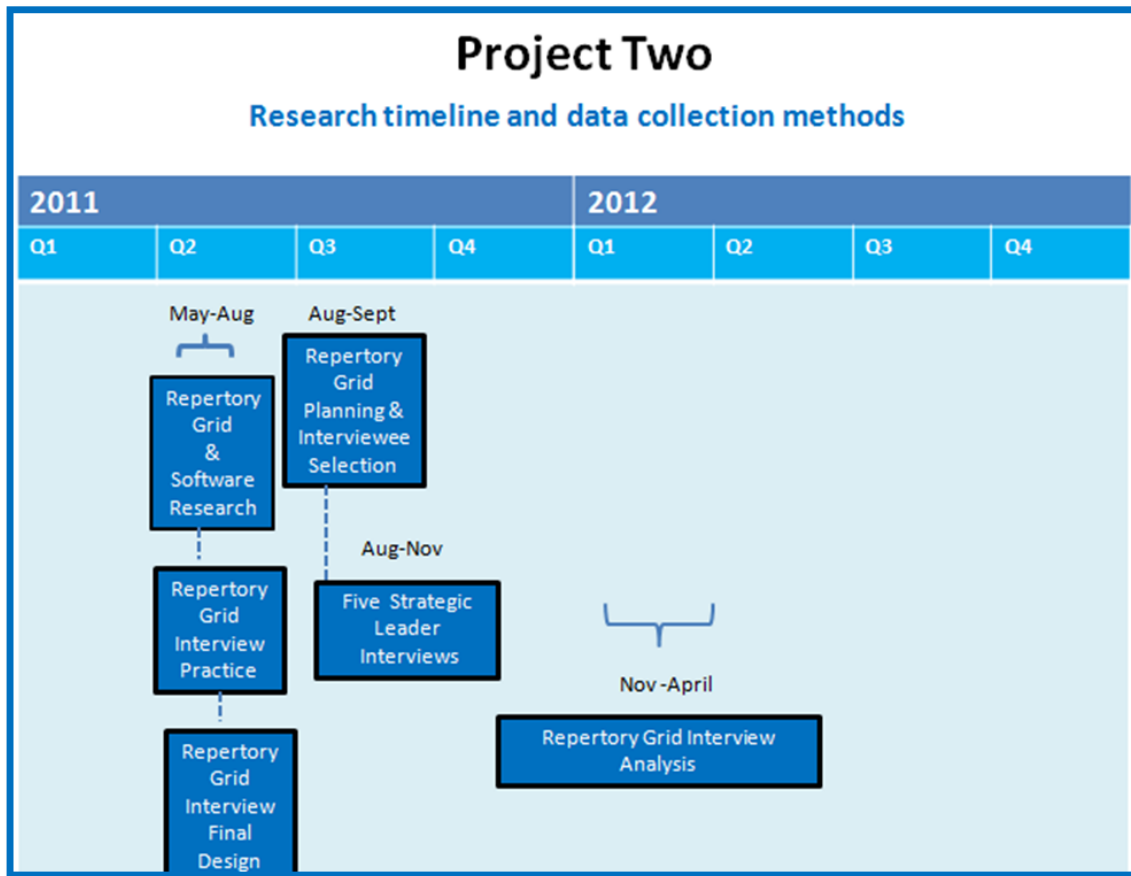
### **Repertory Grid Interviews**

### **And**

### **Elicitation Of Executive Constructs**

## 4.0 Introduction

**Project Two** uncovered and analyzed the elicited constructs of five key senior Executives in the Case Company. These five executives all had held a variety of critical strategic positions proceeding and during the Case Study. Project Two was undertaken between May 2011 and April 2012. This period saw no significant changes in the competitive, macro or microenvironments of the Case Company. The research timeline and methodologies are outlined in Figure 11.



**Figure 11: Project Two Research Timeline And Data Collection Methods**

## **4.1 Specific Purpose Of Project Two**

Project Two was designed to uncover the range and depth of the strategic constructs held by strategic leaders in the Case Company. The additional methodologies that were employed aimed to provide deeper insight into the extant strategic constructs. It also attempted to provide a further understanding of the factors influencing the potential for cognitive strategic flexibility. The direct but nonintrusive method employed via the repertory grid interview technique resulted in both fine-grained and rich sources of data. These sources confirmed not only many of the preliminary constructs and factors but also revealed several new constructs and influences not anticipated or uncovered in Project One.

## **4.2 Data Sources And Recording Methods**

### **4.2.1 Repertory Grid Interview**

The repertory grid methodology appears to be relatively simple and straightforward in its design. However given that the objective of using the repertory grid interview technique is to illicit constructs in a non-invasive way the design and implementation of the method are demanding. For this reason, a very structured format was followed based on best practice outlined by academic and practitioner models. Practitioner recommendations and tips were also taken into consideration. In addition, the researcher rehearsed and practiced the methodology several times before going live with the target group. This practice was done by using non-target group interviewees and additional topics to ensure proficient experience with the methodology.

#### **4.2.2. Purposefully Selected Target Group**

This research was aimed at exploring the strategic frames of executives who are engaged in strategic thinking and not just operational execution. Therefore, only a limited portion of the senior management hierarchy of the Case Company was originally targeted. The hierarchy classification of Strategic Leaders in the Case Company meets the requirements for the scope and impact of strategic thinking. This population was selected due to the strong correlation between the leadership level and the significant percentage of “time applications and focus of effort” that this leadership level applies to strategy and vision (Charan and Drotter et al. 2001). This expectation is confirmed by the company’s Strategic Thinking, Leadership Competency description. For this level, the expectation is: “Creates TRN’s strategy and promotes the vision ensuring it evolves to meet global needs” (TRN Leadership Competency Framework). Additionally, the Case Company had a very flat organization and was culturally non-hierarchical. During the researcher’s time in the field, there were several initiatives aimed at maintaining this flatness by reducing the span of control with each restructure or reorganization. As Beinhocker and others have observed, not only does a flat hierarchy result in more stakeholders contributing to strategic decisions. It also helps “to prevent a small number of mental models from dominating the organization” (Beinhocker 2006).

The total population of this classification of leaders at the start of this research was approximately 415 executives or .006 percent of the employee population as outlined in Figure 1 in Chapter One. The geographic location of these executives is not evenly distributed but enough so as to provide a large diversity of perspectives from all global regions and many of the various markets within those regions. Despite the size of the relatively large number of Strategic Leaders, their responsibility and influence are strategic given the size, culture and truly global processes of the Case Company. The role and scope of the firm’s Strategic Leader classification is further described as follows:



“Establishes a vision, culture, and philosophies for how results are achieved and/or contributes to and influences direction, policy, and strategy. Authorizes investments. Independent and strategic decision making that provides a new direction for the company, or imperative for change. Operates at the global level (BU, Function) or large geography. Integration of functions of units or with BU wide impact. Policy approval level. Participate in strategy planning and support or provide critical expertise in the strategically important subject areas. Knowledge basis of industry & commerce interrelationship & legislation. Decisions based on intuition, creativity, and judgment” (TRN Leadership Competency Framework).

This description gives significant emphasis to longer-term thinking, new directions, and leading change. Given the data collected and interpretation made during Project One of this research, there is evidence of inconsistency in expectations of the company Leadership Model and the focus and attention of its Strategic Leaders. This inconsistency in expectations was one of the themes that the repertory grid interviews were intended to explore further. Ultimately the research results strongly impacted the detailed design of a new TRN Leadership Framework and competency model and the supporting actions outlined in Chapter Seven.

The target group noted above for this research has been further narrowed based on learning in Project One. Although all Case Company strategic leaders have the scope and role to drive or influence strategy, some of the leaders are in more influential roles than others. Project One discovered that Region Heads, Business Unit Heads and Strategy support function members have more strategic thinking requirements. Further, as Don Sull (2013, pers. Comm., 22 January) has stated, most CEO’s know the 40-80 top leaders they need to involve to drive the strategy. TRN has had such a selective group attend three different critical annual summits during the research period. The researcher had been involved in creating this selective list and took note of the status given these individuals. The selection of this target group was based on three criteria i) Role ii) diversity of experience in the industry iii) relative diversity of geographic and functional

scope. With these factors in mind the researcher selected five interviewees for participation in the repertory grid interviews.

The recent roles and responsibilities of these executives can be described as follows:

**Interviewee One:** BU Head To Region Head To Corporate Headquarters Country Head

**Interviewee Two:** New Ventures Executive To Corporate Strategy Executive To Customer Team Head

**Interviewee Three:** Asian Regional Customer Operations Head To CEO Chief Of Staff to Region Head

**Interviewee Four:** Customer Team Head To Global Services Strategy Head

**Interviewee Five:** Region Head For South West Europe To Region Head for North East Europe

As mentioned above the repertory grid interview is a simple but powerful process. Reger and Palmer (1996) refer to it as an “innovative method” and acknowledge that it is highly suited for eliciting cognitive processes. Nevertheless, the researcher relied heavily on advice outlined by Valerie Stewart’s Business applications of Repertory Grid in planning and designing the interviews. Devi Jankowicz’s (2004) The Easy Guide to Repertory Grids was also extensively referenced in regards to the conceptual process and analytical methodologies to ensure rigor in both design and process.

## **4.3. Interview Design**

### **4.3.1 Interview Setting**

The interviews were all done face to face and lasted 2 hours in duration. In making design decisions for the interviews, the researcher considered using software created specifically for customizing and capturing repertory grid information data. After piloting one such software (Enquire Within), the researcher decided not to use the greater

convenience of the technology as its main functionality was to capture digitally what is being applied in a paper format. This decision was based on the potential barrier that a computer would have both on the interviewer-interviewee rapport and the sense of confidentiality of the interviews. Instead, the interviews were all recorded with permission of the interviewee with the recorder used in an inconspicuous way. All interviews were later transcribed and combined with the handwritten notes made by the researcher during the creation of constructs and the open-ended portion of the interviews.

The locations for the interviews were all on Case Company premises, but the rooms were chosen intentionally to be physically and psychologically removed from internal company observation. Thus, rooms normally used for hosting external guests were chosen as they provided an atmosphere that was relaxed, isolated and known to be a place that could not be disturbed.

#### **4.3.2. The Topic**

The interviews were all initiated by the researcher via email by “providing doctoral thesis research support” as the justification for the interview. The theme of strategic decision making was provided in advance, and the interviewees were very agreeable to make time for the session. All interviewees appeared to be relaxed, comfortable and intellectually stimulated during the process. The introduction of the grid process itself did not seem to surprise any interviewees or create any strong reactions.

Step one of the interviews was a general introduction to the purpose of the interview and establishing that all results would be anonymous and confidential. This step was followed by some casual questions about the individual’s background and other neutral topics to build comfort and rapport with the interviewee.

### **4.3.3. The Elements**

The process of Element Elicitation was done first using an open (creation) method to prevent the interviewee from getting “boxed in” or anchored to what is “strategic” and what is not. While Reger and Palmer (1996) used supplied elements as this fit their purpose, they also admitted surprise in the diversity of constructs elicited. Their conclusion was that for “most of the executives we interviewed, strategy is more multidimensional and more dynamic than is currently conceived in academic theory” (Reger and Palmer 1996). Therefore to maximize both automatic and controlled responses, the open method was used followed by the recommend process of adding the defined (supplied) elements to complete the list for the creation of the repertory grids (Jankowisz 2004)

The first groupings of Element Creation Questions were shared all at once and repeated two or three times. These were positioned under a summary Element Creation Question: “Can you name strategic decisions in TRN you have been involved with; or have influenced strategic decisions in your area; or that you know a fair amount about and feel strongly about them; or have strong opinions regarding them?” The remaining Element Creation Questions can be reviewed in Appendix 1. The element creation questions are used until the interviewee has exhausted listing all of the possible elements they can generate. Once the element pool is created the interviewee is guided through the Repertory Grid Interview Process.

### **4.3.4. Repertory Grid Interview Process**

The Repertory Interview process design followed a consistent 10 step approach for all the interviews to increase reliability (Long and Johnson 2000). The approach outlined below is based on methodology suggested by Jankowisz (2004). Using the full set of elements (strategic decisions induced and selected by the interviewee) the following process is used:

- 1) Which of these two are the same in some way, and different from the third?
- 2) What do the two have in common, as opposed to the third?
- 3) Check to make sure there is a bi-polar expression
- 4) Write down the thing in common on the left. Write down the contrast on the right.
- 5) Present the grid as a rating scale of 1-5. Imagine the words on the left “define” the one on the scale and the words on right “define” the five on the scale.
- 6) Rate each of the three strategic decisions on the construct.
- 7) Rate the remaining strategic decisions on the construct.
- 8) Repeat question 1 (and following steps) with the same triad
- 9) Use a new triad
- 10) Objective is to get 7-12 constructs rated for all elements

A visual example of how the process results are recorded can be seen in Figure 12

**Interviewee Example**

Topic:  
Strategic Decision Making

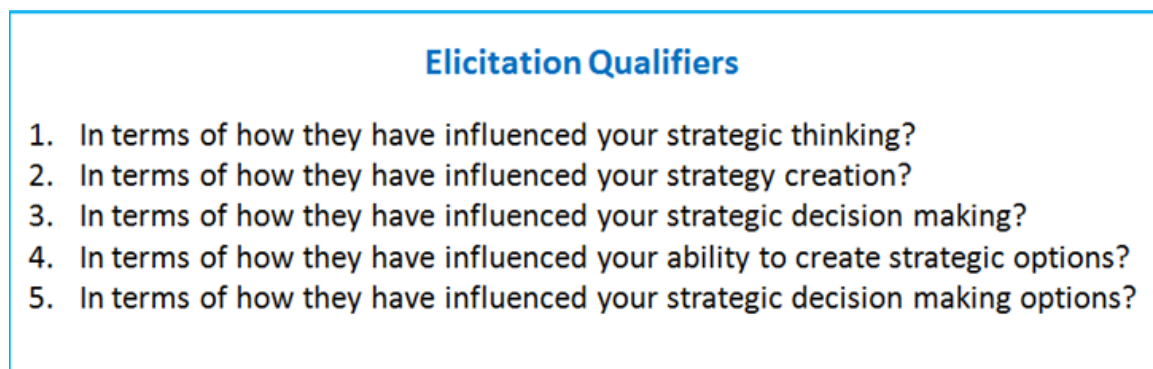
Elements (blue font)  
Constructs (black font)

	Element 1	Element 2	Element 3	Element 4	Element 5	Element 6	Element 7	Element 8	Element 9	
Constructs	5	2	2	3	4	3	1	4	3	Constructs
	1	5	2	4	2	4	4	5	5	
	5	3	1	5	4	4	2	4	4	
	5	1	1	3	2	4	1	1	5	
	1	4	2	2	1	2	3	4	1	
	1	2	3	2	4	2	4	1	4	
	5	1	2	2	4	4	1	4	4	
	4	1	4	1	2	4	2	5	2	
Common										Contrast

**Figure 12: Example Of Repertory Grid Interview Recording Template**

#### 4.3.4.1 Qualifiers

As part of the interview process, it is important to narrow and stimulate the interviewee's focus to support the overall objectives of the intended purpose of the methodology by using "Qualifiers." (Jankowicz 2004, Stewart 2009). These qualifiers assist in the matching and comparing of the elements during the elicitation of constructs. For the purpose of these interviews, the short list of qualifiers in Figure 13 was used.



**Figure 13: Repertory Grid Interview Qualifiers**

At the conclusion of the Repertory Grid Interview Process, an open-ended interview was undertaken of approximately 30 minutes. A standard format and set of questions were prepared in advance but were customized based on the interviewee's background, context and the outcome of the formal Grid interview process. For example, when an issue of unique experience or context needed further clarification then additional questions were added in the open-ended section. With each interviewee, a follow-up session of 45 minutes was held. The purpose was to explain further the intention and outcome of the interviews and to check the accuracy of the results via respondent validity. This methodology is recommended to improve reliability, validity and rigor (Long and Johnson 2000, Golafshani 2003, Creswell 2009).

## **4.4 Data Analysis**

Analysis of the individual repertory grids involved both content analysis and looking for relationships amongst elements and constructs within the grid (structure). For this purpose, three main methodologies were used. The first method of eye-ball or process analysis was repeatedly done as a starting point for the Cluster Analysis methodology. A software package called WebGrid5 from the University of Calgary, Canada was utilized for the Cluster Analysis methodology. The grid methodology is itself a way “of describing individuals and the characteristic and differing ways in which they construe experience” (Jankowicz 2004). The ultimate aim is to make their tacit knowledge explicit. However, despite the effectiveness of the grid elicitation methodology, there is a lot of information not easily revealed by the eyeball analysis. Therefore, cluster analysis is one of the most effective methods for making visible relationships that are not as easily visible. The six-step analysis procedure recommended by Jankowicz (2004) was used for both the elements and the constructs. The final step of analysis was to review the open-ended interview content to look for connections and themes that might be hidden or that might be reinforced in the grid.

## **4.5 Results and Interpretation of Individual Grid Interviews**

### **4.5.1 Interview One: BU Head To Region Head To Corporate Headquarters Country Head**

#### **4.5.1.1 Process and Descriptive Analysis**

The interviewee was a long-term telecommunication employee who had worked primarily for one company his entire career. He was confident and experienced with all the elements that were elicited. His current position and previous positions had allowed him to be very involved with the topic of the grid (Strategic Decision Making). Although the element creation questions allowed for examples to come from any time in his career, the examples were all relatively recent and related only to the current company. The

elicitation of constructs and natural thought pattern that emerged seemed to evolve from what might be thought of as “strategically appropriate” constructs to more reactions to reflective thoughts. The range of scores was balanced across the elements although on several occasions it seemed that the elements were seen as more complex and thus harder to rate one-dimensionally.

As can be seen in Figure 14 below a total of 7 constructs were elicited with the first three expressing traditional strategy concepts and terminology and the last 4 describing more the context under which strategic thinking was done. The primary distinction between the two groups is the separation of strategic frameworks that can be used versus the constraints and factors influencing the use of strategic frameworks.

**BU Head to Region Head to Corporate Headquarters Country Head**

Topic:  
**Strategic Decision Making**

Elements (blue font)  
Constructs (black font)

	Smart Growth	Case Company Merger – Partner Decision	Case Company Merger Design Decision	US Market Entry (Partner Decision)	2011 Restructuring	R & D Cost Leadership	Fast Growth 2009 (end)	Service Strategy	P&L Governance	
How we drive the company from a financial perspective	1	5	2	5	3	4	1	2	1	Strategic imperative
Company structure	4	1	5	4	1	4	4	4	na	Industry Business Model Choice
Cost Efficiency	2	1	2	5	3	1	3	4	5	Business Dimension (Product vs. customer driven)
Under Pressure	4	2	na	1	1	1	3	4	2	Relaxed
Constrained	5	1	5	1	2	4	5	5	5	Free Choice
Ivory Tower	1	5	4	5	2	4	1	2	4	Field lead
Timely	5	4	1	5	5	1	4	2	5	Untimely
	Common					Contrast				

**Figure 14: Interview One Repertory Grid**



### **4.5.1.2 Construct Characterization**

#### **Core (having a deep and personal significance to interviewee) Versus Peripheral Constructs**

Three of the seven constructs appear to have been Core (Ivory Tower versus Field Lead, Constrained versus Free Choice and Timely versus Untimely). These three appear to be closely linked to the emotional value attributed to the elements and whether the decisions were “right” and whether things could have been done differently. Given the direct impact these element decisions had and continued to have on the daily and long-term work environment of the interviewee, it is not surprising that a strong judgment is seen in the ratings. As indicated above, there appears to have been a move from strictly “safe” strategic framework constructs at the start of the interview e.g. Cost Efficiency. To an increasingly contextual and value judgment oriented set of constructs in the latter portion of the interview such as Timely. All the constructs were Constellatory. In other words, the researcher did not see these as “clichéd” responses but rather ones that were close in experience.

The primary conclusion from an eyeball analysis of the repertory grid was that the interviewee appears to have a fairly high level of sophistication in the area of strategic thinking. He did not easily elicit a lengthy number of constructs perhaps due to the high-level category of the strategic decisions he chose as elements. On the other hand, he had strong judgmental opinions about the elements and was able to elaborate on the political or special interest reasons for why some decisions were made, as and when they were made. The biggest surprise to the interviewee from the process was the realization that he perceived that the company had more freedom of choice than he had previously considered being the case. This observation is consistent with the recent findings of the Corporate Executive Board research that suggest the majority of factors influencing performance are controllable by management (Olson and Bever et al. 2008). Overall the impression is that decisions were made too late and only when forced. Those decisions where more free choice was possible were more often than not, less than ideal.

### 4.5.1.3 Relationships Within the Grid: Dendrogram Cluster Analysis

#### 4.5.1.3.1 Dendrogram Elements Analysis

The process of cluster analysis resulted in a major reorganization of almost all the elements. Based on the statistical correlations, the cluster analysis process of following adjacent lines until they meet a common apex and the content of the elements there are three main clusters:

- 1) Smart Growth, Fast Growth, and Service Strategy
- 2) R&D Cost Leadership and TRN Merger-Design Decision
- 3) US Market Entry (Partner Decision), TRN Merger (Partner Decision).

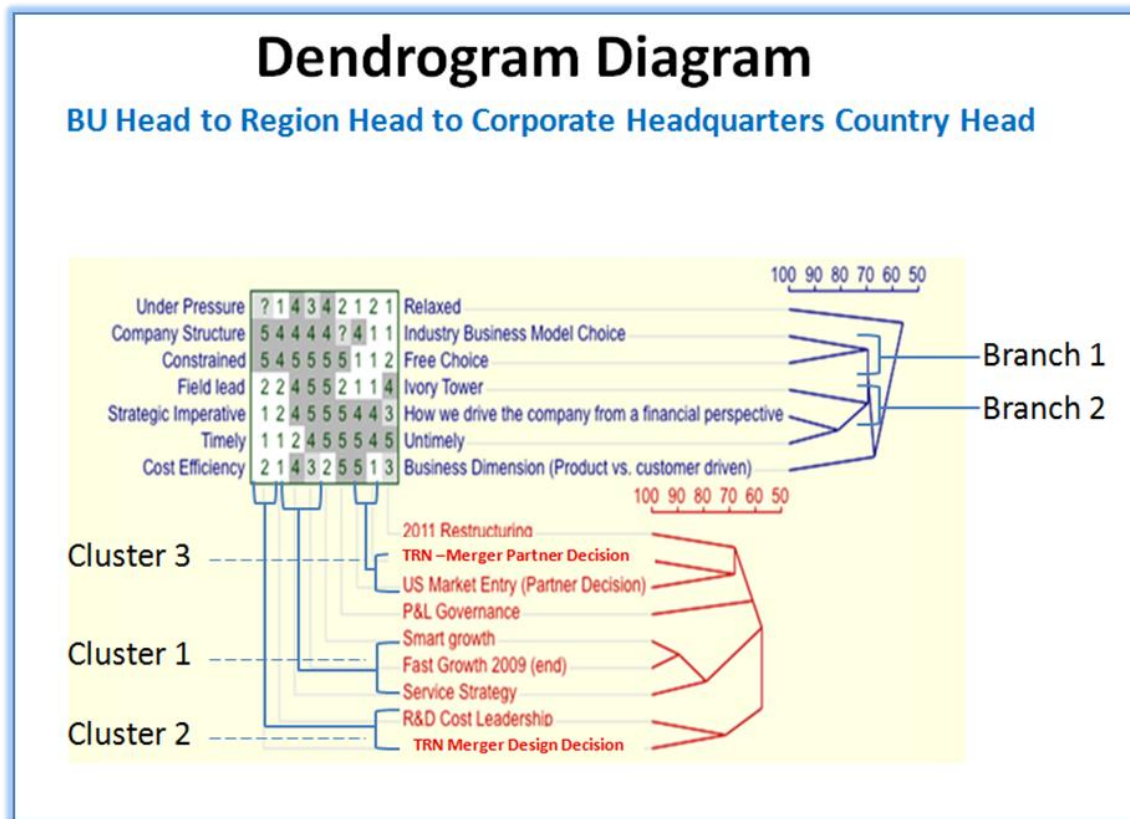


Figure 15: Dendrogram Diagram From Interview One<sup>1</sup>

<sup>1</sup> The mean of responses measuring the construct was assigned by the Repertory Grid Interview software for element answers of “not applicable” as recommend by Sekaran (2003).

It appears from the clusters in the Dendrogram in Figure 15 that this executive has divided the elicited strategic decisions into three categories. Category one is related to decisions on customer segmentation; category two is related to firm structural decisions, and category three is related to the firm scope of activity decisions. This would suggest that the executive is very familiar with traditional strategic theory frames and views decisions largely from this mindset. The differences in ratings within each cluster are primarily due to context (whether a decision was made on time or not) or purpose (to achieve cost efficiency/scale or enhance the value proposition by product/market access and business model issues).

As can be seen when vertically following the construct scores for each cluster in the Dendrogram, element cluster one is rated very similarly across all constructs except for the “timeliness” of the decisions. Cluster two is rated almost identical across all the constructs. Cluster three differs only on the Cost Efficiency/Business Dimension and Company Structure/Industry Business Model Choice aspect.

The highest match rating is 89.3% between smart growth and fast growth. The second highest match is between fast growth and services strategy. It would appear that the services strategy was a decision or method for achieving the other two growth strategies. The only other relatively high matching element (68%) is the 2011 Restructuring element with the “Scope of Activity” or Partnering category that includes the TRN Merger and US Entry partner decisions. There is some logical causal relationship between these three elements as partnering/acquisition decisions relate to the need or lack thereof to restructure. In the context of the Case Company, the relationship is due to structural overlap and a non-competitive cost structure. The close ratings of R&D Cost Leadership and TRN Merger Design Decision provide evidence of the deepness of the need for scale paradigm. In this case, it relates to the high level of R&D expenditure which was a primary motivator in the merger decision design.

#### 4.5.1.3.2 Dendrogram Constructs Analysis

During the construct cluster analysis, there was some shifting of constructs from the correlation. This resulted in the reversal of poles for two constructs (Strategic Imperative/How we drive the company from a financial perspective and Field Lead/Ivory Tower). As can be noted in the construct tree portion of the Dendrogram of Figure 15 the statistical correlation process, the cluster analysis process of following adjacent lines until they meet a common apex and the content of the constructs reveal that there are two main branches:

- 1) Company Structure/Industry Business Model Choice with Constrained/Free Choice
- 2) Ivory Tower/Field Lead, Strategic Imperative/How we drive the company from a financial perspective and Timely/Untimely

The first branch suggests that there may be a link in the interviewee's mind between the Industry Business models and the Degree of Free Choice involved. The second branch appears to connect How we drive the company from a financial perspective and the degree of timeliness of decisions being linked to whether they were Ivory Tower or Field Lead.

When horizontally following the element scores for branch one there seems to be very close ratings on almost all the elements with the exception of the US Market Entry Partner Choice. This implies that the interviewee frequently perceived that there was a relatively high degree of freedom of choice across the spectrum of strategic decisions. However in the case of the US Market Entry Choice the fit to the business model/company structure was a strong factor in the choice. This is supported from statements made during the interview in which it was expressed that in addition to limited alternatives, the final choice was made due to fit with the product portfolio which was closely related to the business model.

In the second branch, the ratings of the three constructs within the branch are all relatively close except for the two partner decisions and P&L Governance decision. These three are all seen to be as highly untimely decisions that were strategic imperatives. This suggests that they may have been forced decisions due to their lateness. There is the additional relationship to them all being considered as Ivory Tower.

The highest percentage similarity score is 80.6% between the “How we drive the company from a financial perspective-Strategic imperative” and “Timely-Untimely”. This suggests an overall view of the importance of timing to critical decisions. This view may be related to the perception of the industry clockspeed. The next highest similarity scoring is 71% with “Company Structure-Industry Business Model Choice” and “Constrained-Free Choice”. This relationship suggests a connection between the industry environment dynamics on the amount of free choice the company has. This supports strongly the impression that the interviewee is well versed in strategic concepts such as Strategic Fit (Selznick 1957).

The first impression from combining these relationships is that the interviewee perceived that there was considerable free choice in strategic decisions but that many were made late or with poor timing. The other implied meaning when comparing the entire ratings of the second branch is that Ivory Tower decisions that were Strategic Imperatives (critical issues) were all seen to be untimely. Whereas Ivory Tower decisions that were about how we drive the company from a financial perspective were very timely. The implication is that when the pressure is on, Ivory Tower decisions have not been ideal (Field lead were not any better). Therefore, the interviewees overall underlying view regarding the company’s ability to make critical decisions is that it has not been able to do so effectively or with speed.

#### **4.5.1.4 Observations From The Open-ended Interview Discussion: “Sleeping with the enemy.”**

In the view of the interviewee the business logic or primary mindset underlying the initial Case Company merger was to achieve scale and obtain an end to end capability both in the infrastructure and devices domains. However, it became clear shortly after the TRN JV that the end to end relationship with the leading handset and device parent of the merger was not of significant value. Further, it became apparent that the advantage of the link to the handsets and devices did not compensate enough for the customers TRN got locked out of due to conflicting parent company relationships. According to the interviewee, in some customer relationship cases, the link provided increased value, customer insight, and switching costs. While in other relationships this connection was seen as a threat by existing and potential customers.

Another recurring theme and partially related construct was in regards to “How do you want to drive your company?”. The specific meaning implied in this case was about whether “you want to focus on top line or profitability” (Interviewee one). This perceived dilemma seems to have been a disruptive force in both the strategic thinking of the employees and the overall operations of the company. In the words of the interviewee “Initially, there was a focus on growth to achieve the merger business case but every 18 months we changed” (Interviewee one). The “Smart Growth” element was one example of these fluctuations provided during the open-ended interview. This decision was personally sensitive for the interviewee, and his frustration with this element was illustrated in his statement that he “felt that someone was smoking something somewhere.” According to the interviewee, there was a perception amongst some senior leaders that “we can drive the industry and that we thought we had the muscle to do it”. There is a correlation here to the anticipated preliminary construct identified in Project One as Strategic Posture and Positioning. Specifically that the increased size of the firm due to the merger seemed to give some executives the perception that they were a “shaper”. As evidenced by the outcomes of Project One, this was clearly not the case. More specifically the element was linked to a disconnect of some senior executives to the

front lines. Interestingly the Smart Growth decision was not seen as something that was done under pressure. This reinforced the interviewee's emergent observation that it was now "clear that some of our decisions were not under pressure, not as much as we might think. Only in a couple of places, we did not have a choice. We were more the master of our own destiny" (Interviewee one).

The subtle distinction and shift in strategic thinking from one stressing the need for end to end presence versus just having overall scale can also be seen in the question posed by the interviewee of whether "we want to be a big company or rather focus?" Two factors were at play here. The first was the top of mind presence of the "absolute R&D spend" and the second was the belief that the "unit cost of R&D for the Chinese was one-third of ours". It was obvious in the view of the interviewee that the Case Company had to respond to that even to the extent of "sleeping with the enemy" through a small JV and a major site visit to the most disruptive Chinese competitor's main campus and Academy.

Another strategic theme at play was an underlying decision on whether to be a product driven or market and customer driven company. This has implications regarding the degree of internal and self-determination the company wants to have. For the interviewee, product lead seemed to be more about cost efficiency while customer driven implied degrees of responsiveness.

One final dimension that arose during the open discussion was the ability of the company to make timely decisions. The issue here appears to be that most decisions involving external interaction were perceived as rather late. In addition, when these types of decisions were done quickly they often caused problems or were not well executed. This implies that the interviewee did not see speed as a company capability. Further, the lack of external orientation perceived suggests limited strategic foresight and poor responsiveness. The exceptions were primarily for decisions that had internal control. Perhaps one of the underlying factors enabling or limiting the speed of decision making was the differing mindsets of the two parent companies. As expressed by the interviewee "Parent Company T and Parent Company R could not have been further apart in how we run a company."

#### **4.5.1.5 Conclusion**

While the results of this interview reinforce and confirm many of the anticipated constructs and dynamics from Project one, there were also new dimensions emerging. One of these was the “Ivory Tower” dimension elicited in the interviewee’ constructs and open-ended portion of the interview. The open-ended portion of the interview also evidenced a closely related perceived weak feedback loop from the front lines. This was partially referenced to as “Field lead” on the contrast side of the Ivory Tower construct. The results show that the interviewee sees a clear causal link between important large decisions being made late due to there not being “a feel for the front line” at the top of the organization. There may be some association here by the interviewee for the need to keep up with the perceived industry clock speed preliminary construct identified in Project One. As mentioned above the dissimilar strategic frames and interests of the two parent companies may have also added significant coordination costs to timely decision making.

Another unanticipated dimension that surfaced relates to strategic decisions involving ecosystem business models. Although this was only mentioned to a small degree, it can be seen that there exists some foresight of not just looking at cost efficiency but also of the complexity of the wider industry dynamics and business models.

Overall the interview demonstrates a high level of knowledge in strategic thinking. His grid is built on a balance of strategic frameworks and context enablers. Clearly he provides evidence of the existence of most of the preliminary constructs expected from Project One. These include consistent reference to scale and cost efficiency as sources of competitive advantage, the dilemma of growth and profitability, limitations due to financial health, strategic positioning and industry clock speed. How this corresponds and aligns with the other repertory grid interviews will be presented in Chapter Five. This summary of Cross Repertory Grid Content Analysis will cover further conclusions and implications.



## **4.5.2 Interviewee Two: New Ventures Executive To Corporate Strategy Executive to Customer Team Head**

### **4.5.2.1 Process and Descriptive Analysis**

The interviewee was a long-term telecommunication industry employee who had some shorter experience outside the industry, primarily in the legal and venture capital domains. He also had held a good variety of roles within the company, and this was reflected in the range of elements that were elicited within the strategic decisions topic. The interviewee seemed to enjoy the rating process because it allowed him to make deeper reflections on some decisions that could not be considered as black and white but rather multi-dimensional. He did appear to be very passionate about the overall topic and its impact on the company.

As can be seen in Figure 16 a total of 8 constructs were elicited. Many of these concepts were from the perspective of process or how the decisions were made and feelings related to the process. This may have been due to some of the qualifiers, or it could also be the closeness of his involvement with the decisions. The researcher's first impression from these constructs was that the interviewee was very direct, down to earth and transparent about his interpretation of the elements. His wide variety of roles was an additional factor that very strongly influenced his ability to see many sides to the element category.

**New Ventures Executive to Corporate Strategy Executive to Customer Team Head**

**Topic:**  
Strategic Decision Making

Elements (blue font)  
Constructs (black font)

	Corporate VC fund winding down	Strategy frame TCO—Emerging Markets	New Marketing Approach T- Net	Growth vs. integration (smart growth)	Industry Consolidation Exercises TRN	Future Approach on GSM R	Start-ups at TRN	New Approach to Customers (Elisa)	Low-cost Country Migration	
Creating a New Way	5	2	2	3	4	3	1	4	3	Winding down -exiting
Structured (approach)	1	5	2	4	2	4	4	5	5	No clear framework (seat of your pants)
Freedom (of choice)	5	3	1	5	4	4	2	4	4	Limits-constraints
Energizing - Exciting	5	1	1	3	2	4	1	1	5	Demoralizing
Political	1	4	2	2	1	2	3	4	1	Transparent
Adding value	1	2	3	2	4	2	4	1	4	Destroying value
Visionary	5	1	2	2	4	4	1	4	4	Mechanical follow through
Global (operating)	4	1	4	1	2	4	2	5	2	Local—limited impact
<b>Common</b>										<b>Contrast</b>

**Figure 16: Interview Two Repertory Grid**

**4.5.2.2 Construct Characterization**

**Core versus Peripheral Constructs**

Reflecting on the overall interview process, the emotion and intensity expressed by the interviewee two of the eight constructs strongly appear to have been Core (Freedom of Choice/Limits Constraints, Political/Transparent). In addition there seems to have been a preference for the excitement experienced in the “No clear framework, seat of your pants” approach over the “Structured Approach” within this construct. Therefore, this suggests that it is also a core construct for the interviewee.

The conclusion from the eye-ball analysis of the repertory grid is that the interviewee values the process of strategic decisions. However, the degree of freedom, transparency

and non-political nature of the decisions seem to be highly important as indicated by the core constructs. There also appears to be a relationship between the levels of engagement/excitement with the degree of newness of the strategic decision implementation. This may be impacted by the interviewee's previous roles in Venture Capital and start-ups and/or their overall decision-making orientation.

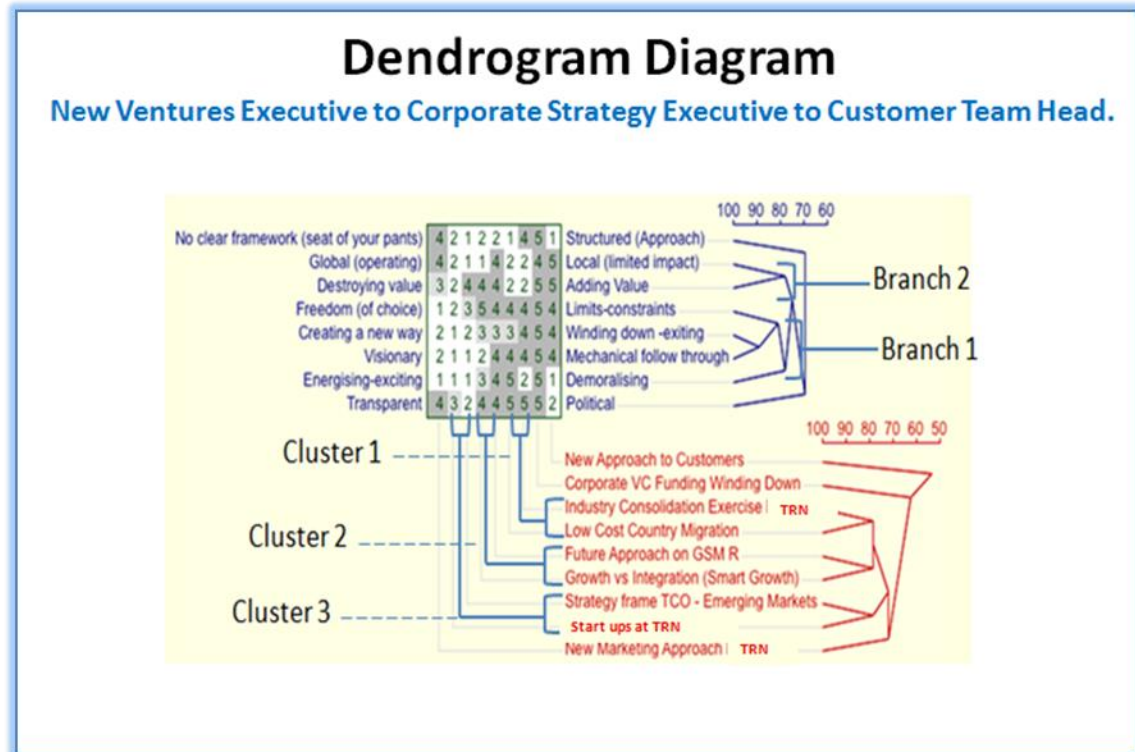
The overall categorization of the constructs shows a wide variety of types of constructs used. The key distinction being the "strength" of the core constructs and their impact on other constructs in relation to whether they are seen as energizing, visionary and generally accepted positive attributes.

### **4.5.2.3 Relationships Within The Grid: Dendrogram Cluster Analysis**

#### **4.5.2.3.1 Dendrogram Elements Analysis**

The process of cluster analysis resulted in a major reorganization of almost all the elements. Based on the statistical correlations, the cluster analysis process of following adjacent lines until they meet a common apex and the content of the elements there are three main clusters:

- 1) Industry Consolidation Exercises TRN, Low Cost Country Migration
- 2) Future Approach on GSM R, Growth vs. Integration (Smart Growth)
- 3) Start-ups at TRN, Strategy Frame TCO-Emerging Markets



**Figure 17: Dendrogram Diagram From Interview Two**

It appears that this executive divided the elicited strategic decisions into many categories with limited obvious shared meaning within the categories. Yet there are clear similarities in the underlying dynamics for cluster one. These are related to industry-level pressure around the need for overall cost efficiency and having offerings at a competitive rate. In the second category or cluster, the relationships are less clear. Although the two elements are to some degree generically about growth, the relatedness is complicated by the fact that the Smart Growth element has as part of its name an implied trade-off with the “integration” progress. This element is expressed in such a way as to be almost a construct in itself. However, this is an element and not a construct. The apparent ambiguity is due to the element category of decision making which by definition will always have a contrasting trade-off whether expressed in the tone of the element or not. The third cluster of elements involves two decisions that have clear characteristics of pioneering and entrepreneurial aspects to them. Overall the lack of stronger relationships in the elements suggests that the interviewee has been involved in a significant number of unique strategic decisions of different intent. The two highest matches both have ratings

of 78%. A possible reason for these close similarities is that three of the elements are responses to the flat or declining industry issue. The next highest match is 77% between Start-ups at TRN and Strategy Frame TCO-Emerging Markets.

As can be seen in the dendrogram element section of Figure 17 by following the ratings vertically, cluster one was rated very similarly across all constructs except for on Structured Approach and Demoralization. The similarities follow largely because the two decisions were driven by the same dynamic around cost reduction and competitiveness. The primary differences in the constructs were because the Low-cost Country Migration was much less clear in its planning and had a devastating impact on the home country of the interviewee. Cluster two is rated very similarly on all but two constructs. The key difference here being on the scope or level of impact of the two decisions. Smart Growth was a little more future looking and clearly much more global and universal in its impact. Cluster three differed mainly on the Adding Value construct. Clearly, the limiting of operations of “Start-ups at TRN” was seen as difficult to the interviewee and Value Destroying.

#### **4.5.2.3.2 Dendrogram Constructs Analysis**

During the construct cluster analysis, there was some shifting of constructs from the correlation process. This resulted in the reversal of poles for two constructs (No Clear Framework, Seat of Your Pants/Structured Approach and Transparent /Political). As can be observed in the construct tree portion of Figure 17 there are two main branches with one branch having two sub-branches:

- 1) Creating a new way/Winding down-exiting and Energizing-exciting/Demoralizing
- 2) Global operating/Local limited impact and Destroying value/Adding value

The first branch and its sub-branches appear to have a clear common theme around traits of strategic decisions where the actions are corrective in nature. Specifically, these decisions are out of necessity but with little intellectual stimulation, flexibility in options

and are routine (carried out “mechanically”). At the other pole this grouping suggests that the interviewee sees a positive relationship between strategic decisions that are pioneering with considerable autonomy in decisions and actions. The second branch has less clarity in the construct relations. There may be some implied relationship that can be construed from the open-ended interview questions related to the perception that the interviewee gives to the value of global policies and central direction versus local customization. For branch one there seem to be very close ratings across all four elements. For branch two the ratings seem to be very close across the elements except for on two elements that were rated as global initiatives that added more value. This variance is consistent with the perceived view of the interviewee that most global initiatives are not adding value.

The highest percentage similarity score is 88.9% between the “Creating a new way/Winding down-exiting and “Visionary/Mechanical follow through”. The combined constructs and similarity in ratings suggests that the interviewee sees a close relationship between new and creative strategic decisions. When combined with the second highest sub-branch of “Freedom of choice/Limits-constraints and Energizing-exciting/Demoralizing” (80.6%) it can be seen that these type of decisions are viewed as much more engaging and empowering. The next highest similarity score is (78%) for the Global/local and Destroying/Adding value constructs. As mentioned above, there is a pattern that supports a relationship between local or customized approaches and adding value.

The first impressions from reviewing these relationships were that despite the difference in the scope of the strategic decisions, the interviewee appears to value the more entrepreneurial or intrapreneurial type of strategic initiatives regardless of their overall impact.

#### **4.5.2.4 Observations From Open-ended Discussion: “I don’t believe my own PowerPoint’s anymore”**

One of the general themes that emerged during the open discussion was the interviewee’s realization of the huge gap between the Executive Board and corporate strategy function (SBD) with the front lines and “trenches”. His expression that “I no longer believe my own PowerPoint’s” indicated that there is a big difference between doing things in theoretical frameworks with an Ivory Tower orientation and the reality and execution on the ground. After leaving the strategy function and going to a front lines position he observed that the translation of the strategy is lost, stating that “there is such a discontinuity, and the gap..it was shocking.”

In addition, to there being a need for more effective communication downwards there was also the increased awareness that the truth and accuracy of information was not moving upwards either. “In SBD, all our products worked fine. All our products came on time; all our products were always appreciated. And in the trenches, it is 180 degrees opposite of that. We were living in denial in SBD about the reality.” Or to put it in other words “life in the trenches is slightly different than at HQ next to the king. In the trenches you see rats running around in the mud and here (*at HQ*) you live cleanly.” [bracketed text added]

This disconnect also impacted to some degree a lack of realism or pragmatism in strategic thinking and planning. From the Corporate perspective and specifically that of the strategic planning function the interviewee’s perception of obtaining financial objectives was less complicated. When planning in “SBD numbers were always millions or hundred millions.” This perception was far removed from knowing “how hard it is when you try to get \$10,000 from the customer.” In other words, the implication of making such numbers, in reality, was often not taken into account when considering strategic options.

The interviewee believes that despite this over-optimism in planning, there was a realistic view of the market. The lack of realism came more from not having a true picture of the company performance. This was due to information either not getting through or when it

did get through, it was not dependable. From the interviewee's current role on the front lines his view had changed radically. Reflecting on the current state at the time of the interview, he summed up the downward information flow as follows "I would say that corporate information is propaganda at its best. And that people, the trench troops don't believe the propaganda. We don't buy it because we see the reality differently".

The interview also elicited several contrasting mental frameworks at play between the corporate level thinking and thinking in the "trenches." The direct Profit and Loss accountability at the frontlines and the overall short-term pressure in the company made the strategic frames much more "about operational or tactical issues with a really mechanical execution". This coincided with a much more short-term focus whereas in corporate Strategic Business and Development "all your actions are long term". However, this perceived short-term mindset and actions sometimes impacts results and strategic constructs over a much longer horizon. During the research, there have been several examples of frontline exploratory actions turning into long-term strategic commitments. Another example provided by the interviewee was the concept of "Total Cost of Ownership" (TCO). "We were the first ones to come up with that term five years ago in marketing – it started very local in emerging markets, but now it impacts everything we do, for us and others in the industry." This basic construct was used in a very limited scope initially. It surfaced as a front line strategic response to position the way specific customers viewed the value of players in the value chain. As indicated by the interviewee it grew to be a fundamental strategic paradigm with far-reaching impact on the entire ecosystem and their business models.

The challenge of flow of accurate information is one that has been and continues to be challenging for the Case Company. On the one hand, it is clear that at "SBD, of course, we had far more information on how to do larger things". However, there had been the detrimental factor that critically needed tactical information had been missing which would have enabled SBD members to fully appreciate and generate feasible strategic options. On the other hand, the break in the lines of communication and resulting entrepreneurial actions on the front lines has led to divergent strategic thinking or actions.



In some cases, these actions have turned into long-term strategic commitments and shifted the strategic thinking of the entire organization and industry. At the time of this interview, a much stronger command and control model was in process. This was felt to such a degree that the interviewee perceived the climate to be one where if “you are saying something that is not aligned or not singing songs of the management your head gets chopped off.”

#### **4.5.2.5 Conclusions**

The interviewee referenced a wide range of elements which is consistent with his diverse background and roles. He clearly revealed a preference for entrepreneurial and emergent thinking as compared with long-term and structured forecasting. Despite this, he recognized the need for both strategic insight and strategic foresight “because somebody needs to win the war not just the battle.” Reflecting on his most recent change in roles he observed that “it has made me so understand that we need both.” As referenced above this dynamic of communicating and integrating strategic insights throughout the organization has been problematic. It also is linked directly to the organization’s capability to respond in an aligned, effective and strategically flexible manner. The interviewee captures this challenge in his own words stating that “The complexity of the machine is such that there is no valuation perspective of which is better or worse, both are needed they are just very very different roles.” These statements support the existence of the induced complexity construct from Project One. Further, it provides evidence of the researcher’s observation that the Case Company had a failure to integrate and leverage the two perspectives effectively.

The interviewee also demonstrated that the degree of newness and overall intellectual stimulation of a strategic decision was a personal motivator. Associated with this was the relative freedom and autonomy in making the decisions. Some of this preference may be attributed to his previous roles in New Ventures and also in the relatively unfettered environment of SBD. This autonomy, when combined with limited input from the frontlines, seems to have created some of the naivety in the strategic thinking mentioned

above by the interviewee. The interviewee acknowledges this himself as indicated by comments such as “When we used to do the strategy we always talked about customer centricity and customer delight and all these sorts of things. Nice words, bullshit! We naively think that they are loyal to us if the TCO changes are bigger, and we are naive not to exploit it... it has an impact, but it is nowhere near as great as you think that it is because our customers are professional purchasers”.

There is also a likely relationship here to what other interviewee’s have called an “Ivory Tower” orientation in HQ. In considering some of the previous strategic thinking in corporate HQ, the interviewee observed that “I think we had falsely based our scenarios on hope. And I have learned that hope is not a very good business strategy. That is I think we had hoped more than created growth strategies”. This again refers to an over-optimism on both the performance of the company’s product performance and on the market itself. As expressed by the interviewee, this did not bode well or “match the brutal reality around the corner”.

Underlying this strategic discontinuity is perhaps the mismatch of the merger partner’s ways of working and culture. The lateness of making tough decisions is partially attributed to these differences in the statement that, “We didn’t take the tough measures at the time when they were supposed to be taken. We didn’t even see them. That could be fair. We had constraints, could be contractual”. Here the divergent vested interests and stakeholder obligations of the two parent companies added constraints to what could be done and how fast decisions could be implemented. The level of awareness and transparency was also diminished due to these cultural differences. This was exacerbated further during the launch of the new focused strategy in late 2012. Referring to the ‘transformation’ initiative launched to achieve the new strategy the interviewee lamented on the loss of the positive aspects of the parent culture he had come out of by making a rather harsh comparison; “when you look around at our culture which is founded on the very ideal of discussion, discussions honest and open discussions, transparency no politics – we are 180% from all of those at the moment”.

These factors begged the question of what type of strategic leaders would TRN desire and need when it arose from the turnaround? What type of Strategic Leadership expectations and competencies would match the strategic ambitions of TRN? Clearly, the degree of cognitive strategic flexibility needed would also be determined by the processes, practices and policies decided upon. In the judgment of the interviewee, the impact of the current practices are unambiguous as is conveyed in this negative assessment “I have never ever heard of a company that would be successful when the fundamental element of trust is taken away day by day by day by centralizing processes through approvals”. This indication of loss of transparency and trust combined with significantly increasing centralized governance became a recurring theme that led directly to the development of a number of interventions covered in more detail in Project Three. Importantly it supported the notion that changes in both soft-wiring (values and frameworks) and hardwiring (processes, systems, structures) would be needed to foster and enable cognitive strategic flexibility.

### **4.5.3 Interviewee Three: Asian Regional Customer Operations Head To CEO Chief Of Staff To Region Head**

#### **4.5.3.1 Process And Descriptive Analysis**

The interviewee was a long-term telecommunication industry employee who had worked primarily for one company his entire career. He was quite reflective about the elements that were elicited. This was likely due to his transition from the “front lines” to the CEO office and back to the “front lines. This mix of roles had given him a broad range of strategic decisions to consider with some more at the corporate level and a few at the Business Unit or regional level. Most of the elements he elicited or selected were relatively recent and at the corporate level. Overall, the interviewee appeared to be quite talkative, but eliciting constructs seemed to take quite a long time and did not result in the volume or diversity the researcher expected. Instead, the constructs remained on rather big generic strategy topics. This may have been due to his experience mix. Namely his

role and exposure to bigger “Ivory Tower” strategic topics combined with his longer term experience at the product portfolio level.

In Figure 18 it can be seen that a total of 7 constructs were elicited with most of them being concepts that would be considered when making choices around product offerings. Despite this, the application of these concepts was meant to be from the corporate level perspective. As noted above, the researcher’s first interpretation of this is that the interviewee’s long experience at the product sales/marketing level has strongly influenced how he thinks strategically.

**Asian Regional Customer Operations Head to CEO Chief of Staff to Region Head**

Topic:  
**Strategic Decision Making**

Elements (blue font)  
Constructs (black font)

	<i>Emerging market radio</i>	<i>TRN Merger</i>	<i>Nortel Acquisition</i>	<i>Smart Growth</i>	<i>Acceleration TRN Merger</i>	<i>Customer first 2001</i>	<i>Solutions Transformation</i>	<i>Focus on MBB</i>	<i>Low-cost Country Migration</i>	<i>Motorola Acquisition</i>	
Scale	5	1	2	4	3	4	3	2	2	2	Focus
Expanding offering	2	1	3	5	na	3.5	2	4	na	2	Narrowing offering
Portfolio and Market enhancing	2	1	1	4	na	na	2	5	na	1	Portfolio focus
Technology driven	3	3	5	4	na	3.5	3	1	3	1	Market driven
Selective growth	2	5	2	1	na	1	3	2	na	1	General growth
Cost focused	4	5	4	2	1	2	4	3	1	5	Strategic
Excellence and Depth in product	1	5	4	2	na	2.5	5	1	na	2	Breadth in offering
Common											Contrast

**Figure 18: Interview Three Repertory Grid**

### **4.5.3.2 Construct Characterization**

#### **Core Versus Peripheral Constructs**

Four of the seven constructs appeared to have been Core (Expanding offering/Narrowing offering, Portfolio and Market enhancing/Portfolio focus, Selective growth/General growth and Excellence and Depth in product/Breadth in offering). All four of these seem to underlie the interviewee's long term experience and dilemma around finding the right balance in the area between growth and profitability. This preliminary construct from Project One is a theme that has also been playing out in the industry at large (TRN Business Intelligence and Quarterly Reviews 2011 and 2012). The remaining three constructs are more factors or consequences to be considered when making choices around offerings.

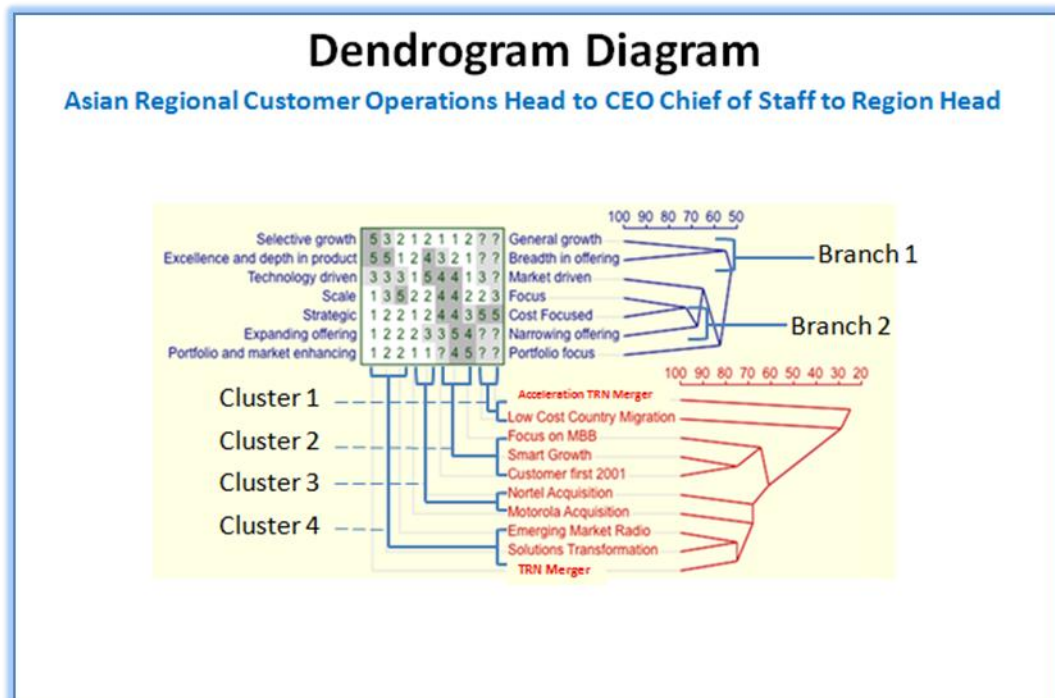
The interviewee appears to have been able to offer a large number of elements. This may be due to his previous position in the CEO's office. Although he spoke more holistically about the future of the industry in the open-ended portion of the interview, the constructs elicited during the grid discussion were rather limited and in some cases quite similar with only small distinctions between them. The level of sophistication of constructs was rather generic, and the breadth of ideas was limited. This was surprising given his central exposure to TRN's CEO. However, it may be that it indicates his acceptance of the industry's dominant logic (Prahalad and Bettis 1986). This is evidenced by his open-ended interview comment that "TRN was just trying to do the same things as the biggest guy".

### 4.5.3.3 Relationships Within the Grid: Dendrogram Cluster Analysis

#### 4.5.3.3.1 Dendrogram Elements Analysis<sup>2</sup>

The process of cluster analysis resulted in a major reorganization of almost all the elements. Based on the statistical correlations, the cluster analysis process of following adjacent lines until they meet a common apex and the content of the elements there are four main clusters in Figure 19:

- 1) Acceleration TRN Merger, Low Cost Country Migration
- 2) Focus on MBB, Smart Growth and Customer first 2001
- 3) Nortel Acquisition and Motorola Acquisition
- 4) Emerging Market Radio, Solutions Transformation, and TRN Merger



**Figure 19: Dendrogram Diagram From Interview Three**

<sup>2</sup> The mean of responses measuring the construct was assigned by the Repertory Grid Interview software for element answers of “not applicable” as recommended by Sekaran (2003)

It appears that this executive has divided the elicited strategic decisions into four clusters. Cluster one is related to decisions motivated by cost reduction or cost pressure, cluster two is related to customer or product segmentation/focus, cluster three is related to growth or market access strategies. The fourth cluster is not as homogeneous in its grouping. In this grouping, there is really one category related to market or business development strategies (Emerging Market Radio and Solutions Transformation) combined because of similar scores with a consolidation decision. These are clustered because they have similar scores on many constructs (the first two elements being scored almost identical) except when it comes to the issues of the breadth of offering and growth. This would suggest that the executive has elicited elements that cover some breadth of intent. However, two of the three elements in this cluster could thematically be clumped together as segmentation and business development elements (with the exception of the TRN Merger). This exception actually appears to fit more logically with cluster one as a cost-driven decision. The TRN Merger, its acceleration, and low-cost migration are all related to the industry consolidation pressure paradigm which is reinforced partially by the declining or flat market growth and its associated OPEX pressure. This one major dynamic appears to be behind many of the strategic decision elements elicited.

Cluster one is rated very similarly across all constructs except for Market driven vs. Technology driven. This is largely due to the fact that both elements were not related to typical “competitive” constructs. Cluster two is rated almost identical except for the degree of emphasis on scale. Cluster three differs only on the Market vs. Technology driven construct. The main issue here is that they were both market entry acquisition decisions but the Motorola acquisition had the added dimension of acquiring a specific technology gap. Cluster four has the largest variation in element ratings. The main differences are in relation to Breadth and Scale versus Focus and Excellence.

The highest match rating is 75.4% between Emerging Market Radio and Solutions Transformation. These two elements likely have similar ratings due to their association with being customer interfacing offerings. The main differences being around Focus versus General Growth in product offering. The second highest match is 73% between

Smart Growth and Customer first 2001. These are closely matching due to their both being aimed at selectiveness of customers. The third highest match rating is 68.3% between the Nortel Acquisition and Motorola Acquisition. As these are both acquisition processes, it is not surprising to see some degree of similarity. The main difference in ratings comes due to the differences in the acquisition targets and the timing of the acquisitions. Overall, the clusters indicate a high degree of elements related to two underlying dimensions. Firstly, the dimension or paradigm of cost-driven industry consolidation is prevalent. Secondly and closely related is the dilemma of how to achieve profitable growth.

#### **4.5.3.3.2 Dendrogram Constructs Analysis**

During the construct cluster analysis, there was some shifting of constructs from the correlation process. This resulted in the reversal of poles for two constructs (Strategic /Cost Focused). There are two main branches in Figure 19:

- 1) General growth/Selective growth and Breadth in offering and Excellence and depth in product
- 2) Focus/Scale, Strategic/Cost Focused and Expanding offering/Narrowing offering

The first branch suggests that the interviewee sees a link between growth and the quality of products. The second branch appears to reinforce the tradeoffs of Breadth of offering in the sense of how it relates to how much scale can be achieved. There is also an implication that this impacts cost. Less directly matching but within the same branch is the Narrowing/Expanding offering construct. This might be expected to be more closely related to the first branch but likely connects here due to the subtle distinction made by the interviewee regarding the differences in intent or objectives possible in this strategic decision.

For branch one there seem to be four elements receiving similar ratings close to the emergent pole, two not applicable and three that are closer to the implicit pole. This seems to be consistent with the underlying intent behind the decisions related by the



interviewee regarding tradeoffs of Selective versus General growth. For Cluster two there seems to really be a key sub-cluster related to scale and cost as noted above. The ratings across elements can be grouped into two dimensions. One with highly similar scores for six elements that are about growth or processes related to growth. The second dimension is primarily related to cost structure or OPEX.

The highest percentage similarity score is 73.5% between the Scale/Focus and the Strategic/Cost Focused constructs. As noted above this suggests a subtle split in the notion of scale and cost reduction driven decisions versus others that are not cost motivated and perhaps, therefore, more strategic in orientation. The next highest similarity scoring is 53% with General growth/Selective growth and Breadth in offering and Excellence and Depth in product. This match is quite low and combined with comments from the interviewee it suggests that although he sees a relationship between breadth of offering and general growth, the link between these two and quality is not always as direct.

The first impressions from reviewing these relationships were that despite there being a wide range of elements there are relatively few construct dimensions. On the other hand, it can be seen from the perspective that the interviewee has many small subtle distinctions within larger construct categories. This latter assessment is supported more by the open-ended portion of the interview.

#### **4.5.3.4 Observations From The Open-ended Interview Discussion: “Something is lost in translation.”**

The interviewee had a wide range of scope and impact amongst the elements elicited during the formal grid portion of the interview. This is likely due to his mix of closeness to the CEO and front line positions in multiple regions. Given this diversity of experience, one might have expected a wider breadth of strategic constructs. The industry dominant logic of consolidation and implications for OPEX reduction related topics seem to have been prevalent (Prahalad and Bettis 1986). This can perhaps be explained by the

interviewee's participation in the merger integration project and his closeness to the two CEOs during the first years of the merger. During the open-ended interview, he did raise a broader number of strategic topics and demonstrated awareness of the changes evolving beyond the infrastructure industry. This may have resulted from his more recent return to a customer facing role. However his starting point for the open interview was a rationalization of the merger's primary logic as an attempt to achieve increased scale and footprint which he saw as almost the same as achieving synergy and "focusing on cost." On the practical level, this meant combining and pruning portfolios while reaping the cost benefits of "consolidating the R&D platforms." All of these concepts evidence the depth with which the consolidation mindset was held by the interviewee and how it remains a starting point from which strategic thinking develops. This is further supported by the current CEO's statements supporting the consolidation paradigm. The strength of this paradigm (and the factors that support it) is clearly a strong limiting force on the scope of cognitive strategic flexibility. Its intensity and consistency in the data collection suggest a group think dimension and a "focused schema" or mindset as described by Nadkarni and Narayanan, 2004.

Another highly influential theme that surfaced was the Ivory Tower orientation of Corporate HQ. When considering the information coming into the CEO, the interviewee conveyed his view that "Something is lost in translation." The effort of the CEO to meet with a lot of customer CEOs did not prevent the existence of "a reality break". Meeting CEO counterparts did not supply a sufficient perspective of business on the ground. Adding to this lack of connection to the operational level environment was the CEO office hearing what the interviewee called "faked out information." In other words, this was information catered for the CEO's office and, therefore, it was at times deficient for judging accurately key dynamics of the business. The existence of this dynamic increases the likelihood that the CEO's office could have been vulnerable to confirmation and other related biases (Roxburgh 2003, Lovallo and Sibony 2006, Kahneman and Lovallo et al. 2011, Heath and Lovallo et al. 2013). The combination of faked information and probable cognitive biases would suggest a limiting factor of the scope of feasible strategic options being generated. Apparently the Case Company's first CEO was aware of this situation

and its potential detrimental impact on those who remain in the corporate functions for too long. This is evidenced by his following advice to the interviewee when he recruited him stating that “don’t do this for too long. You have to keep a check on me to not make you do this for too long. As much as I want you, I don’t want you to have this ivory tower perspective”.

It is not then surprising to hear from the interviewee when asked to think about differences in his current role compared with his role in the CEO’s office that he identified the biggest difference as the “distance of the decisions from what our customer’s want.” This may have been an underlying factor in the ineffective execution of TRN customer-centric tactics. Clearly it was a significant factor in the creation of the widely held perceived disconnect between priorities of the Corporate HQ and the frontlines. As expressed from the interviewee’s perspective when thinking about the impact of some strategic decisions made at the top “It was more about yeah ok, we are dealing with big things but how many of these decisions are really going to count is something that just got lost.” This recurring theme of communication and execution failure is further reinforced by his observation that “Everything that we say and do, and what actually gets implemented at the front, you know there is a very big gap.” Sometimes the explanation for the gap is as simple as an example supplied by the interviewee of his own team. When referring to an issue of non-compliance to a CEO directive the response from his team was that “They hadn’t seen it”. This is a feasible possibility given the lack of slack and other dynamics at play in the company context outlined in Project One. In the words of the former Chief of Staff, “I think it is a bit of both information overload and not valuing the message from the center”.

The skepticism and limits on trust between the “center” and the frontlines is seen in both the deficiency in the reliability of the information provided and in the autonomy cascaded through the organization. According to the interviewee, there exists a fairly high level of trust in the new strategy. Yet as he sees it “the request from the troops is give us the space and the trust that you think we deserve to help you execute that.” Further, the rationale of focusing on “priority markets” (USA, Japan, and Korea) is also understood and accepted

as their “combined market access is almost 40% of the entire global telecom market.” However, despite the intellectual understanding of this differentiation of priorities, the execution has not gone down well outside of the priority markets. This is likely due to what is interpreted as a deliberate and parallel reduction in support for those countries that are not a “priority”. As summed up by the interviewee “these are the only three markets where there are no Chinese. So in a way – ground troops are saying you have decided to compete where there are no Chinese but how are you going to support me in markets where there are Chinese?” These combined factors outlined above promoting focused schemas, confirmation bias and limited trust/autonomy between the center and front lines had longer term effects on TRN’s cognitive strategic flexibility and its Strategic Leaders. In addition to discouraging diversity in strategic thinking, it also created a context of conflict within TRN in regards to espoused corporate values and the prevalent leadership style. Two results of these conflicts were the departure of senior leaders who could not thrive in this climate and a lasting mindset of not challenging upward. The implications of these factors will be revisited in more detail during Project Three.

#### **4.5.3.5 Conclusions**

As indicated above the constructs elicited in the formal grid portion of the interview were limited in breadth. However, the open-ended discussion revealed more depth in strategic thinking as well as reference to the influences of the wider eco-system. Some of these observations were anticipated based on results of Project One. For example, when the interviewee spoke of the addressable market and the inability to expand it, the immediate strategic response suggested was forward integration. In the telecom sector, this has been done largely via Managed Services deals. This type of strategic frame remains very focused on the idea of “What part of their job can you do?” This is a rather predictable response that all industry players have fallen into. Referring to the start of the Case Company the interviewee admits there was not much original thinking done on how to compete. As indicated in Project One, the Blue Ocean strategy preliminary construct has proven to be challenging to achieve (Kim and Mauborgne 2005). Differentiation also remained a central issue as shared by the interviewee in this description “We didn’t take

anything different we just said we want to be better than the biggest guy by doing the same things.” Further, this inability to differentiate was linked directly to a dependency on financial health preliminary construct induced from Project One. While recognizing the need to do something different than the “bigger guy” the interviewee’s view was that “the differently part, we just can’t tackle because we just don’t have the money and the resources. It is just a survival game.” While this latter statement supports the existence of a “reserve the right to play” mentality that was noted in Project One, it also demonstrates a narrow focus of strategic schema. Granted, having more financial and other resource forms is a benefit. Yet having limited resources should not in itself be a complete restriction on the generation of feasible strategic options.

More unexpected was the recognition of the compression of the current addressable market due to advances in technology. Interestingly the interviewee associated every change in technology with further compression. The example provided was the ability of fewer and fewer base stations to provide more and more coverage. This “more with less” phenomenon is something that the Case Company and wider industry players have not been able to monetize successfully. The interviewee also showed considerable foresight to what he perceived as “value migration which is driving the sort of negative growth as the industry is defined.” Here there is recognition of the impact the wider ecosystem, convergence and the increasing impact of Over the Top Players (OTT). These OTTs are content providers that capture an increasing amount of the profit pools in the telecom ecosystem. The other recognition made by the interviewee is the subtle reference to the implication of how one defines the industry. This type of reference is a promising contrast to some of the previous limiting constructs.

In considering the wider industry, there was clear evidence that he had been thinking strategically about adjacent industries and blue ocean type environments (Kim and Mauborgne 2005). For example, one of his models was a triangle with three points consisting of communications, entertainment, and transactions. In the middle is what he referred to as a unique identity. The idea of identity in various forms has been emerging for quite some time. For the interviewee, it could easily be a phone which could replace

credit cards and other transaction formats. Using his foresight, he envisioned the opportunity to move from the “red ocean” of Communications, avoiding the growing competition in entertainment and “grabbing transactions.” However, once again one of the primary barriers seemed to be that “Today we cannot afford this”. In addition, when questioned about the company’s future there was evidence of thinking beyond the current strategy and the recognition that “to survive as a long-term player will need to be very different.” Unfortunately, in the mind of the interviewee, this was not seen as highly probable. Referring to the current strategic thinking capability of the company his response was “Do we have the right mindset for this? No.” These latter perspectives indicate that there may be more potential for cognitive strategic flexibility than the current context and dynamics are enabling. It also reveals the concern over the long-term sustainability of TRN and its ability to think differently.

#### **4.5.4 Interviewee Four: Customer Team Head To Global Services Strategy Head**

##### **4.5.4.1 Process And Descriptive Analysis**

The interviewee is a very experienced telecommunication’s employee who had worked in a variety of roles within the industry. His current function was within the strategy area of one of TRN’s key business units. He, therefore, had a very knowledgeable and comprehensive way of discussing the strategic thinking topic. He was confident during the interview and largely drew on elements where he had a very strong personal role. Although he had also been closely involved in some of the larger strategic decisions, his first emphasis was on decisions where he was one of the central players.

The qualifying statements did influence the interviewee’s flow, but the main stimulation during the early elicitation was the emotional connection of remembering and connecting decisions that had not been top of mind. Once the initial flow started the main thought pattern seemed to be chronologically sequential except in the case where through recalling one decision, another prior decision came to mind. The interviewee seemed to

keep the same level of discrimination about rating the constructs during the whole process. The range of scores seemed appropriate across the elements although there were a couple of cases where rating was not applicable given the constructs were not relevant to the decision. There were also a few elements where the decision was seen as more complex and thus harder to rate one-dimensionally on a given construct. These additional dimensions were noted by the researcher as part of the formal repertory grid interview process and raised again in the open-ended portion to check significance and any implications. From Figure 20 it can be seen that a total of eight constructs were elicited with the first three describing issues that were more relevant early in the company’s history and mainly about the overall organizational mindset. The remaining five all appear to be related to the process of how the decisions were made and/or are subjective judgments on the nature of the decisions. The overall composition of constructs appears to be a mix of strategic concepts, contextual factors and people/process related topics.

**Customer Head to Global Services Strategy Head**

Topic:  
**Strategic Decision Making**

Elements (blue font)  
Constructs (black font)

	<i>Focus on MBB</i>	<i>Services Focus 2011</i>	<i>Motorola Acquisition</i>	<i>M.S. Growth Strategy 2007</i>	<i>TRN M.S. Scope 2006-2007</i>	<i>Design Decision TRN Merger</i>	<i>Hosting go-ahead 2005</i>	<i>3-UK Outsourcing deal 2005</i>	<i>Go Ahead for MS 2003</i>	
What type of Company we are	2	2	4	4	3	1	4	4	3	Market Share
Portfolio focus	1	1	4	4	3	na	5	4	5	Portfolio expansion
Internal Focus	3	2	4	4	3	2	4	5	4	Customer Mind Share
High level of debate/Compromise	4	4	5	4	2	1	2	3	1	Straight forward
Competitive Pressure	3	4	1	2	3	4	2	1	3	Capabilities based
Structured Decision	na	2	2	3	4	2	2	4	2	Decision by slide ware (salesmanship)
Free Choice	4	4	2	5	2	2	1	1	3	Constrained (Limited Choice)
Timely	4	2	4	1	2	4	3	4	2	Untimely
<b>Common</b>										<b>Contrast</b>

**Figure 20: Interview Four Repertory Grid**

### **5.5.4.2 Construct Characterization**

#### **Core Versus Peripheral Constructs**

Four of the eight constructs appear to have been Core (Competitive Pressure versus Capabilities based, Structured Decision versus Decision by slideware (salesmanship) Timely versus Untimely and What type of Company we are versus Market Share). These four appear to be linked to the personal and professional value attributed to “how strategic decisions” should be made and also their fundamental implications for the capabilities of the company and its competitiveness. There may also be a link between the perceived timeliness of decisions, amount of structure and debate. Given the interviewee’s role in the strategy function, the depth of thought behind the constructs seems appropriate.

The first impressions from the eye-ball analysis of this repertory grid is that the interviewee projects and provides a high level of knowledge in the area of strategy which clearly came across in his discussion of the ratings of the elements. His choice of elements appears to be largely product based decisions or Merger and Acquisition related. On the surface, this appears to be focused on growth issues but in all these examples the interviewee held a balancing perspective of capabilities and their implications for the organization and the environment within which it competes. As mentioned above his constructs are about choice intent, process, and subjective value judgment. He also was highly aware throughout all the elements of the political landscape underlying the decisions.



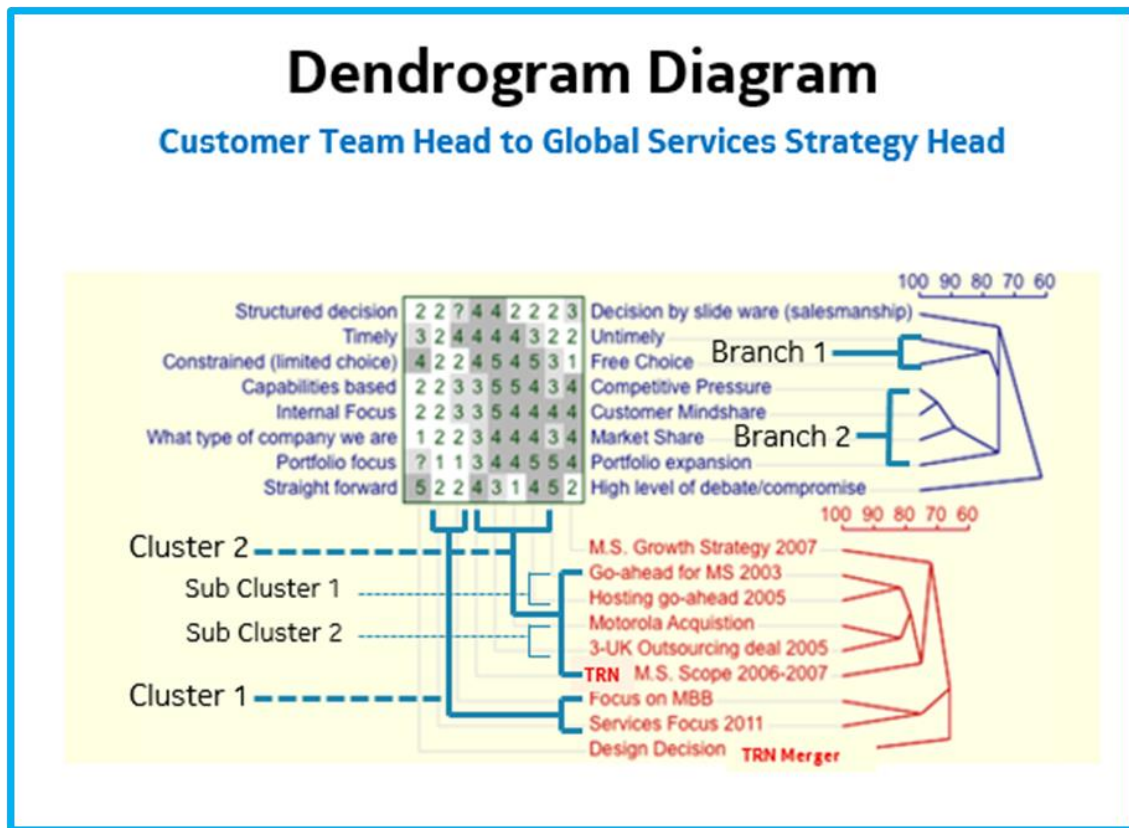
### 4.5.4.3 Relationships Within The Grid: Dendrogram Cluster Analysis

#### 4.5.4.3.1 Dendrogram Elements Analysis <sup>3</sup>

The process of cluster analysis resulted in a reorganization of several of the elements. Based on the statistical correlations, the cluster analysis process of following adjacent lines until they meet a common apex and the content of the elements there are two main clusters in the element portion of Figure 21:

- 1) Focus on MBB and Services Focus 2011
- 2) Go-ahead for MS 2003, Hosting go-ahead 2005, Motorola Acquisition, 3-UK Outsourcing deal and TRN M.S. Scope 2006-2007

Within the second cluster there are 2 sub-clusters i) Go-ahead for MS 2003, Hosting go-ahead 2005 and ii) Motorola Acquisition, 3-UK Outsourcing deal 2005



**Figure 21: Dendrogram Diagram from Interview Four**

<sup>3</sup> The mean of responses measuring the construct was assigned by the Repertory Grid Interview Software for element answers of “not applicable” as recommended by Sekaran (2009)

It can be observed in Figure 21 that the interviewee seems to have divided the elements into two major groups. The first group relates to decisions about product category (portfolio) prioritization. The second and broader group relates to decisions on specific product or service cases. In the first category, the main underlying theme seems to be about the company's internal capabilities with an internal focus. These decisions are both perceived as fairly straightforward perhaps due to their being high levels of constraint upon them. However, there is a wide variance in the timeliness of the two decisions. This perspective may be due partially from the interviewee's long experience in the strategy function and thus, his seeing the "how" part of these decisions (once made) as familiar and routine. The second group of decisions relates to more market oriented options. These are all consistently seen as portfolio expansion/market share efforts in response to competitive pressure. However, there is a much wider diversity in the ratings of the remaining constructs especially on the level of debate involved. It may be that this diversity and higher levels of debate are related to the much greater level of free choice in this category overall. The other interesting dimension is that the interviewee perceives this category as being much more inconsistent on structured decisions versus "decisions by slideware". This could be due to the different stakeholder groups involved in the two decision group categories. In fact, it is this dimension that is the main difference in separating the two sub-clusters in this category.

Cluster one is rated very similarly across all constructs except for the "Timely/Untimely" dimension. This is likely due to the size and scope of the two elements. Both had internal implications regarding capabilities. Yet given the size and down-sizing implications of executing focus on MBB, it differs on timeliness. As evidenced in other interviews, making tough decisions in a timely way had proven difficult for TRN. Cluster two has quite similar ratings also within its two sub-groups. However on the dimension of High level of debate and compromise versus Straight forward there is a wider range in subgroup ii) and also for this larger cluster overall. The range here is primarily due to the Motorola acquisition having little debate and being perceived as relatively straightforward. By contrast, all four of the other element decisions involve forward integration in one form or another. As noted earlier this paradigm was pervasive in TRN.

The high level of debate was linked to the profitable growth dilemma since forward integration tended to increase top line while often reducing bottom line results in the short run and frequently overall. By comparison, acquisition is consistent with the inevitability of the industry consolidation strategic frame and is, therefore, less susceptible to debate.

The highest match rating is 81.2% between elements in cluster two (Go-ahead for MS 2003, Hosting go-ahead 2005, Motorola Acquisition, 3-UK Outsourcing deal). The second highest match is 77% between Focus on MBB and Services Focus 2011. It would appear that there is more similarity in decisions that involve major internal implications versus those that are about specific cases within portfolios. It should be noted that the size of decisions were quite different in their implications and impact. The only other relatively high matching (77%) is the TRN M.S. Scope 2006-2007 within the second cluster. This is a decision that is not about either decision groups but rather the scope of a portfolio category. In this sense, it should relate more to the internal capabilities dimension. However, it is grouped amongst specific cases within a portfolio. One could speculate given the dates of the related decisions that customer facing demands and opportunities forced more thinking about how far the company would go within the Managed Services area. This is consistent with the high rating this element and category have received on competitive pressure and customer mindshare.

#### **4.5.4.3.2 Dendrogram Constructs Analysis**

During the construct cluster analysis, there was some shifting of constructs from the correlation process. This resulted in the reversal of poles for two constructs. As can be observed in the construct tree portion of Figure 21 there are two main branches:

- 1) Timely/Untimely and Constrained (limited choice)/Free Choice
- 2) Capabilities based/Competitive Pressure, Internal Focus/Customer Mindshare, What type of company we are/Market Share, and Portfolio focus/Portfolio expansion

The first branch suggests a fairly obvious possible connection between the degree of freedom of choice and the speed or timeliness of decisions. The second branch includes more constructs (four in total) and is more complex. However, the constructs can all be grouped on one side as being internal focused or on the other side more external environment focused. This suggests that the interviewee has divided these two areas as key dimensions in strategic decisions.

For branch one there seems to be fairly close ratings on almost all the elements with the exception of the Hosting go-ahead 2005 and Focus on MBB. When reviewing the range of ratings of these two constructs there does not appear to be a direct and consistent relationship between the degree of free choice and the timeliness of the decision. Yet there does seem to be a significant amount of untimely decisions with a trend of untimely dimension relating to the size of the impact of the decision. This theme will be revisited in Project Three, but as mentioned above, evidence suggests that TRN struggled to proactively make big impact decisions. In the second branch, the ratings of the four constructs within the branch are very consistent across almost all elements. The construct that seems to be less aligned is the Capabilities based/Competitive Pressure construct. This suggests that there is a logical distinction being made between constructs that are more customer related (Market Share, Customer Mindshare, and Portfolio) versus competitive constructs such as capabilities and competitive pressure.

The highest percentage similarity score is 94.4% between the “Internal Focus/Customer Mindshare” and the “Competitive Pressure/Capabilities based” constructs. This is a subset of the second branch identified above. The interesting aspect of these two constructs seems to be a clear distinction on focusing internally to deal with competitors or customers. The second distinctive pairing of this cluster is 75% and is between the “What type of company we are/Market Share” and the “Portfolio focus/Portfolio expansion” constructs. The small distinction in this pairing is that a relationship can be drawn between the company portfolio and its impact on “the type of Company” that is formed on one pole. On the other pole, there is a clear relationship between a company’s portfolio expansion and its market share.

The overall impression is that the constructs seem to be grouped around three areas. The first grouping that has the lowest relationship is in regards to the process of the decisions. There does not seem to be a consistent relationship between the degree of structure and how straight forward decisions were. There may be an unshared perspective about how straightforward a decision was and whether the “straightforwardness” was something that occurred after the decision was made. There also does not seem to be a direct link between structure and the level of debate. The second grouping appears to be related to a subjective perception of pressure and timing of decisions. Again there is not a consistent relationship in the ratings for these across the elements. One might expect that the Competitive Pressure/Capabilities based construct could fit under this dimension because of the relationship competition might have on free choice and pressure. However, this construct is grouped under the final category which as mentioned above seems more about an internal versus external dimension of the decisions. When reviewing the ratings of the elements on these three constructs one can conclude that there has been a balance of focus between an “inside/outside” orientations. This indicates that the interviewee had a well-developed understanding of the trade-offs of creating sources of competitive advantage internally and strategic positioning pressure.

#### **4.5.4.4 Observations From Open-ended Interview Discussion: “Timing is everything”**

During the open-ended portion of the interview, the theme of the timing of strategic decisions surfaced in relation to a number of elements. One of the most painful and costly was in terms of a perceived lost opportunity with the failed acquisition attempt of Nortel. Competitor E’s ability to have deeper pockets and quicker execution likely has reinforced the Case Company mindset of the link between the preliminary construct of financial health and resources for action and limitations in strategic options. In this instance, the timing of the acquisition allowed the acquirer more opportunity to cash in on the assets and establish market share in one of the most critical regions. By comparison, the later acquisition of Motorola by the Case Company was almost a consolation and was far less

timely, speedy and attractive. In the mind of the interviewee, it appeared to be almost a “face-saving” move based to a large extent on public relations motivations over hard analysis and valuation. In his words, it was a “Decision by slideware” in which assessment was sometimes processed with the underlying approach that it “must be good because it says so in the slides”. It may be speculated that “decision by slideware is easier when the decision is consistent with the dominant logic of the industry (Prahalad and Bettis 1986). Being too late or at minimum not timely was also referenced when contemplating what the interviewee might do if he was CEO. Reflecting on the insights and recommendations made by Private Equity firms during 2011 and 2012 he confirmed that the current strategy is addressing all the key points (portfolio mix, overhead and focused growth in key markets). However his open question regarding what “if we had already done this in 2008” suggests that the possibility for action was there but that the opportunity was missed. At the same time there was also the recognition that in 2008 “some customers did not believe we would survive” and “so from that perspective, we needed to move in areas where we can get market presence and grow fast. Get quick wins and that involved managed services.” With this external questioning of survival viability, one might expect faster decision making however this was not always the case as evidenced by the interviewee’s comment that “we discussed the go ahead with Managed Services for two years.” This observation is consistent with the findings of Kiesler and Sproull’s (1982) research that supports the idea that firm’s lack flexibility when they most need it.

The topic of priority markets also arose in relation to both the Case Company viability pressure and the need for market share. This latter aspect is bound to the “need for scale” as a source of competitive advantage preliminary construct but is also indicative of the impact the “Chinese factor” has had on the competitive landscape. As expressed by the interviewee “there was business to be captured, margins to be captured, it was more about increasing our market share in the US and Japan which from a global perspective, it still has potential and is absolutely the reason why we are still here.” Significantly these are exactly the “markets where Chinese Company H and Chinese Company Z are not present, where in practice everyone is earning higher than average margins.” This recognition of

the negative impact of the two Chinese competitors on profitability provides evidence that the strategic differentiation of markets has conceptually changed several times during the short history of the company's existence. The interviewee seemed to be aware of this transitory nature of classifications and demonstrated foresight in his concern over whether the margins in the current priority markets would dilute over time. In addition, when considering the future, there remained the conceptual differentiation between competing in "mature markets and developing markets." To the interviewee, this was also impacted by two factors. The first was the "consolidation of CSP's" (Communication Service Providers) with associated market power factors. The second was from the implications on products due to technology usage. The main issue was the challenge of predicting the life span and demand for products related to competing systems and levels of evolution through 2G, 3G, 4G, LTE and whether 5G would or would not materialize.

In many of the interviewee's comments there seemed to be a consistent philosophical basis from which to launch his strategic thinking. When considering elements and in the open discussion, expressions such as it "Starts very much from the technology and product perspective" were frequently used. In referring to discussions at the time of the creation of the merged company the interviewee expressed some concern about "how much we talked about capabilities" versus organizational values. When combining these types of comments one might conclude that he was only internally focused and more grounded in the Resource-Based View of the Firm. However, he also conveyed many strategic options and building the business in the context of "how we want to be perceived in the marketplace. What kind of mindshare do we want to get from our customers?" Therefore, this internal capabilities perspective was balanced with what might be called a market positioning view that was concerned with "How we monetize the enablization of our CSPs." Given this diversity of perspectives, one might expect that the interviewee was capable of a high level of cognitive strategic flexibility.

#### 4.5.4.5 Conclusions

The interviewee demonstrated that he was very knowledgeable about the industry and strategy both conceptually and at the practical operational level. His constructs range from strategic concepts to contextual factors to people and processes. Overall he seemed to have a high awareness of the political landscape and dynamics which was developed perhaps through his extensive experience in crafting and implementing strategy. Although he seemed to reveal a preference for formal planning and structured decision processes he admitted that “Being wise can involve knowing that things don’t always work out as you have planned, and things can get worse before they get better”. Interestingly when discussing the unpredictability of the landscape he openly admitted the limits of strategic foresight, “In our business case sometimes we did not consider all the possibilities, things went in a different direction than we thought. Or we did not have any other choice, and we did not talk about those other choices.” This latter dynamic has relevant implication for both the level of cognitive strategic flexibility of the individuals involved and the Case Company culture for making strategic decisions. When probed for views on the company’s strategic mindset the interviewee expressed faith in its capabilities stating “I think we have creative thinkers, yes. Yet in the same breath, he counters this by the contradictory phenomenon that “We are using consultants – lots of them.” This implies that the senior management of TRN is not leveraging what strategic thinking capabilities exist internally. This factor will be a recurring theme in Project Three and significantly impact the proposed and implemented interventions of this research including not buying off the shelf solutions to strengthen the senior leadership pipeline.



## **4.5.5 Interviewee Five: Region Head For South West Europe To Region Head For North East Europe**

### **4.5.5.1 Process And Descriptive Analysis**

The interviewee was a long-term telecommunication industry employee with experience primarily on the front lines. He had held positions where he was in charge of regions or markets and thus his elements combine both customer related themes and structural topics. The interviewee seemed to be quite reflective during the rating process and took it seriously. As with some of the other interviewees, there were several moments when new insights were elicited due to the interviewee's thinking about them from a new or fresh perspective. He was very passionate about the overall topic and the implications they had for the company. He clearly felt strongly about the "right and wrong" of some of the ways the decisions had been carried out. Overall the qualifying statements were used when there were pauses in construct elicitation. However, the interviewee was very enthusiastic and stimulated so this did not occur very often. Given that the interviewee's roles have been mainly on the front lines it was not surprising that several of the elements were directly related to client decisions.

In Figure 22 it can be seen that a total of nine constructs were elicited. Some of the constructs relate to typical competitive strategy questions such as positioning, structure, scope of activities, and degree of control. Others are more philosophical in the sense that they relate to the ethics or quality of the decisions. Finally, there are constructs that relate to attitude or mindset on a personal level. Overall the constructs are quite diverse in their range. The interviewee mainly provided elements that were either customer or region related which was consistent with the roles held during the past 15 years. The ratings of the elements are mainly quite polarized in that they appear to be largely to one pole or the other with very few instances of neutral scores. The only exception is the "Smart Growth" element. This suggests that the interviewee tends to perceive most decision events quite unambiguously in relation to his constructs.

Region Head for South West Europe to Region Head for North East										
Topic:										
Strategic Decision Making										
Elements (blue font)										
Constructs (black font)										
	Wireless Access Transformation	DT Turnaround	Splitting West-South Europe	Partner Decision for TRN Merger	Design Decision for TRN Merger	Smart Growth	Divesting Nordnett	US Market Acquisition Choice		
How we position ourselves	5	5	5	2	4	3	n/a	1		Structure & Focus
Interactive/external control	4	4	5	1	4	4	5	2		Internal control
Strategic position & Execution (moving forward)	1	1	3	1	1	3	5	1		Exit execution (getting out)
True Strategic Value	1	3	3	1	2	3	5	1		Value destruction
Principled decisions	4	2	4	2	5	n/a	1	2		Choice amongst options
Decision of free will	1	2	1	4	2	3	5	3		Forced Decision
Partnering	3	5	5	1	5	5	3	1		On own
Personally engaging	1	1	4	5	5	4	1	5		Outside control with huge impact
Tough (we mean business)	4	2	3	2	4	2	1	1		Amicable
Common										Contrast

**Figure 22: Interview Four Repertory Grid**

#### 4.5.5.2 Construct Characterization

##### Core Versus Peripheral Constructs

Three of the nine constructs strongly appear to have been Core (True Strategic Value/Value destruction, Principled decisions/Choice amongst options and Personally engaging/Outside control with huge impact). In addition, during the course of the open-ended portion of the interview, it was clear that the interviewee had strong views on the appropriateness of some decisions and their implementation. Further, it became apparent to the researcher that the construct Principled decisions/Choice amongst options was likely the one that had the highest emotional significance for the interviewee. The overall categorization of the constructs shows a wider variety in the type of constructs used when

compared with the other interviewees. The key distinction being the “strength” with which the core constructs were felt.

### 4.5.5.3 Relationships Within the Grid: Dendrogram Cluster Analysis

#### 4.5.5.3.1 Dendrogram Elements Analysis

The process of cluster analysis resulted in a reorganization of several of the elements. Based on the statistical correlations, the cluster analysis process of following adjacent lines until they meet a common apex and the content of the elements there are two main clusters in the element portion of Figure 23 with two sub-clusters inside a larger cluster:

- 1) US Market Acquisition Choice and Partner decision for TRN
- 2) Wireless Access Transformation stands alone
  - i) Design Decision for TRN Merger and Splitting West South Europe forms one sub-cluster
  - ii) while DT Turnaround and Smart Growth forms the other sub-cluster

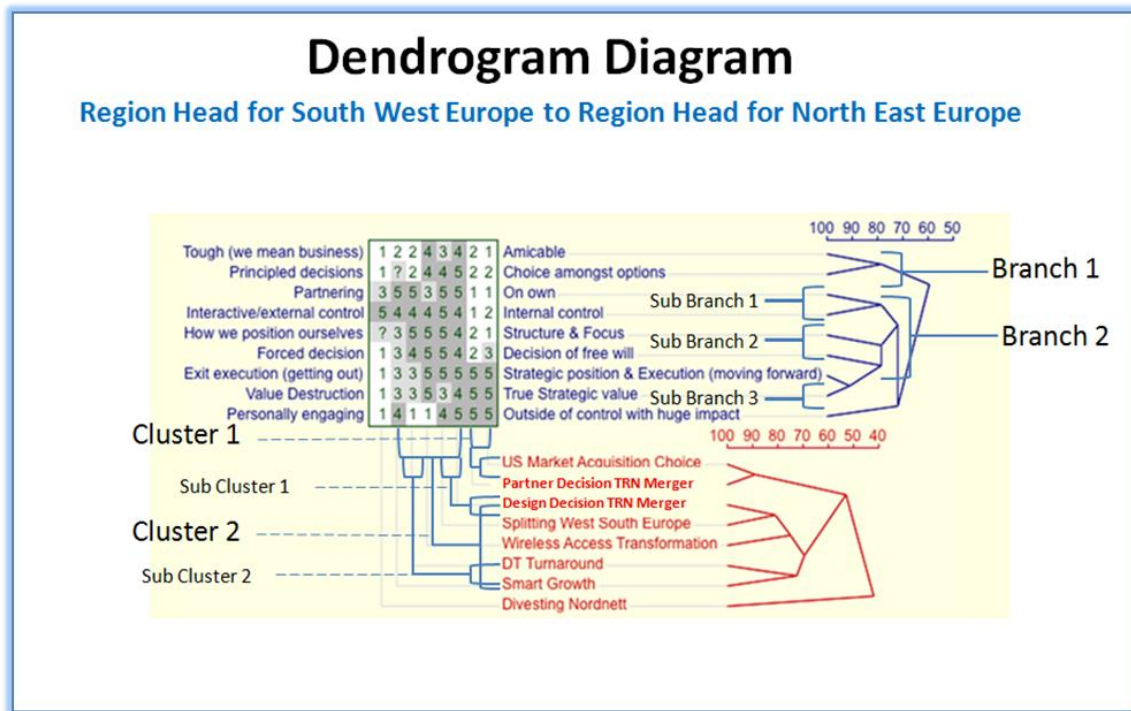


Figure 23: Dendrogram Diagram From Interview Five

In the elements portion of the Dendrogram in Figure 23, it can be seen that cluster one is rated very similarly across all constructs with five of the nine constructs receiving the same score and the remainder having only one point difference. The close correlation is likely due to the fact that both elements involve partnering choices which involved considerable integration. Both were seen positively by the interviewee in the sense that they were personally engaging and judged as achieving True Strategic Value. They were also perceived as “moving forward” in positioning the company but executed in a rather tough demeanor. The second overall cluster seems to be aligned quite closely, but this is primarily on four constructs. These are Interactive/external control, Structure & Focus, Partnering and Decision of free will. Combined they indicate a theme around elements that were chosen with a high degree of free will to work with the external environment either in formal partnerships or looser alliances to define the focus and structure of the company. The key difference amongst this cluster is in regards to the amount of engagement the interviewee had with them based on the amount of control he was able to exercise.

From Figure 23 it appears that this executive has divided the elicited strategic decisions into a few categories. The first is more strategically routine in that it considers decisions based on the focus of activity. That is, whether they are about “what we do” internally versus how we interact externally and for what purpose. A second dimension involves constraints on the decisions. These are either the relative freedom due to pressure from outside forces (Forced) or internal philosophical (Principled). Alternatively, similarly whether there was a perceived range of options extant. In the case of principled decisions, there is clearly a sense of subjective expectation that these are preferred although throughout the interview there was also a sense of pragmatism and real-world understanding that this is not always possible. A third category was very much on the level of subjective value or perspective. These elements were seen through the eyes of whether they were positive or negative. This was expressed by “moving forward” or “true strategic value” as opposed to terms that bring to mind retreat and significant loss. The

final category is more related to emotional aspects through the level of engagement or degree of toughness expressed in the process.

In cluster two, the first subclusters ratings are very highly correlated with two identical ratings and the remainder only having one point difference. The two elements entail similar actions as they both involve organizational design and choices about how resources will be reallocated. The primary difference is the relative scale of the actions and that the “TRN Merger” was initially involving an external partner. However it is seen by the interviewee very much as an action done “on own.” The second sub-cluster actually has more exact matches in the ratings (five in total) but an overall lower similarity score. Both elements are related to customer facing decisions and the level of engagement, products and share of wallet the company was trying to achieve. They were therefore also about how the company positions itself in the market place and in relation to customers. The main differences were on the degree of control/engagement as one decision was directly in the interviewee’s realm while the other was company-wide and although it had major impact it was not something in which he was directly involved in deciding. Another interesting aspect is that “Smart Growth” was scored “N/A” for the “Principled/Choice amongst option’s construct. Based on comments made during the broader dialogue of the interview, this perspective may be due to the interviewee’s feeling that this was more of a political decision or one based on a key stakeholder’s own background and preference.

The highest matching score is 88.9% for US Market Acquisition Choice and Partner decision for TRN Merger. The second matching cluster has a matching score of 70% but as noted above there are two sub-clusters in this larger grouping. Sub-cluster i) has a matching score of 80.6% while sub-cluster ii) has a matching score of 73%.

#### 4.5.5.3.2 Dendrogram Constructs Analysis

During the construct cluster analysis, there was some shifting of constructs from the correlation process. This resulted in the reversal of poles for three constructs (Forced decision/Decision of free will, Exit execution (getting out) /Strategic position & Execution (moving forward) and True Strategic value/Value Destruction. There are two main branches with one branch having three sub-branches:

- 1) The first branch contains Amicable/Tough (we mean business) and Choice amongst options/Principled decisions.
- 2) The second branch contains all of the remaining elements excluding Personally engaging/Outside of control with huge impact. The first sub-branch is made up of:
  - a. i) Partnering/On own and Interactive/external control/Internal control.  
The second sub-branch is made up of:
  - b. ii) How we position ourselves/Structure & focus and Forced Decision/Decision of free will. The third sub-branch includes
  - c. iii) Exit execution (getting out)/Strategic position & Execution (moving forward).

In general, the percentage of similarities is not high for the branches or sub-branches. This suggests that the interviewee has given a wide range of scores across the elements with only one branch having a higher percentage of similarity score. For branch one there are four elements given identical ratings with the remainder having only one-point differences. These four elements appear to be seen as “we mean business” decisions of which a range of options were available. All seem to involve some degree of interaction or negotiation with an external constituent either directly or by implication. The second branch did not have a high similarity percentage score and given it has six constructs; there is considerable diversity in score amongst most of the elements. From an eye-ball analysis perspective one can see the grouping of related elements as decisions where most, if not all of the decision was “on own.” For sub-branch one i) there are only two elements which match exactly for these two constructs. These are Design decision for TRN Merger and Splitting West South Europe. Given the two constructs have at one pole

“on own” and “internal control” it is not surprising that these similar internal structural issues were rated much the same. For sub-branch two ii) there are five direct element scoring matches despite the overall similarity score being relatively lower. For sub-branch three iii) there is the highest percentage match between constructs. Six of the eight elements received the exact same scoring on these two constructs, primarily at one or the other end of the poles. This suggests that the interviewee perceives elements to be either “black or white” on these dimensions. The highest percentage similarity score is 90.6 % between “Strategic position & Execution (moving forward) and/Exit execution (getting out) and “True Strategic value/Value destruction” constructs. The remaining branch and sub-branches all have similarity % scores in the range of 78%-79%.

The first impressions from reviewing these relationships are that the interviewee demonstrates a relatively wider range of ratings of the constructs across the elements in comparison to the other interviewees. This suggests that he thinks deeply and with complexity about strategic decision making. However given his rather black and white approach around strategic value and moving forward, there may be an orientation to categorize strategic decisions on these two constructs for “go” or “no-go” criteria. Or at minimum, a preference for decisions that are made for the “towards state” decisions (rather than exiting and minimizing damage or value destruction).

#### **4.5.5.3.4 Observations from Open-ended Interview Discussion: “They were using the same words but with entirely different mindsets.”**

The open-ended section of the interview revealed some new underlying facets of the organizational mindset as well as for the interviewee. From the organizational level, two strategic dimensions were of central importance from the outlook of this executive. The first and most deeply underlying factor was the difference in the two parent company perspectives regarding “philosophy and business philosophy”. This divergence came in areas related to making hard decisions, big bets, the degree of strategic focus and strategic horizons. For example, in the case of Parent Company T it “was able to take tough choices you know before they were absolutely necessary and who had a history of going very far, sometimes too far.” As the “wonder child of the industry” they had been able to achieve major turnarounds and “when they hit a goal they had it all right and were never half pregnant”. By contrast, from the interviewee perspective Parent Company R had a more balanced and “basically a tradesmen view on this. If you can make money, make money.” This more “emergent” style was more risk adverse and less strategically focused, but it also meant that you would not “make dents in the universe.” On the other hand Parent Company R’s less decisive mindset did not result in situations as it did in Parent Company T where according to the executive “if they screwed up, they screwed up big time “. In the mind of this interviewee, the Parent Company R’s approach was more sustainable in the long run yet limited or delayed the ability to make timely tough choices in the short run. While this dimension was referenced in the other interviews, it was made more explicit and detailed by this interviewee.

In speaking about some of the hard choices such as downsizing or portfolio choices, it was clear to the interviewee that when the two parent companies entered the merger, “they were using the same words but with entirely different mindsets.” This revelation was reinforced while talking with a CEO of one of his Parent R company suppliers. When referring to terms such as “transformation” or “revolution” the CEO commented that “When you talk about revolution it is just too massive, we do not have a word for it.



We would never do that.” According to the interviewee this miscommunication on a conceptual level not only impacted TRN at its birth but continued to do so until the 2013 buy-back of full ownership by Parent Company T. The degree of divergence was expressed in this interviewee’s highly descriptive imagery of the current state “If you are sitting there and you agree that this is a merger that actually you know is a perfect match because you want a revolution and we want a revolution. You mean entirely different things. Fine when I say revolution I’m actually going to shift places I mean I’m going to move some chairs around...and the other ones means I’m going to tear down the building, I’m actually going to tear down the building. We’re going to start afresh. I don’t think the owners have the same view”.

The second organizational mindset dimension that arose was regarding the ability to truly exploit the strategic choices it makes and respond with strategic flexibility. A primary example provided by the interviewee was the current focus on “priority or strategic markets”. While this classification was seen to be in line with the classic strategic principle of defining where you will and will not go, the lack of consistency in application had hurt the company. In the interviewee’s words “It’s one of those wobbly things right because we had strategic markets for quite a while and then all of the sudden they were different”. It may be that this dynamic was one of the underlying factors that influenced the ambiguity in market definitions discovered during the Exploratory Focus Group and the preliminary market development construct. In the interviewee view the pain and expense that each organizational restructure had brought was a high price to pay. Alternatively, one might interpret these changes as an organization being able to recognize its mistakes with the courage and flexibility to pull out rather than pursue losing causes (Shimizu and Hitt 2004). Nevertheless, the executive revealed additional consequences and implications from how this choice of strategic focus had been executed.

Firstly, he asserted that the diverted resources and attention reduced non-priority market’s ability to deliver on their commitments. In practice, this came in the form of reduced support in areas such as R&D and customer relationships. The lack of R&D meant that

there was “nothing new” to offer while on the sales side there was no show of executive presence indicating the importance of the customer relationships. In the words of the executive, “I’m empowered to do whatever I want. But don’t disturb. Don’t ask us for help. Stay away because you are not in strategic focus”. Given the long lead time of contracts (1-5 years) and the time needed to build customer relationships; the ability to choose the “correct” focus for investment decisions is crucial in the telecom infrastructure business. It was clear from the interview that this executive held but openly recognized his own personal interest and biases from the strategic focus at the time of the interview. What made the situation more deeply felt was his perspective “that we have decided to take away part of the focus and not necessarily put it somewhere else.” In his view, it was difficult but not impossible to accept the implication of being out of focus. Yet it was even more “maddening because I think that you are spending your time getting ready and you weren’t. You know don’t spend the time wandering around pondering what you should do now.” This frustration comes partially from the interviewee’s disappointment in the opportunity cost spent ineffectively. Yet it is perhaps also related to his own preference for making decisive strategic decisions as is revealed by his comment regarding the current situation; “don’t make exactly the same mistake as we always do, and don’t be half pregnant.” This perception of indecisiveness or lack of full commitment also relates directly to the firm’s capability to respond flexibly. This is illustrated by the interviewee’s description of how the company positions its resources for exploiting emerging opportunities: “Yes you need to change your way of thinking and saying I put money here and actually invest in being ready. I now I have not won the deal yet. But that’s not in our DNA. Our DNA is, win the deal and I’ll have a look at it. Don’t put a single dime because we don’t know if we have the deal yet.” This relatively risk-averse approach has its benefits in reducing explicit downside cost. However in the telecom infrastructure business, it limits the speed of execution, expansion, and up selling. These latter factors are all critical for retaining customers and pre-empting or switching out competitors. These comments also highlight the impact of at least two preliminary constructs. First, the risk-averse reaction of non-commitment of resources is linked to the financial health and resources for action construct. The strategic flexibility that is needed to exploit the majority of these opportunities is not achieved conceptually or in capability.

Secondly, the preliminary construct of uncertainty and complexity expressed by the inaugural CEO as “facing an uncertain world and industry” also appears to have impacted decisiveness and follow through commitment. When this is combined with the divergence of the two parent companies in regards to risk, it is not surprising to see limits on strategic flexibility in TRN.

Aspects of the organizational mindset have likely impacted this executive’s view as well. For example, when discussing “what is possible,” the interviewee referenced the “very bad experience around this Nortel thing.” This failed acquisition may have reinforced the construct that strategic options are very limited by financial resources. In the Nortel example, the impact may have been deep given “we went out and talked about it and then it didn’t happen”. On the one hand, having the market leader use its superior financial resources to take the deal away at the last minute is demoralizing while on the other hand it provides a very real and salient reference of when lack of money becomes highly limiting in strategic options.

Related to this thread of thought was a reflection by the interviewee that he found very engaging and new. Namely, the impact and trade-off of external forces on ones’ ability to make “principled decisions”. In considering whether some decisions were about Value destruction or True Strategic value, new thoughts about the real motivation of decisions arose. He began to question the decisiveness of some strategic decisions in terms of whether they were about protecting oneself or “moving forward to a place where you want to be?” In the words of the executive, “Are you in going to Nirvana or just getting out of hell?”

Amongst the factors that came to play for the interviewee was whether you are taking “principled action”, “choice amongst options” or “forced decisions”. Underlying this train of thought was the question of ethics and the ability to “stand tall” and “when to take principled action”? In the view of the executive all three of the above factors can be at play at the same time. His conclusion after some contemplation was that “I think you can make principled decisions without having your back to the wall”. In reconsidering

some of his strategic decisions, he noted the potential dilemma and pressures that the decision maker can face. He also hinted at the potential impact of maturity on decision makers by stating that increasingly “you get to a stage where your decisions become founded on your fundamental principles.”

From the executive’s point of view, making principled decisions did not exclude the need for in-depth analysis. He did share examples of strategic decisions where he took “three months analyzing and figuring out how to do it, building the strategy saying this is how we would do it. This is how we would execute this.” As was expressed in other interviewee results, factors at play are not either-or propositions. Rather as this interview demonstrates, there are multiple internal and external influences coming to bear on TRN’s strategic thinking.

#### **4.5.5.5 Conclusions**

As noted above the interviewee demonstrates the capability to think broadly and deeply about strategic issues. His 15 years of frontline and execution experience give him a very pragmatic perspective. Yet it also reveals his association of strategic decisions with their impact on the cost of building and maintaining customer relationships. Ethics and principles are also a major factor driving this executive’s strategic frames. This strong “right or wrong” orientation is reflected directly in some of his elicited constructs as well as in the comments expressed during the open-ended portion of the interview. Evidence from the grid supports the idea that the interviewee perceives strategic decision making as more serious and “tough business” oriented when his principles are involved.

### **4.6 Conclusion and Next Steps**

The process of analyzing relationships within each of the individual grids revealed and confirmed the extant of several constructs and themes induced in Project One. Additionally new constructs and factors were uncovered through the repertory grid interview analysis related to how the individual executives think strategically and the factors influencing their potential to do so. However to gain further insight into the

overall combined strategic flexibility potential of the individuals and the factors at play in the case company organization a cross-grid analysis was necessary. This was achieved in Project Three by aggregating both the constructs and elements for the purpose of content analysis. To ensure temporal relevance and add source and method validity for both the research's recommendations and interventions additional data collection was conducted. The results provided a basis for the creation of an empirically induced framework for diagnosing and implementing an extensive change initiative in TRN.

# **CHAPTER FIVE**

## **Project Three**

### **Assessing The Need**

#### **For**

### **Strategic Flexibility**

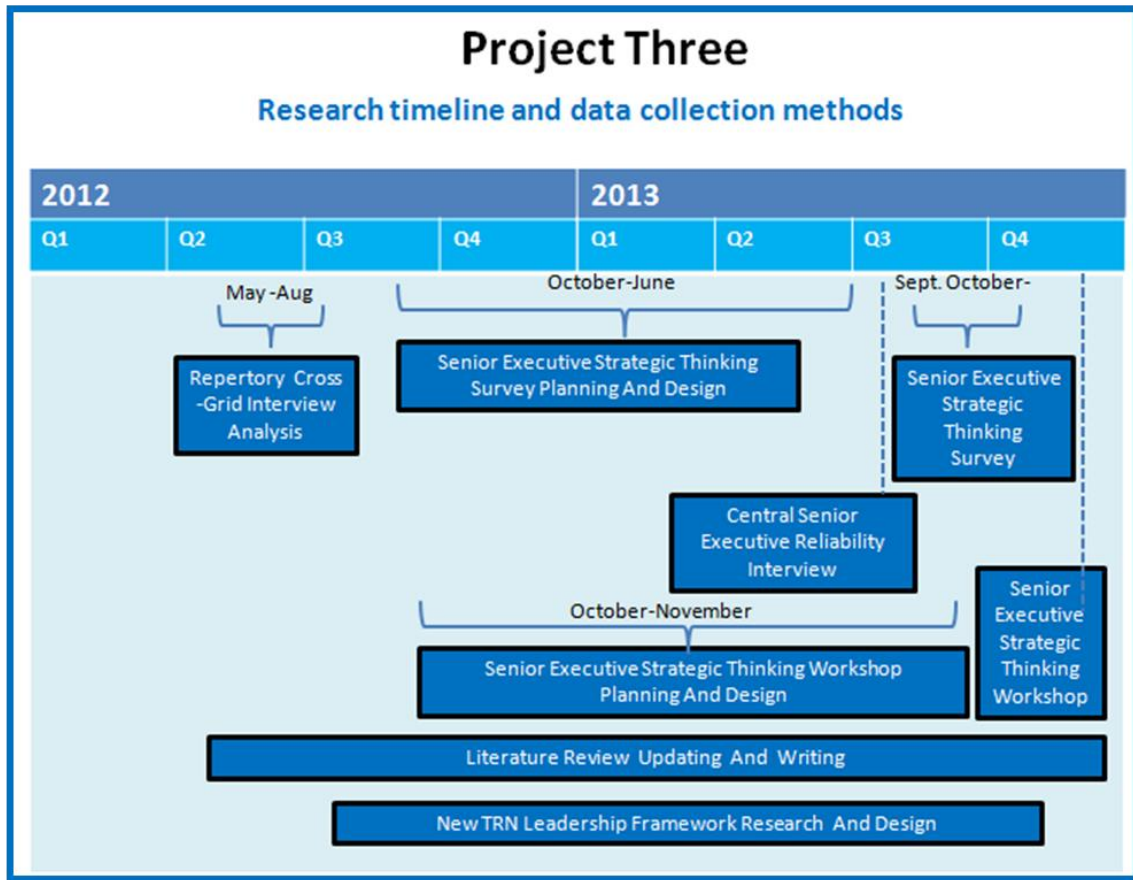
## **5.0 Introduction**

Project Two revealed rich and deep data regarding the strategic constructs of five key senior executives within the Case Company. To gain a more comprehensive and aggregated understanding of the case company's potential for strategic flexibility, a cross-interview analysis was needed. As noted by Reger and Palmer (1996) "Qualitative analysis of the content of dimensions generated from repertory grid interviews is especially well-suited for comparing mental models across individuals." Further, the intention of this type of analysis is to develop categories and themes into a framework or model. This objective was met in the iSCOPE Framework outlined at the end of the chapter. In addition, as the company continued to evolve over the duration of this research, checking the alignment of the elicited constructs with the current company strategic frames and context was essential. Therefore further data collection was conducted that provided temporal, thematic and conceptual validity. This was particularly relevant for the contribution to practice objectives of this research and for supporting the findings induced by the researcher.

### **5.1 Specific Purpose For Project Three**

Project Three was designed to reveal further meaning through analysis of the combined repertory grids. This was done through the process of content analysis. To provide additional respondent validity, the content analysis was shared with the five executive interviewees from Project Two and the Central Senior Executive from Project Three. In addition, to provide more current data a survey and workshop with senior executives was conducted and company archives from the Project Three research time period were reviewed. This survey and workshop provided increased reliability regarding the research conclusions and temporal relevance of the findings (Maxwell 1992). The results of the three combined projects have been used to guide recommendations aimed at TRN's individual Strategic Leaders and TRN as a whole. This has involved the redesign of TRN's Leadership Framework supporting mechanisms and using this research as input to

the Cultural Renewal Project Initiative, taking into consideration both the current and future TRN need for cognitive strategic flexibility. The outline of Project Three can be seen in Figure 24.



**Figure 24: Project Three Research Timeline And Data Collection Methods**



## **5.2 Data Sources And Recording Methods**

As mentioned in Project One, according to Eisenhardt (1989a) and Creswell (2009) case studies usually combine data collection methods. Consistent with this principle the following sources and methods have been used in Project Three:

- Cross- Repertory Grid Analysis
- Central Senior Executive Reliability Interview
- Senior Executive Strategic Thinking Survey
- Senior Executive Strategic Thinking Workshop

The objective of these combined methods was fivefold:

- 1) Gain further insight into the factors impacting the strategic context of TRN.
- 2) Obtain a deeper understanding of the strategic constructs extant in the senior leaders of TRN and their implications.
- 3) Provide additional reliability of the temporal relevance of the research findings.
- 4) Ensure that a high level of methods triangulation and validity was achieved.
- 5) Gain empirical evidence and insights to support the specific design of the TRN intervention.

### **5.2.1 Cross- Repertory Grid Analysis**

For the purpose of gaining additional insight into the overall themes and patterns of the strategic constructs of the senior executives interviewed by repertory grid methodology, content analysis was conducted. According to Jankowicz (2004), “Content analysis is a technique in which the constructs of all the interviewees are pooled, and categorized according to the meaning they express”. To achieve this categorization the inductive methodology of “bootstrapping” was used in which themes were developed on the fly (Neuendorf, 2002). Consistent with the general inductive approach for analysis, building theories from the case method and grounded theory the researcher was influenced by the

relevant literature and the embedded nature of the case researcher within the case company (Eisenhardt 1989a, Yin 1994, Thomas 2006). The unit of analysis used for the bootstrapping was individual constructs and individual elements.

### **5.2.2 Central Senior Executive Reliability Interview**

As the title for the interview suggests, a 2-hour deep dive was arranged for the purpose of gaining additional triangulation regarding both the reliability of the research results from Project One and Two as well as their temporal relevance. This confirmability check not only reinforced the validity of the findings, it also provided additional insights into the strategic and cultural factors of TRN. To effectively achieve these goals a senior executive was selected that met the criteria of having 1) breadth of experience from front lines to central functions 2) pre-merger to current state tenure and 3) key roles in the main strategic decisions of the company. The executive chosen met all these criteria due to his sequential roles as a Region Head, Head of Motorola Acquisition, and Head of the Restructuring Project. These positions exposed him to the entire Executive Board membership, the Chairman of the Board and Board of Directors (BOD) dynamics. It also gave him direct involvement with the strategic thinking and decision-making of the company. The interview was conducted at a casual location (coffee shop) close to the global headquarters of TRN.

### **5.2.3 Strategic Thinking Survey**

A survey of 20 senior strategic leaders who had not previously been involved in the data collection was undertaken via email prior to the Strategic Thinking Workshop. As advocated by Patton (1990) the 20 senior leaders were purposely selected based on their organizational positions and their geographic diversity. An effort was made to select leaders who have significant strategic responsibility and represent a cross-section of the business functions of the company. The purpose of this survey was 1) to gain an additional and wider set of data as input to the reliability of the research findings 2) gain further insights on TRN strategic thinking beyond the earlier project data collection

methods 3) use the data from the survey as content for the Strategic Thinking Workshop 4) provide additional reliability of the temporal relevance of the research findings and proposed intervention.

By intention, none of the participants in the face to face workshop were included in the survey. This was done in consideration of the time constraints of the attendees. This same consideration was taken in designing the Strategic Thinking Survey. To ensure a higher completion rate, the survey was kept to five open questions related to 1) TRN's strategic thinking and decision making 2) perceived best practice in strategic thinking 3) the survey participant's own considerations in strategic thinking and decisions 4) enablers and inhibitors of their strategic thinking. The full survey can be seen in Appendix 2.

#### **5.2.4 Senior Executive Strategic Thinking Workshop**

A total of 12 new senior executives who had not previously been involved in the data collection were purposefully selected based on achieving as much diversity and cross-functional representation as possible in a small group. Eight executives attended the session. The attendees were all invited by email with the topic, duration (1.5 hours) and explanation that the session was strictly for research purposes. Confidentiality and anonymity were also promised. In the final Outlook calendar invite an adapted version of the questions from the Senior Executive Strategic Thinking Survey were included for reflection purposes. The workshop was positioned as a "discussion group" to create the anticipation of a more informal event. The initial number of 12 invitations for the workshop had anticipated the possibility of some cancellations in attendance with the goal of achieving 7-10 participants with the end result of 8 attendees.

The objectives of the workshop included 1) ensuring an additional level of method and source triangulation 2) gaining a very direct validity check from on the accuracy of the Strategic Thinking Survey and data collections results from Project One and Two 3) obtaining further validation of the temporal relevance of the research findings and

potential intervention 4) gathering further understanding of the strategic constructs extant in the senior leaders of TRN and their implications.

#### **5.2.4.1 Workshop setting**

The workshop was held at the corporate headquarters in Espoo, Finland. The room chosen was located away from the main internal business offices in an area categorized as “for external use”. This reference meant that it was not in an area used for daily activities and was therefore removed both physically and psychologically from potential interruption or observation.

#### **5.2.4.2 Workshop Design**

The design of the workshop took into consideration the original objectives and purpose of the data collection and the results of the Senior Executive Strategic Thinking Survey. Given the time available, the five phases of the discussion primarily mirrored the survey topics. However some new areas were added that further informed the research objectives, but that could not be as easily covered via a survey. These new areas were created by the researcher based on induced insights from the earlier data collection and anticipation of what dynamics and content face to face dialogue could potentially create. The five phases were as follows:

- 1) Orientation:** purpose, confidentiality, and introductions.
- 2) TRN’s Strategic Thinking following three phases:** i) 1-2 word descriptors individually written and then shared ii) Influencing factors individually written and then discussion, iii) sharing of Senior Executive Strategic Thinking Survey results for impression and discussion.
- 3) Factors influencing TRN’s Senior Leader’s Strategic Decisions:** individually written and then shared for discussion.

- 4) **The prominence of strategic thinking:** 3 scales done individually, then charted on a wall scale, followed by discussion.
- 5) **Strategic Flexibility:** Introduction of the concept, discussion of current and future status.

### 5.3 Data Analysis

One of this research's primary goals was to achieve an understanding of meaning from the participants' mindset. The study was designed to explore how the Case Company executives make sense of events and what factors influence their sense-making in regards to strategic thinking. The interpretive approach taken in this qualitative study was consistent with achieving this goal (Rainbow and Sullivan 1979). To assist in this process the three main tasks of qualitative data analysis of data reduction, data display, and conclusion drawing were utilized (Miles and Huberman 1994)

Three qualitative analysis strategies were employed and combined in the first two projects of this study. These three strategies were continued during the final project to ensure rigor and increase validity. The first strategy was categorizing. For example, this thematic analysis was carried out in reviewing and creating categories for both the interview elements and constructs during the cross-grid analysis. This process followed the preferred methodology recommended by Jankowisz (2004) and reproduced in Appendix 3. Although frequency counts were eventually established and recorded, the main purpose of this strategy was to "fracture" the data to enable comparison (Strauss 1987). The categories were developed primarily by general inductive methods or grounded theory (Thomas 2006, Glaser and Strauss 1967). From the constructs, 12 "substantive categories" were induced with the researcher attempting to stay close to the interviewee's concepts and beliefs without relying on more abstract theories (Maxwell 2005, Thomas 2006). It was not until the second phase of categorization that a more

theoretical and abstract framework was induced. It was from this process that the inductively developed iSCOPE framework emerged.

By comparison, existing theory did influence several of the 12 element categories. However, the researcher did attempt to stay close to the terminology of the interviewee's elicited strategic decisions (elements). Despite this, in the creation of the 12 categories and subsequent five themes, there was significant influence from strategic management concepts and theory that will be further described in the operationalization of the framework. Upon reflection, this could be due to the "objective" nature of the elements themselves and/or the researchers' embedded knowledge of the majority of the elements through employment in TRN. However, the primary objective of the elements content analysis differs to that of the constructs.

The "memos and displays" qualitative analysis strategy was also used but primarily for analysis of the cross-grid data (Maxwell 2005). Tables 1 and 2 were very helpful for the researcher's reflection on relationships amongst and within the categories. This eased the ability to descend and ascend the data to draw insights. As noted by Miles and Huberman (1994), the use of displays can help reduce the overall data in ways that allow seeing the bigger picture. The use of displays for seeing the bigger themes and trends was also leveraged by the creation of the Word Cloud representation of Figure 25. This analytical methodology made major influences and factors of strategic thinking easily visible. The result was highly valuable for the researcher's understanding of the participant's constructs and for sharing those constructs with peers during the Senior Executive Strategic Thinking Workshop.

Connecting strategies were also used. In this case, it was by ascending up from individual data sources (the cross-grid analysis, survey results, workshop results and interviews) to look for relationships and how they contribute to the larger themes of the case study and research questions. This methodology helped to confirm some of the main enabling and inhibiting influences on cognitive strategic flexibility in TRN's context. It also supported the development of a more holistic solution and for the realization that the development

of a more holistic approach would be needed to enhance TRN potential strategic flexibility.

## **5.4 Validity and Rigor**

Strauss (1987) argues that the researcher's own experience and insight should not be seen as a bias to be filtered out or eliminated. Rather it should be seen as valuable "experiential data" that contributes a major source of hypothesis and validity checks. In this research, it was also a source for improving the design of the study through who was interviewed, the questions that were asked and the general quality of the data collected. As outlined earlier by Eisenhardt (1989a) and Yin (1994) in their guidance for case studies, the researcher gains relevance by not being too tight on design and methods of data collection and can therefore effectively adapt based on knowledge gained during the research. Thomas (2006) reinforces the importance of this when he emphasizes that the "The primary purpose of the inductive approach is to allow research findings to emerge from the frequent, dominant, or significant themes inherent in raw data, without the restraints imposed by structured methodologies". Reason (1988) warns that the influence of reflexivity and experiential data does not mean the researcher can impose views and values but that the use of "critical subjectivity" is recommended. Reason (1988) describes this as a "quality of awareness in which we do not suppress our primary experience; nor do we allow ourselves to be swept away and overwhelmed by it; rather we raise it to consciousness and use it as part of the inquiry process". As noted above, in Chapter Three of this research the process of recording memos and a field diary were two of the recommended methods used for achieving both insights and critical subjectivity (Long and Johnson 2000). Additionally, as recommended by Coffey and Atkinson (1996) data collection and analysis was done simultaneously. This helped to better formulate the Senior Executive Strategic Thinking Survey and subsequently the Senior Executive Strategic Thinking Workshop. In the process, relevance and also comparison validity was enhanced (Miles and Huberman 1994).

As was outlined in Project One in the section of “role of the researcher”, there has been a long and in-depth involvement of the researcher with the phenomenon being studied. According to Becker and Geer (1957), this provides the opportunity for more variety of data and more direct data. It also reduces inference and the possibility of inaccurate associations or premature theories (Becker and Geer 1957). Finally, by allowing for rich data collection, it uncovers a more complete picture and one that is less likely to be for public consumption.

To counterbalance the benefits of the “awareness of primary experience” and any potential biases and limits of one method Denzin’s (1970) strategy of method triangulation was used extensively. Yin (1994) outlines six sources of data collection for case studies. In this Project the following five of the six sources were utilized: i) documentation ii) archival records iii) interviews iv) direct observation and v) participant observation. The 6<sup>th</sup> source of ‘physical artifacts’ was not used due to its limited relevance to the research topic. Project Three continued the rigor of Projects One and Two, following recommended practices to maintain the consistency and reliability of data collection. Example methods included those deemed most appropriate for achieving rigor and validity in qualitative research such as purposeful sampling, triangulation and respondent validation (Golafshani 2013, Barbour 2001). By using these multiple methods and sources, validity and generality of the findings were enhanced.

## **5.5 Results and Interpretation: Cross Repertory Grid Content Analysis Method And Results**

The Cross Repertory Grid Content analysis followed two overall procedurally linked methodologies. The first method was a categorization procedure undertaken following the seven-step process recommended by Jankowisz (2004) and outlined in Appendix 3. The second overall method was a refinement, consistency and reliability method consisting of five following steps recommended by Jankowisz (2004). First, all the constructs and elements were listed according to the interviewee number and sequence of



elicitation in the individual repertory grid interviews. For example listing of 1.4 refers to interviewee one and construct four. Secondly, the overall percentage of each category in relation to the total population was calculated. Thirdly, an eyeball analysis was then conducted based on the overall titles for both the strategic construct and strategic decisions (elements) categories. The purpose was to see what patterns or themes could be induced. Fourthly, based on the categories and the individual constructs/elements further sorting into themes was carried out following recommended practice (Thomas 2006). Finally, within each theme all units of analysis were further reviewed in context to the fit for the theme as a reliability check for consistency of application and for the overall meanings that could be construed.

#### **5.5.1.1 Cross Repertory Grid Strategic Construct Categories And Themes**

The cross-grid content analysis resulted in the grouping of 12 categories of strategic constructs. Table 1 provides a detailed representation of the induced categories. As noted above, it also indicates the corresponding interviewee number and sequence for each elicited construct. Finally, the percentage relationship that each category holds with the total construct population is calculated. From an eyeball analysis, it can be seen that no one category dominates the population from a size perspective. There is a mixed distribution in the interviewee sources across the categories. The only exception appears to be in the “Portfolio Choices” category where interviewee number three contributes 75% of one of the largest categories. This same interviewee is the sole contributor to the smaller “Company size” category. This phenomenon has been recognized in the individual grid analysis discussion in relation to the interviewee’s perspectives in the sales and CEO office positions. This first analysis suggests that the cross grid constructs represent a breadth and diversity of construct categories.

Content Analysis Repertory Grid Interview Constructs							
Category		Definitions			Construct		Sum
<b>Degree of free will</b>		Under Pressure -Relaxed			1.4.		6
		Constrained-Free Choice			1.5.		15%
		Freedom (of choice) -Limits-constraints			2.3.		
		Free Choice -Constrained (Limited Choice)			4.7.		
		Principled decisions -Choice amongst options			5.5.		
		Decision of free will -Forced Decision			5.6.		
<b>Portfolio Choices</b>		Expanding offering -Narrowing offering			3.2.		4
		Portfolio and Market enhancing -Portfolio focus			3.3.		10%
		Excellence and Depth in product -Breadth in offering			3.7.		
		Portfolio focus - Portfolio expansion			4.2.		
<b>Emotional dimension of decision</b>		Energizing-Exciting -Demoralizing			2.4.		4
		Visionary -Mechanical follow through			2.7.		10%
		Tough (we mean business) -Amicable			5.8.		
		Personally engaging -Outside control with huge impact			5.9.		
<b>External vs Internal orientation</b>		Internal Focus -Customer Mind Share			4.3.		4
		Competitive Pressure -Capabilities based			4.5.		10%
		Interactive/external control - Internal control			5.2.		
		Partnering -On own			5.7.		
<b>Political</b>		Ivory Tower - Field lead			1.6.		3
		Political -Transparent			2.5.		8%
		High level of debate/Compromise - Straight forward			4.4.		
<b>What type of company vs how we position ourselves</b>		Company structure -Industry Business Model Choice			1.2.		3
		What type of Company we are -Market Share			4.1.		8%
		How we position ourselves -Structure & Focus			5.1.		
<b>Cost driven vs strategic</b>		How we drive the company from a financial perspective - Strategic imp			1.1.		3
		Cost Efficiency -Business Dimension (Product vs. customer driven)			1.3.		8%
		Cost focused - Strategic			3.6.		
<b>Value Assessment</b>		Adding value -Destroying value			2.6.		2
		True Strategic Value -Value destruction			5.4.		5%
<b>Timeliness</b>		Timely -Untimely			1.7.		2
		Timely -Untimely			4.8.		5%
<b>Company size</b>		Scale - Focus			3.1.		2
		Selective Growth - General growth			3.5.		5%
<b>Moving forward vs exiting</b>		Creating a New Way - Winding down-exiting			2.1.		2
		Strategic position & Execution (moving forward) Exit execution (getting			5.3.		5%
<b>Degree of process rigour</b>		Structured (approach) -No clear framework (seat of your pants)			2.2.		2
		Structured Decision -Decision by slide ware (salesmanship)			4.6.		5%
<b>Miscellaneous</b>		Global (operating) - Local -limited impact			2.8.		2
		Technology driven - Market driven			3.4.		5%
							39

**Table 1: Content Analysis Of Combined Repertory Grid Interview Constructs**

When further considering the construct categories by a process of repeatedly descending into individual constructs and then ascending to the category level, the researcher was able to induce a further overall thematic framework. This methodology of general inductive approach for analyzing data as is explained by Thomas (2006) “The intended outcome of the process is to create a small number of summary categories (e.g. between three and eight) that in the evaluator’s view capture the key aspects of the themes identified in the raw data and are assessed to be the most important themes given the

evaluation objectives. Inductive coding that finishes up with many major themes (e.g. more than eight) can be viewed as incomplete". The thematic framework and the associated categories are as follows:

**Intent:** Portfolio Choices. Cost Driven vs. Strategic. Company Size. Moving Forward vs. Exiting.

**Strategic Foresight:** Timeliness.

**Constraints:** Degree of Free Will.

**Orientation:** What type of company vs. how we position ourselves. External vs. Internal Orientation.

**Process:** Degree of process rigor. Political.

**Emotion:** Value Assessment. Emotional dimension of decision.

## The iSCOPE Framework

From the content analysis of the above strategic constructs elicited from the interviewees a framework of the primary dynamics influencing the strategic thinking and decision making of the TRN Strategic Leaders was derived. The iSCOPE framework as formulated above contains the six following dimensions: **Intent**, **Strategic Foresight**, **Constraints**, **Orientation**, **Process**, and **Emotion**. Further discussion of each dimension of the framework will be conducted below. The application of this framework as an integrative diagnostic tool will be outlined in Chapter Six.

### 5.5.1.2 Strategic Construct Themes

**The Intent construct theme** refers to constructs related to goal orientation. In other words, constructs with specifically intended business outcomes or results. These include product portfolio, cost efficiency, the scope of activity (company size) and other forms of strategic maneuvering. This theme contains the widest range of strategic constructs. It also contains the highest percentage of constructs at 28%. On the one hand, this could be expected as the traditional view of strategic thinking centers on maneuvering options e.g. “where you will play and how you will play” (Favaro 2013). On the other hand, it is significant that the vast majority of strategic constructs (72%) lay outside of this theme and supports the necessity to look far beyond just the “what” of strategic thinking.

When looking closer at the individual constructs within this theme, several insights emerge that are consistent with the preliminary constructs outlined in Project One. First are the references to and the presence of scale and cost efficiency as a basis for competition. Even more prevalent and perhaps driving this strategic construct theme is the growth and profitability dimension. This can be seen in the related terms of “expanding, breadth, enhancing” and others. There are also terms representing the other pole of the constructs such as “narrowing, focusing, selective” with an association or implication to the overall quality of the offering. This consistency with the preliminary constructs of Project One provides further credibility to the presence of the constructs. However, it also indicates that the focus of TRN’s executives was quite narrow and primarily related to meeting cost and “red ocean” growth targets (Kim and Mauborgne 2005).

**The Strategic Foresight construct theme** is an inferred category that has a close relation to the subjective value dimension in the emotional construct theme. This theme consists of one small (5%) construct category with two identical constructs. While this theme has a small overall representation in the construct population, it is disproportionately important given its highly frequent reference in the unstructured interviews and in subsequent data collection in Project Three, e.g. the Central Senior Executive Reliability interview. In addition, strategic foresight and insight are two key concepts that support the capability for cognitive strategic flexibility (Doz and Kosonen 2008).

**The Constraints construct theme** refers to the interviewee’s perceptions regarding whether or not there existed restrictive factors on the strategic decisions made. This theme is made up of the biggest single construct category (15%) and has contributions from four of the five interviewee’s constructs. Conceptually this is a very tight categorization with four of the five constructs directly referencing free choice or free will. Perhaps the most interesting finding revealed in this construct theme is the psychological dimension. Clearly there is evidence of how external sense making is filtered and

interpreted as applying pressure, force or limitations on strategic decision making (Kiesler and Sproull 1982). In addition, there is consideration of an internal cognitive framework of ethics or principles that are used as an additional filter in considering strategic options (Staw 1981).

**The Orientation construct theme** refers to the degree of emphasis individuals (and organizations) put on focusing attention and resources internally versus externally as the basis for competitive actions. This category is relatively tight and represents 18% of the overall construct population. In addition to internal factors, it includes a range of external dynamics including competitors, customers/market share, industry business models, and partners. Underlying this inside-outside balance is a perception of the degree of control the company might have over its actions. This orientation relates well to discussions in the literature regarding the Resource-Based View of the Firm where there is more emphasis on developing internal capabilities compared with positioning theory which looks more externally towards finding attractive market positions to defend (Rumelt and Schendel et al. 1995, Porter 1980). In relation to what has already been induced about the Case Company's context, at least two issues are relevant here. Firstly, this construct theme illustrates the struggle the Case Company has had defining itself competitively in relation to its own capabilities and the changing external dynamics. Secondly, and partially related to the above, is the recurring dilemma of focusing on internal coordination and efficiency issues to increase competitiveness or to focus more on external sources of profitability. As noted previously, without an ambidextrous orientation TRN's sustainability is questionable.

**The Process construct theme** refers to the "how" of strategic decision making. The combined construct categories represent 13% of the total construct population and capture a relatively wide range of concepts. In reference to rigor and structure in the decision process, there exist two opposing ideas revolving around the lack of structure and influence through salesmanship instead of substance. On the political dimension, we see reference to the locus of decision impetus and the amount of openness of decisions.

Finally, there is the inclusion of the relative level of agreement or controversy of decision implied from how much they are debated.

**The Emotion construct theme** refers to constructs that involve feelings in relation to strategic decisions. The combined construct categories within this theme represent 15% of the construct population and include several dimensions. One dimension is the impact that a strategic decision context can have on the individual. This is primarily within a range from very high to very low. Additionally, the emotion derived from the strategic decision context can drive the individual's attitude range e.g. amicable, mechanical follow through and so on. Finally, there is the emotional or subjective value attributed to the strategic decisions e.g. truly strategic, Visionary or value destroying.

### **Miscellaneous**

Two constructs were outside of the induced construct themes and remained under the miscellaneous category. The first involves the scope of impact (Global/Local) of a decision. This construct does have a loose connection to the intent category but is not strong enough to include decisively in any one of the induced construct themes or construct categories. The second construct has a relation to the orientation construct theme. It contains "market driven" which clearly connotes an external orientation. At the other end of the pole, it is defined as "technology driven" which could be interpreted as an internal product-based focus or an external, technology standards, or technology market-evolution orientation. Given the relation to two potential categories, it was placed here following the recommended process steps (Jankowisz 2004). Further discussion of this framework and its application will be covered in Chapter Six.

### **5.5.1.3 Repertory Grid Strategic Decision Element Categories And Themes**

The use of the 7 step categorization process used for constructs was also utilized for the cross-grid content analysis to enhance reliability and validity. This resulted in 12 element categories being induced by the researcher. Table 2 provides a detailed representation of the derived categories and indicates the corresponding interviewee number and sequence

for each elicited element. The percentage relationship that each category holds with the total element population is also calculated. From an eyeball analysis, it can be seen that there is one very large category (20%) related to industry consolidation. There also appears to be a balanced distribution and mix of the interviewee sources across the element categories. The only exception is in the “Vertical Integration” category where interviewee number four provided all of the strategic decision elements. As noted in Project Two this is likely due to the interviewee’s strong role in the Managed Services business area which is a form of forward vertical integration.

Content Analysis Repertory Grid Interview Elements					
Category	Definitions	Construct			Sum
<b>Consolidation Growth Methods</b>	TRN Merger - Partner Decision	1.2.			9
	US Market Entry (Partner Deci	1.4.			20 %
	Industry Consolidation Exercis	2.5.			
	TRN Merger	3.2.			
	Mortel Acquisition	3.3.			
	Motorola Acquisition	3.10.			
	Motorola Acquisition	4.3.			
	Partner Decision for TRN Merg	5.4.			
	US Market Acquisition Choice	5.8.			
<b>Customer Engagement Approaches</b>	Strategy frame TCO -Emerging	2.2.			6
	New Marketing Approach TRa	2.3.			13 %
	New Approach to Customers (E	2.8.			
	Customer first 2001	3.6.			
	Solutions Transformation	3.7.			
	DT Turnaround	5.2.			
<b>Vertical Integration</b>	M.S. Growth Strategy 2007	4.4.			5
	TRN M.S. Scope 2006-2007	4.5.			11 %
	Hosting go-ahead 2005	4.7.			
	3-UK Outsourcing deal 2005	4.8.			
	Go Ahead for MS 2003	4.9.			
<b>Structure and Governance</b>	TRN Merger Design Decision	1.3.			5
	P&L Governance	1.9.			11 %
	Design Decision TRN Merger	4.6.			
	Splitting West South Europe	5.3.			
	Design Decision TRN Merger	5.5.			
<b>Scope of Growth</b>	Smart Growth	1.1.			4
	Fast Growth 2009 (end)	1.7.			9 %
	Smart Growth	3.4.			
	Smart Growth	5.6.			
<b>Low cost locations</b>	R&D Cost Leadership	1.6.			3
	Low-cost Country Migration	2.9.			7 %
	Low-cost Country Migration	3.9.			
<b>Technology Decisions</b>	Future Approach on GSM R	2.6.			3
	Emerging Market Radio	3.1.			7 %
	Wireless Access Transformatio	5.1.			
<b>Focus choices</b>	2011 Restructuring	1.5.			3
	Focus on MBB	3.8.			7 %
	Focus on MBB	4.1.			
<b>Growth vs Merger Intergration</b>	Growth vs. integration (smart c	2.4.			2
	Acceleration NSN Merger	3.5.			4 %
<b>Services Growth</b>	Services Strategy	1.8.			2
	Services Focus 2011	4.2.			4 %
<b>Exit</b>	Corporate VC fund winding do	2.1.			2
	Divesting Nordnett	5.7.			4 %
<b>Miscellaneous</b>	Start-ups at TRN	2.7.			1
					2 %
					45

Table 2: Content Analysis Of Combined Repertory Grid Interview Elements

The analysis of the elements (strategic decisions) that were chosen is important as they provide the overall context and range of strategic decisions upon which the constructs were drawn. Nevertheless, this analysis must take into consideration some limitations on the conclusions that can be drawn from the elements. The limitations are due to the fact that some of the elements were supplied (26% of the total used in the grids) and some elements were further refined based on the original element that was provided to the interviewee. For example, “TRN Merger” was broken down into a sub category of “TRN Merger-Partner Choice”. However, an effort was made by the researcher to provide in the supplied elements category, only those elements that would be recognized easily (high profile) and be relatively top of mind for the interviewees. In other words, the supplied elements that could potentially be chosen by the interviewees were significant and highly publicized (known to all employees). Thus, these would have had a high probability of consideration by the interviewees even if not supplied. In this way, the level of influence of the supplied elements was minimal as there was a high probability that these would have been raised freely by the interviewees themselves. On the other hand, the elements elicited through an open element creation method allowed for the interviewees to reveal both their unique individual backgrounds and their perspective on what is or is not a strategic decision.

The same process that was utilized for construct content analysis was employed for the elements. By repeatedly descending into the individual elements and ascending to the element categories the researcher was able to induce an additional set of themes. These element themes and their associated categories are as follows:

**Profitability:** Scope of Growth, Low Cost Locations, Focus Choices, Exit.

**Product Expansion:** Vertical Integration, Services Growth, Technology Decisions, Miscellaneous.

**Consolidation Actions:** Consolidation Growth Methods.

**Organizational Coordination:** Structure and Governance, Growth vs. Merger Integration.

**Customer Management:** Customer Engagement Approaches.



Overall when comparing the elements elicited with the TRN company archives and communications, no significant elements appear to have been overlooked or avoided. However given the narrow and short-term focus of TRN, it is not surprising that more elements regarding new ventures, unrelated diversification or big bet themes were not present.

#### **5.5.1.4 Repertory Grid Element Themes**

**The Profitability Element theme** contains four element categories and 27% of the overall element population. This large representation is consistent with contextual factors found in Project One, which described the profitability factor both from the perspective of financial health and from the competitive pressure to achieve a lower overall cost structure. Although the original business case for the merger estimated much higher levels of revenue there seems to have been an early shift to the recognition that profit and not overall revenue was the ultimate goal. This can be inferred from the names of some of the strategic decision elements under this theme such as “Smart Growth” and “Focus on MBB.” Both of these strategic decision examples were aimed at selectively choosing more profitable segments in which to compete. As indicated above, a supporting factor to the drive for profitability is the need to achieve cost efficiency through selective or focused investment. This is seen in elements such as low-cost country migration and exiting or divesting areas that do not show short term profitability. The elements in this theme also provide confirming evidence for the existence of aspects of at least two of the preliminary constructs of Project One; “Sources of competitive advantage” (cost efficiency) and “Growth and Profitability” (scale as a means to overcome cost structure pressure on per unit average cost). The Focus on MBB decision captures both sides of this objective. First, by restructuring 17,000 people and divesting low or unprofitable portions of the portfolio, it reduces variable costs and the overall fixed cost structure. Second, it attempts to achieve scale in a focused area rather than be subscale across the wider end to end spectrum of the infrastructure business.

**The Product Expansion element theme** includes three element categories and 24% of the overall element population. Given the initial merger business case revenue forecast, the declining, flat or low industry growth numbers; it is not surprising that there is a significant proportion of the decisions relating to means of growth through expansion of the product portfolio. The clearest link to Project One's preliminary constructs is the emphasis on growth and profitability with one element category consisting entirely of the forward integration option provided by managed services. As indicated earlier, and supported by results of the Senior Executive Strategic Thinking Workshop, the expansion of products has been an on and off phenomenon in the company due to the company's challenge to find profitable growth.

**The Consolidation Actions element theme** is made up of the single largest element category which represents 20% of the overall element population. As was highlighted in the preliminary "Growth and Profitability" construct in Project One, and is evidenced by the size of this category, merger and acquisition are central strategic paradigms for both the industry and the case company executives. The element titles in this category indicate at least two relevant aspects to the merger and acquisition motivation. The first is the already stated benefit that consolidation brings regarding reduced competition and increased scale. Secondly, the consolidation partner choices bring with them access to desirable markets or technologies and in some cases a combination of both.

**The Organizational Coordination theme** consists of two element categories and 15% of the overall element population. As has been indicated above in the contextual factors of Project One, the original merger design and execution created a tremendous inward focus. However, the duration of this distraction continued long after the stabilization of operations due to unanticipated factors coming from the global financial crisis and low-cost competitors. For this reason, the original design decision came under additional pressure. These pressures can be evidenced in the strategic decision element titles by references to "acceleration" and "integration". In both these cases, we see a trade-off in the focus of the company due to the coordination costs involved. One coordination dimension that is not captured by these elements is the cost of the multiple

reorganizations (meaning organizational structure and not just headcount reduction). While this topic emerged during the open interviews of Project Two, no element examples were provided with the exception of “2011 Restructuring” which has a broader connotation to the more comprehensive focused strategy decision.

**The Customer Management theme** consists of one element category and 13% of the overall element population. The topic of customer focus or centrality has been a central theme throughout the history of the Case Company. Yet three of the six element examples that were elicited pre-date the existence of the company and were related to the parent companies. However, one of these is the “TCO” or total cost of ownership concept that continues to be highly relevant to the Case Company and throughout the industry. There are two underlying principles behind these elements that are not revealed by the titles themselves. The first is the perceived need to protect profitability and market share through deep relationships with customers. The second is the “solutions” mindset. This refers to the transformation from “selling boxes” to customized solutions that focus more on the customer’s benefits than the supplier’s product features. This latter emphasis has been reinforced in the company strategy statements, namely the intention of creating win/win solutions through an outside-in approach. The final strategic principle not fully captured in the element titles is the emphasis on leveraging the installed base as a means of competitive advantage over new entrants. These latter factors provide additional evidence of the lack of innovative strategic thinking given that both customer centric and solution selling are decades old concepts and therefore “me too” strategies.

### **5.5.1.5 Cross Repertory Grid Analysis Observations**

In conducting a Cross Repertory Grid Analysis, there is a methodological challenge of moving to higher level observations to draw broader conclusions without losing too much of the significance of individual constructs and elements (Jankowicz 2004). The bootstrapping method recommended by Neuendorf, (2002) was used since it starts at the single unit of analysis level and then moves towards the classification of categories and

themes. However, as noted earlier an effort was also been made to descend back to the single units of analysis before making final observations and conclusions.

In considering the construct categories, it is revealing that for the relatively focused topic of strategic decisions and the total number of constructs elicited (39) there are 12 quite diverse categories induced. This suggests that the interviewee's constructs represent a rather wide range of dimensions in strategic decision making. The further classifying of these categories into six themes follows recommended practice yet still allows for a considerable range of factors impacting the strategic constructs of the individual senior executives interviewed (Thomas 2006).

There were also 12 categories induced from the elements. As has been indicated above only five broader element themes were derived. The fact that the current company context was the primary source of strategic decision examples considered somewhat limits the potential range of element types. While this limitation may impact the overall diversity of the construct population, this focus is consistent with achieving one of the main research objectives of this study. Namely "Understanding the *meaning*, for participants in the study, of the events, situations, and actions they are involved with, and of the account they give" (Maxwell 2005). Considering the relatively dynamic nature of the industry and the strategic context of the Case Company one might also argue that a wide range of strategic decisions was available from which to draw upon. However as noted earlier the evidence from the data suggests that the main focus of TRN was on decisions regarding short-term exploitation of the current competitive environment compared with longer term exploration opportunities (March 1991). The overall conclusions, implications, and integration with other data collected will be discussed further in section 5.6 in the Discussion portion of this Chapter.

### **5.5.2 Central Senior Executive Reliability Interview**

The 2-hour semi-structured interview was conducted using four of the Senior Executive Strategic Thinking Survey questions as a guiding framework (see Appendix 2). Question

three on “characteristics and practices of good strategic thinkers” was not included. Instead during the final stage of the interview Table 1: Content Analysis of Combined Repertory Grid Interview Constructs was shared to determine whether the existing categories created by the researcher resonated with the executive. As the executive had not previously participated in the researcher’s data collection, his feedback provided temporal relevance of the constructs and a highly informed organizational respondent validity check (Bryman 1988). The executive clearly had a passion for the strategy topic and was very open in his sharing. This openness was partially based on the trust established by the long-standing relationship between the researcher and the executive. In discussing the issues related to the four survey questions a very close relationship to the 12 construct categories induced by the researcher emerged. There was also a reinforcement of many of the preliminary constructs induced in Project One. For example, when referring to the first years of TRN, the interviewee stated that the “Strategy and strategic thinking has mostly been classical in nature – scale, market share, BCG matrix” (CSE interviewee). Here we see a close link to the “Company Size” construct category and preliminary construct “Source of Competitive Advantage.” In both cases, we can see the strategic constructs of growth and scale. Additionally, the interviewee expressed that the “name of the game was market share, very R&D driven” (CSE interviewee). This focus on market share also correlates closely with the construct category of “What type of company vs. how we position ourselves”. Underlying this latter category is the view that there is an orientation towards either chasing size by all means or pursuing a distinctive position. According to the interviewee, these strategic themes continued in later stages of the company’s strategic thinking. When referring to the largest acquisition and one of the key elements from the repertory grid he expressed his intimate knowledge of the thinking behind it in the following words “Motorola was the same logic. Driven by scale and R&D synergy” (CSE interviewee).

There was also reference to the financial health of the company, but surprisingly even this senior executive had been slow to realize the extent of the overall problem. In his reference to the influence of Private Equity assessment (done by three firms in 2011), he expressed wonderment at how it was possible not to have seen this earlier. Undoubtedly

the private equity firms brought “an outside view” and “the thinking was then, why wait for Private Equity?” (CSE interviewee). When this comment is combined with his reflection that “It did mean acknowledging non-profitability, and forced us to see we were a disaster” it can be seen that the company was slow to react and also did not do so proactively (CSE interviewee). Further, this decision pressure has clear links to 1) the “Degree of free will” construct category, given that the choice for action was really about doing it before someone else forced it upon the company and 2) the “Timeliness” construct category as the state of “disaster” was extant for several years.

According to the interviewee, once the decision to restructure and focus was taken it meant “Divesting 6-8 businesses, and being in survival mode” (CSE interviewee). Here we see links to two other construct categories; “Portfolio Choices” and “Moving forward vs. exiting”. In the area of portfolio choices, it has also meant exiting many businesses to the extent that currently “our portfolio is a bit weak” and there is “now a panic. How do we grow?” (CSE interviewee). These comments evidence both the on-going struggle around the preliminary construct of “Growth and Profitability (Existing vs. Blue Ocean)” and the two construct categories mentioned directly above. Additionally, the overall mental focus appeared to have been and continued to be one of survival. According to the interview, this has meant what he considers being a less than ideal state where “We manage the company only by financials driving our thinking which is very short-term” (CSE interviewee). In this case, there is almost a direct definition of the “Cost-driven vs. strategic” construct category.

Overall the interviewee’s assessment of TRN’s strategic thinking on the corporate and individual level was that “we are very inside out, cannot see the customer and environment” (CSE interviewee). In addition, when recalling his considerations of strategic decisions while in the position of Region Head, he indicated that “I spent perhaps 25% of the time thinking about the future and the rest on “what’s broken?”. Very capability driven.” (CSE interviewee). As has been referenced in earlier data collection both from grid interviews and survey responses of executives, 25% is perhaps a high percentage. It does, however, provide supporting evidence for the existence of the

“external vs. internal orientation” construct category. It also indicates that the interviewee had some harsh judgments regarding the level of strategic thinking in the company. This ranged from statements such as “We have no corporate layer” to expressing that we are doing many things “tactically and not strategically” (CSE interviewee). These sentiments are consistent with two trends of the data collection in regards to TRN’s orientation. First, the overwhelming perception of the strategic leaders was that the external environment is a threat and one that is primarily something to be reacted to rather than proactively influenced. Secondly, the internal environment as outlined in Project One and reinforced in Project Two and Three is seen more as a constraint. This combination of perceptions supports the conclusion that TRN saw itself as not being in a position to be holding a strategic posture of “shaper.” Rather as direct quotes such as “doing the same as the biggest guy” indicate, TRN was attempting to be a “follower” in its early years and by default a “reserving the right to play” posture in its latter years when its strategic direction was uncertain (Courtney and Kirkland et al. 1997)

Yet it would misrepresent the interviewee’s sentiment without highlighting areas he considered major achievements. He was quite proud of the fact that the 2-year restructuring plan’s goals were accomplished in one year. He also emphasized that during the restructuring the new management additions (Chairman of the Board, Chief Restructuring Officer, and COO/CFO) had brought discipline and rigor to the decision-making process. As described by the interviewee “Politics and lack of commitment to decisions was over, from 2011 no excuses” (CSE interviewee). The harshness of the change was described by the executive in rather vivid terms as follows “in Q1 it was deliver or be fired” (CSE interviewee). The surprising factor for the executive seemed to be that the new performance was being delivered by “the same machinery that was making losses” (CSE interviewee). In his most recent actions, he expressed enthusiasm at the uptake and ability of the organization to make major achievements by just “doing some thinking and getting behind a plan” (CSE interviewee). This evidence also supports the potential for strategic thinking to be enhanced in the existing TRN Strategic Leader population. On the hand, his description of the new management style and context supports the relevance of both the “Degree of process rigor” and “Political” construct

categories. The level of scrutiny of decision making and the sensitiveness of the political landscape are also substantiated by the McKinsey consultant factor. In this case, the use of McKinsey consultants was not as is the norm of working as a client to the employee population. Rather the consultants were working directly for and reporting back to the Chairman of the Board. This dimension created both an unpopularity of the consultants and a general paranoia around their motivations.

Additional aspects coming out of this interview included insights around the strategic frames of the company. In referring to the CEO's recurring mantra that there is only room for three players, he described a cartoon shared by a strategy professor where a hunter sees two bears in his rifle scope with one bear pointing at the other bear suggesting to shoot it and not itself. Drawing a direct correlation to TRN, he stated "that seems to be TRN's strategy. I mean this belief in only three players. The lack of strategic action as if we hold on to be the "last bear standing" (CSE interviewee). This perception based on CEO statements repeated since late 2009 also support the preliminary constructs noted above around Strategic Posture and Positioning. Waiting for the other bears to be shot suggests a default reserving the right to play mentality or at minimum a more reactive follower strategy.

There is also the presence of the "Uncertainty and Complexity" preliminary construct particularly related to the recent past and the short term horizon. Firstly, according to the interviewee "Since mid-2011 to April 2013, for almost 18 months there has been uncertainty around direction of the company" (CSE interviewee). Secondly, related to the more positive future uncertainty he shares what was on the mind of almost the entire employee population at the time when he states "Of course now we have a new situation. What will Parent Company T do with the cash?" (CSE interviewee). Finally, this Central Senior Executive alludes to one of the looming challenges for the company when he assesses the present state in the following terms "The cost has been high. We have narrowed our executive profile, driven out some of our big hunters who went for the long term big deals. The process happy people are still here. This is very short term" (CSE interviewee). Overall the interview with this central figure in the company's strategy



reveals that the majority of strategic constructs and contextual factors uncovered in Project One and Two are still highly relevant. Further, the evidence suggests that all but two of the researcher's induced construct categories (Value Assessment and Emotional dimension of decision) are extant. Although no direct link to the two missing categories was drawn here, there is support for them in the general judgments made about the value and originality of TRN's strategic thinking and decisions. The overall correlation provides a significant source of triangulation of the validity of construct categories and extant strategic constructs (Denzin 1970).

### **5.5.3 Senior Executive Strategic Thinking Survey Results**

The primary purpose of this survey was to ascertain the temporal relevance of the research findings while at the same time ensuring that a high level of triangulation and validity was achieved through methods and data diversity. In addition, it was also an excellent vehicle to check and discover further insights into the strategic thinking of TRN and its Strategic Leaders. Of the 20 executives sent survey requests 17 completed within the one-week deadline requested, resulting in a very high completion rate of 85%. The design of the five open-ended questions was intended to reveal the strategic thinking influences on the organization and the executives themselves. The first two questions of the survey aimed to draw out differences in "factors or influences" on strategic thinking compared with the actual decision making of the company. Although some small emphasis in the factors was revealed, the overall conclusion is summed up well by a recent Strategy Head and survey participant when he reflects that "the differences in factors that influence TRN's strategic thinking and factors that are impacting strategic decision making are very minor at TRN. One may draw the conclusion from this statement that we are lacking "strategic thinking" to a great extent" (Respondent 1). This is also reflected in the fact that in answering the two questions, several respondents indicated "see above" and then wrote small additions. Again the implication is that little difference is seen between the two dimensions. The implication suggests that from the Strategic Leader's perspective TRN has been very reactive and external oriented in its decision making.

Nevertheless, the responses for the first two questions were initially reviewed separately as categories to determine any new unique themes, constructs, or essential dynamics that might have arisen. The two categories were then combined to gain a perspective on the overall frequency of the influences. Following recommendations for variation in data display and to gain additional visual perception to the list format a “Word Cloud” software was used as can be seen in Figure 25 (Miles and Huberman 1994).



**Figure 25: Word Cloud Representation Of “factors and influences” On Case Company Strategic Thinking And Decision Making**

Word Cloud software represents words from text based on their frequency of use. The most frequently used words are larger in size and can, therefore, be more easily distinguished from other emerging themes. While frequency is not the only determinant of impact, it does provide a strong guide to what are the overall influences that are top of mind amongst the respondents. As can be seen from the size of the words, many of the constructs revealed in Project One and the repertory grid interviews analysis from Project Two and Three are still present and strongly support validation of the research findings. These include Shareholder (17), Competition (15), Financial Health (15), Short-term (9), Survival (7), Growth (7), Profitability (6) and Market Share (5). While many of the

concepts are expressed separately, some are reinforcing each other while still others have increased in significance. For example, “Shareholders” has clearly emerged much stronger than earlier. This is likely due to the salience of the shareholder change (Ownership structure moving to one Parent Company) just three months before the survey. This has possibly renewed the awareness of the longer term impact the differing parent company interests have had on strategic thinking and decision making. The other aspect that could have affected the response was the looming impact of the Shareholders Special Meeting occurring during the time of the survey. However, this “Special Meeting” was more to do with the future of the company and perceived current influences which were not yet fully known at the time of this survey.

Several reinforcing and overlapping themes can also be recognized. These include Growth/Market Share/Scale/Profitability as they all have similar motivations or related intent behind them. As this applies to the current company context, it is more concerned with “How broad our strategy has to be in order to show growth and profitability” (Respondent 16). Similarly, Financial Health/Survival/Cost Savings also have interrelated dimensions. A final example is Short term/Operational issues/Limited time where the idea of tactical and less long-term strategic thinking is indicated. This latter theme is supported further by representative respondent comments related to the level of strategic thinking and decision-making at the company level. A few representative examples are as follows:” Uncorrelated short-term tactical moves”, or “I have not experienced TRN as a strategically driven company”, or “reactive, not shaping our own destiny” and finally “Opportunistic attitude” (Respondents 2, 9, 12, 13). From the full text provided by the survey results, the evidence suggests that there is still a very short-term non-strategic orientation to the company. However, the respondents seem to have been able to rationalize or, at least, understand this status. At the same time, there is clearly a desire for a more long-term strategic orientation. This aspiration amongst TRN’s Strategic Leaders supports the timeliness and relevance of this research’s proposed and adopted intervention outlined in Chapter Seven.

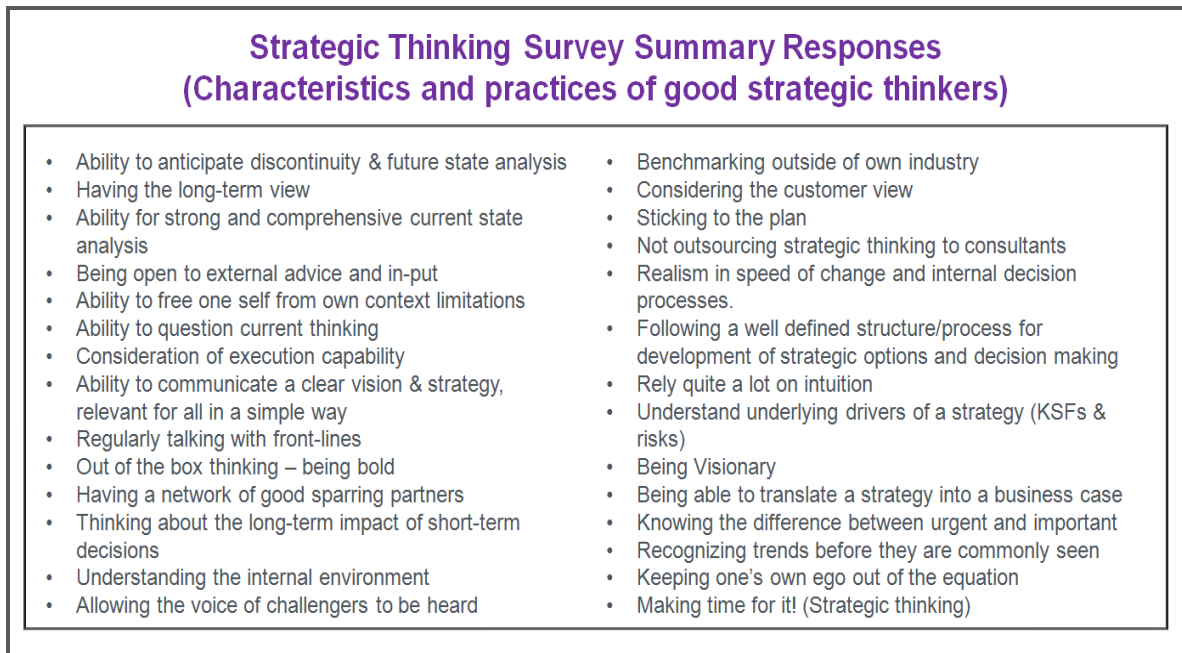
The Word Cloud and detailed text do give increased emphasis to additional areas. The first is the issue of “IPO” (Initial Public Offering). This potential objective for the company is also related to the “Private Equity” (PE) influence that was mentioned in the repertory grid and Central Senior Executive interviews. The significance here is twofold. First, the outside-in view of PE firms seems to have brought a reality check and sense of urgency to the senior level executives. This took the form of a harsh assessment of company performance and what actions would likely be taken by a potential PE take-over. Secondly, there was a perceived influence on the strategic decision making of individual’s of the Executive Board and some senior executives at the motivational level. This perception was that “aspirational-level triggers” such as personal bonuses and other factors of self-interest were a driving force (Kiesler and Sproull 1982). In other words, many strategic decisions were seen to be motivated by trying to create a “Good story line for IPO” (Respondent 3). Another interesting factor that was expressed was the “EB inexperience”. In this case, there is the view that the Executive Board lacked experience and was therefore either indecisive or ineffective at key moments in the company’s short history. More neutral and sometimes even positive is the reference to “C-level”. In the neutral sense, there is the attribution of many key decisions being made by the EB. However, this is also accompanied by several observations regarding the lack of reception of strategic ideas by senior management. More recently and much more positive is the notion that the Executive Board is making disciplined action and sticking to the plan. The final dimension that is worthy of comment is “McKinsey Concepts” or as expressed by one of the respondents “consultant-driven analysis” (Respondent 10). In this case, there is the negative connotation that the thinking is being outsourced. This perception was seen as intensifying during the turnaround period and MBB Focus strategy launched in late 2011, and that was on-going at the time of this data collection. However, it was also raised as an influence during the initial merger formation and earlier periods of the JV although to a lesser extent. The cost of this practice on the strategic thinking capability of TRN combined with the impact of the Command and Control style of leadership during this turnaround was a central driver to the specific intervention methods proposed in Chapter Seven.

### 5.5.3.1 Characteristics And Practices Of Good Strategic Thinkers

The second portion of the survey was designed to reveal both the ideal characteristics and practices of good strategic thinkers and then the actual factors at play with the respondents themselves. The intent of this data collection was to:

- 1) Gain insights to the current status of TRN's Strategic Leader's understanding and perceptions of what is involved with 'good' strategic thinking
- 2) Check for relationships between perceptions in practice by practitioners themselves and academic concepts.
- 3) Inform the research's intervention design by gaining context based data related directly to enabling cognitive strategic flexibility.

The summary of the overall responses is captured in 28 components of good strategic thinkers in Figure 26. The components are presented in the order they arose while sequentially reviewing the survey responses.

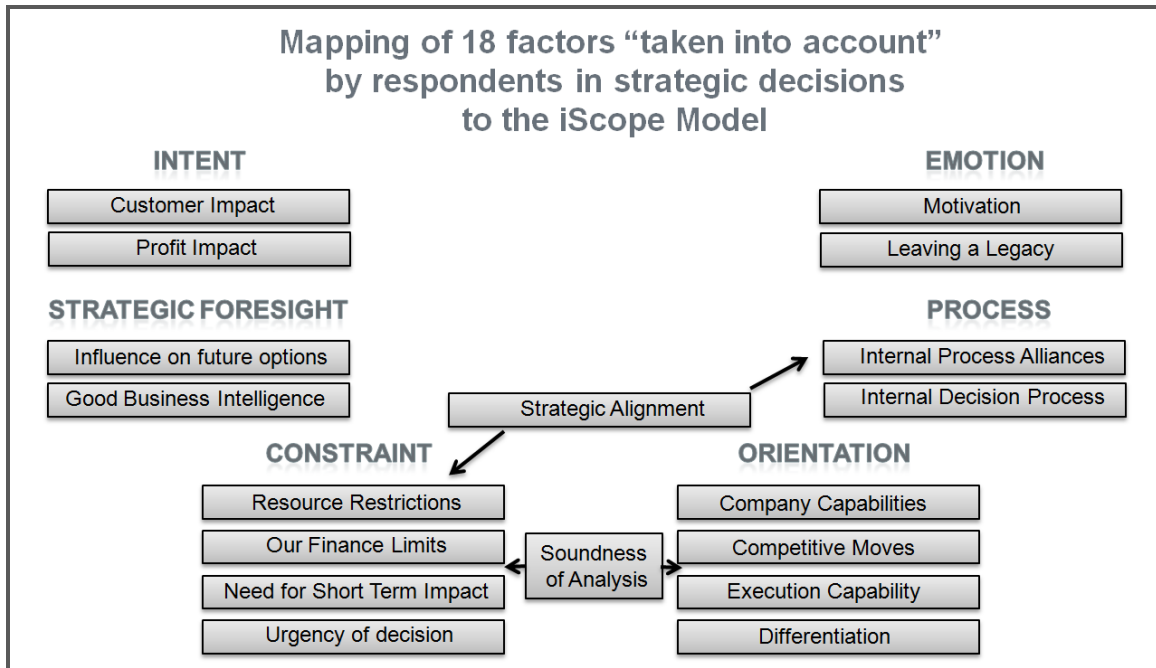


**Figure 26: Summary Of Respondent's View Of Characteristics And Practices Of Good Strategic Thinkers**

It is interesting to note that from the above list the three most cited aspects were 1) Ability to anticipate discontinuity & future state analysis 2) having the long-term view and 3) ability for strong and comprehensive current state analysis. The former two are closely related to having strategic foresight while the latter characteristic is closely aligned with the concept of strategic insight. Combined they make up the key components of strategic agility as defined by Doz and Kosonen (2008) referenced earlier. The combined listing covers closely a great deal of the attributes listed in the literature. For example, the six essential skills of strategic leadership by Shoemaker and Krupp et al. (2006) cover many of these dimensions (Anticipate, Challenge, Interpret, Decide, Align and Learn). Additionally several of the practices such as “good sparring partners”, “being open to external advice and input” or “regularly talking with the front lines” anticipate guarding against cognitive biases referenced earlier in this research. Quite a few are context dependent but provide a good mapping of academic prescriptions. The caveat is that these characteristics are from a combined perspective and limited sample. Nevertheless, they have informed the selection of the TRN Strategic Leader Competencies in Appendix 4. Further, it has highlighted the need to launch a series of customized trainings on strategic thinking and decision making combining theoretical frameworks with TRN contextual applications.

### **5.5.3.2 Factors And Influences On Strategic Decision Making**

The fourth and fifth questions of the survey aimed to get a more personal and individualized perspective of the strategic thinking of the executives including 1) the factors they consider in strategic decision making and 2) conditions that have enabled or inhibit their strategic thinking. In reviewing and summarizing the factors that the executive respondents took into consideration whilst making strategic decisions, several converging categories emerged. The five most cited considerations were “Customer Impact”, “Company Capabilities”, “Profit Impact”, “Competitor Moves” and “Strategic Alignment”. An additional thirteen distinctive concepts were reported for a total of eighteen. These factors are illustrated in Figure 27 on the next page.



**Figure 27: Mapping Of Strategic Decision Factors To iSCOPE Model**

Of the 18 concepts described, there were 12 that were core with multiple respondents and 6 with only one respondent source. In summarizing the concepts, the researcher attempted to capture a wide representation of concepts. In practice, this meant erring on the side of inclusion of some concept categories that had very small frequency counts or subtle differences. Nonetheless, “the evaluator must make hard decisions about which themes or categories are most important” (Thomas 2006). After completing the frequency count for the concepts the researcher reviewed the primary or core meaning of the concepts and the iSCOPE Framework. Again, the driving factor for representation as a concept was its stand-alone conceptual uniqueness. As can be seen in Figure 27, the vast majority of factors fit relatively cleanly under the six components of the framework. Two factors have primary meaning that could potentially overlap between two framework components. The first is “Strategic Alignment” which could be considered as a Constraint because it limits the possibilities of decision making. At the same time, the alignment assessment is also a formal internal Process that goes through specific decision bodies. The second factor with potential overlap is “Soundness of Analysis” which involves both internal and external capabilities, positioning and other related considerations that fit under the Orientation component of the model. Yet this might also

involve the assessment of Constraints and the perception of being constrained by the limitations of the analysis itself. While there were some categories noted that had the potential for dual inclusion under two of the iSCOPE components, this high level of fit between survey respondents factors/influences and the iSCOPE components provide increased reliability and validity for the framework. As will be discussed in the application of the framework section, the components will have interdependencies. As a diagnostic tool, it is intended to be used in an iterative method to better understand the phenomenon and the relationships of the complex factors.

### **5.5.3.3 Enablers And Inhibitors Of Strategic Thinking And Decision Making**

The final two questions attempted to probe the respondents for influences on strategic decisions from their own personal experiences with reflection on any enablers and inhibitors. Some of the responses picked up features from the ideal of strategic thinking in question three such as having access to information, making time for it, and being exposed to a diversity of ideas as might happen working in cross-functional teams. Two activities mentioned that reinforce these first three enablers are “trainings” and “off-site team meetings.” In both these examples the enablers of time, information, and cross-functional views are readily available. However, the implication is that these enablers of strategic thinking and decision making are somewhat separated from the day to day work of the executives. One new aspect that had not arisen earlier was the impact of the executive’s superiors. In particular, the Line Manager’s seeking advice or encouraging “out-of-the-box” thinking was a frequent response. In addition, the overall influence of senior leader role models in the wider organization seems to have reinforced a culture that does not support or enable strategic thinking. Reviewing the negative impact of this latter factor in TRN strongly reinforced the formation of three central TRN change objectives arising from this research. The first was a focus on impacting strategic leader’s cognitive strategic flexibility. The second was to use both formal and informal organizational means to change the leadership style. This new leadership style’s intent was to formalize TRN leader’s responsibility to role model the new style and support the



creation of an environment that enables innovation, strategic foresight, and growth. The final change objective involved a wider and more comprehensive culture change initiative via the formation of a Culture Transformation Program Office (CTPO). The CTPO's mandate goes far beyond soft targets and includes hard targets such as organizational design and structure. The introduction of the new TRN Leadership Framework (and supporting mechanisms) with its targeted emphasis on factors that enable the aspiration for cognitive strategic flexibility will be covered in Chapter Seven. However, it should be noted here that part of the rationale is that the Line Manager or Senior Leader factor was raised even more frequently as an inhibitor. When the Line Manager's focus is not strategic, the message seems to be clear. In TRN, this seems to have been reinforced in Business Reviews, which are perceived as "short-term focused," "operational" and "lacking strategic thinking" (Respondents 14, 6, 15). The overall operational focus of the company at the time of this writing seems to have created the perception in the senior executives that strategic thinking is "not recognized", "approached with skepticism upwards" and that the EB is "not open to thinking strategically" (Respondents 2, 9, 15). When this is combined with the frequently perceived inhibitors of lack of resources (financial and non-financial), a strong quarterly focus and lack of time, there would seem to be a confirmation that many of the factors influencing the overall thinking of the company are also influencing the senior executive strategic decisions. In the words of one of the respondents "If you're working 60 – 80 hours a week then you want a beer.... Not a strategy fest. Lack of time is a huge limitation." (Respondent 11). On the other hand, one respondent shared the interesting perspective that whether to think strategically or not is a "personal choice that does not need to be enabled" while at the same time recognizing the "short-termism limits motivation for it" (Respondent 17). In a similar theme, another survey respondent supported this notion that his level of strategic thinking depends very much on his "personal attitude towards TRN" (Respondent 10). These later responses provide additional evidence for the importance of the Emotion component of the iSCOPE framework.

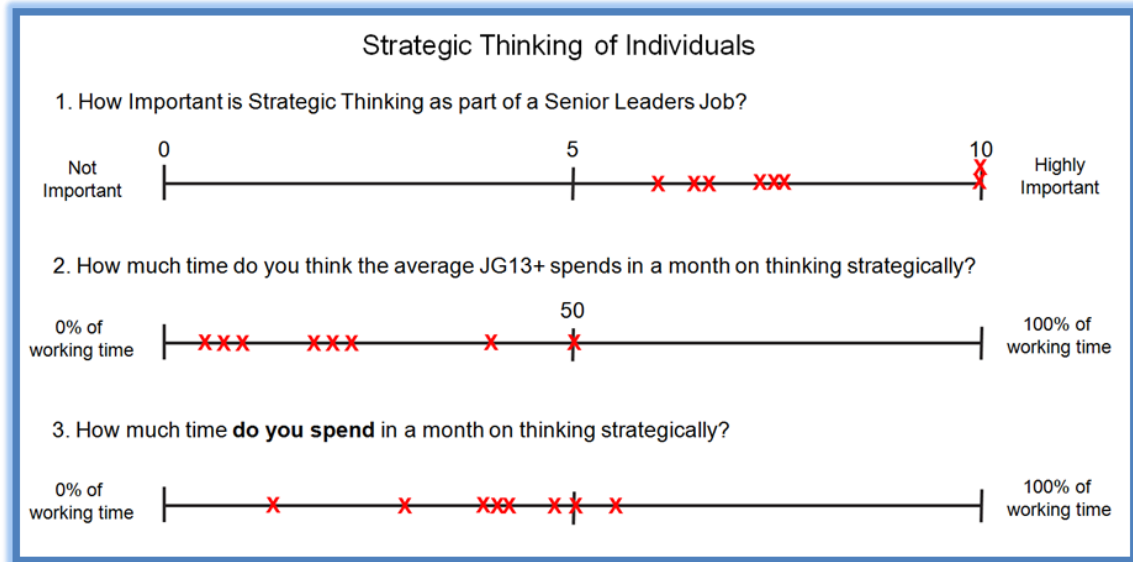
#### **5.5.4 Senior Executive Strategic Thinking Workshop Results**

The Senior Executive Strategic Thinking Workshop objectives were consistent with the five objectives outlined at the start of this chapter. The additional value was to leverage potential nuances and questions of clarity that face to face interaction can achieve. This workshop had a total of eight executive participants, none of which had previously participated in this research. As this was an intentionally small group, the results show a smaller breadth and variety of constructs than in the larger executive survey. However, there was considerable overlap and alignment on almost all the major constructs with a few new perspectives raised. When prompted for 1-2 word short descriptors of TRN's strategic thinking the lack of consistency was described in terms such as "floating, fluctuating, lost, superficial, roller-coaster, adapting" and similar terminology. The intentional choice of a firm to be strategically flexible can result in periods when a firm is floating, adapting and even enduring roller coaster states. However, it was clear from the discussion that these descriptors of TRN were not the result of intentional choice. These rather negative descriptions referred primarily to the situation before the restructuring. In contrast half of the participants directly mentioned "focused" and either stated or implied that there was now greater clarity. Yet as also revealed in the survey, the short-term, no long term view, growth vs. profit constructs were still present in the discussions.

As for factors that have been influencing TRN's Strategic Thinking, the vast majority of the discussion mirrored the survey responses around "Competition, Market, Customer, stakeholders/shareholders, and financial position". Two new aspects were the Strong Engineering Heritage and not being able to conquer the whole spectrum. The Strong Engineering Heritage construct links well with the idea of product driven thinking. While the spectrum construct is close to the dilemma of whether to play end to end or just focus in the industry. Upon sharing the Word Cloud visual (Figure 25) of the Senior Executive Strategic Thinking Survey responses, there was strong agreement expressed but also some surprise. For example, the biggest reaction was that the size of the "customer" was so small in the visual. The implication and comments referred to the apparent fact that TRN's effort to be "customer centric" was not driving the strategic thinking of the

company. Equally strong but considered amusing was the fact that “McKinsey” was bigger than the customer. While this was taken in a light-hearted way, it clearly has had a negative impact. Namely, in the motivation, opportunity and capability of TRN’s senior leaders to engage in strategic thinking. On a more individual level, it was commented and supported that individual (and team) financial interest and ego were factors once again recognizing “aspirational-level triggers” (Kiesler and Sproull 1982). The consensus was that this was unfortunate but true. Finally, the “growth” issue was commented on as a bit of a reality check with the following remark that “We don’t do growth well. When you really look at it we have had declining revenue (slightly) since 2007”. This was largely acknowledged by the group with some impression of surprise by a small portion of the participants.

In regards to factors “influencing our Strategic Leader’s Strategic Decisions” there was an extremely high correlation and overlap with the constructs impacting the company and the survey responses. With minor exceptions such as “ego” and “available information including external views”, little variation occurred. While there may have been some influence by the use of the survey word cloud visual, the level of openness established in the group at this phase of the workshop was already high. These senior executives were not shy or hesitant in their responses as was evidenced by their sharing of several politically sensitive issues early in the discussion. In addition, this contrast of company level considerations followed by individual considerations was an intentional survey design feature intended to focus the participants thinking to the critical aspects of this research.



**Figure 28: Prominence Of Strategic Thinking Scales**

The final sections of the workshop involved reflection on the amount of time senior leader's spend on strategic thinking. The intent was to get an assessment of the importance of this task relative to the time and capacity available for the task. Throughout the overall data collection of the three projects, the evidence had suggested that there was very limited time. As can be seen in Figure 28 the participants rated the importance of strategic thinking very high. On the other hand, when considering the average amount of time spent by Strategic Leaders on this task the overall scores were relatively low. Prior to the rating, a discussion of what is and is not strategic arose. To be consistent with earlier data collection "strategic" was not tightly defined as e.g. corporate strategy but rather strategic also from the perspective of the individual sphere. This is consistent with the role expectations of the TRN Leadership Competency Framework (Ulrich and Smallwood 2000). However, some of the variance in the results of this exercise may be explained by specific role emphasis of two participants. These individuals were closely working with or in the strategy function of TRN and therefore likely benchmarked individuals in that function. In the final chart, the individual assessments tend to be much higher than the average they have indicated for their overall peer population. This is apt to be due to 1) the natural inclination of senior leaders to feel they are doing more of what is expected than their peers 2) the fact that the results were

being placed by themselves on a wall chart anonymously by an “x” but free for all to see in the process. Clearly it would be unusual for high-performing executives to want to be seen as less strategic than their peers. Nevertheless, this exercise was also meant to be a direct lead into the topic of cognitive strategic flexibility. At this point, the exactly written definition was shared by a handout with the reflective question “Is Strategic Flexibility alive and doing well in our Senior Leaders? Why? or Why not?”.

The feedback from this question was limited and mixed. The limited feedback could have been due to the introduction of the topic so late in the workshop, and thus, there was inadequate time and energy. It might also have been due to the academic wording of the definition. While these potentially limiting factors may have influenced the level of input, the majority of perspectives confirmed that strategic flexibility at the individual cognitive level is “constrained, not high, playing by old rules, limited by financials or resources.” Nevertheless, the constraint was also expressed in the containment or need for strategic alignment with the current strategy. While this is also consistent with the iSCOPE framework component discussion on strategic alignment, it may relate to the command and control style that had been seen to limit risk taking and strategic thinking in the previous data collection.

Overall, the workshop results mirrored closely those of the Senior Executive Strategic Thinking Survey Results. The consistency between these two unique groups provides increased reliability and confidence in the results. The outcome does add additional triangulation of sources and methods that increase the validity of the constructs and their temporal relevance to TRN.

## **5.6 Discussion**

### **5.6 .1 Research Questions Revisited**

During the initial phase of this research, the working definition of strategic flexibility was established as the firm's intent and capabilities to generate firm-specific real options to exploit or respond to its environment. This definition was extended to the individual cognitive level of decision makers as the extent to which new and alternative options in strategic decision making are generated and considered. In exploring this phenomenon in the Case Study, several questions began to emerge. A primary question was how do different factors and contexts impact the strategic leader's potential and motivation for cognitive strategic flexibility? Would there be a tendency for TRN to turn core competencies into core rigidities as was found to be the case by Leonard-Barton (1992) in studies of new product development. Similarly, at the individual level Mintzberg and Raisinghani et al. (1976) outlined in their research that "Managers are often seduced by familiar alternatives close to the status quo and prefer off the shelf over custom made solutions". Was this preference also to emerge from TRN's executives? What other factors would be revealed? Which of these would be apt to enable or inhibit the case company executive's strategic frames when the "status quo" context shifted at varying speeds? Underlying these questions were the theoretical and very pragmatic questions of whether cognitive strategic flexibility is really needed? And if so, in which contexts is it most essential? The overall outcomes of the answers to these questions influence the strategic talent management objectives of TRN. The findings from this research indicate that enabling cognitive strategic flexibility is essential to the sustainability of TRN. The variation of factors and contexts uncovered suggest that mechanisms supporting cognitive flexibility and ambidexterity (including paradoxical thinking) will need to be implemented. Unfortunately, the answers to these questions from the overall findings of this research lead to negative implications for TRN's current state. However, the insights and findings gained from the research have effectively informed the methodology and objectives for enabling TRN's change intervention. A more detailed discussion of the findings and their repercussions for TRN are covered next.

### **5.6.2 Strategic Frames: The TRN Context**

As Lant and Milliken et al. (1992) suggest and this study bears out, despite cognitive structures being an individual phenomenon, they are influenced by organizational context. Namely, “the organization’s recent performance biases manager’s strategic thinking and the range of action managers are likely to take” (Lant and Milliken et al. 1992). Beinhocker (2006) also argues that firms have a natural tendency to simplify their strategic repertoires when they experience success. A particular set of successful activities may become an executive’s favorite due to the benefits associated with that success. This natural tendency to reduce search is often expressed in common sense terms as “if it is not broken don’t try to fix it”. The downside is that it may cause an executive to focus more narrowly on their favorite activities (Miller and Chen 1996). This phenomenon could be seen in TRN through the predictable responses to growth challenges in chasing vertical integration via managed services and in following almost to the letter the formulaic strategies of firms in hostile markets as outlined by Potter (1994).

In a similar way, a dominant logic as described by Prahalad and Bettis (1986) can soon become embedded in the organization. Miller’s (1991) research on the tenure of CEO’s supports these findings and concludes that “the dominant strategic theme becomes codified via specialized routines, programs, and even information systems, which reinforce the narrowness orientation.” The clear implication is that firm interventions to modify strategic frames at the individual level require adjusting the mechanisms and systems that create such contexts. The evidence in this research of narrow schema, significant cognitive inertia and limited competitive experience in TRN do not bode well for aspirations of adaptation and growth (Sull 2005, Nadkarni and Narayanan 2004). Bogner and Barr (2000) in their study of strategic persistence have shown how a dominant logic can rise above the organizational level to become an industry framework or industry recipe. In the telecommunications sector, examples of this can be seen on the scale, “inevitability” of consolidation to three players, and “more of the same” rather than differentiation paradigms amongst all incumbent players (Repertory Grid Interviewee Three). Breaking out of these types of strategic frames can prove to be particularly

difficult when the environment continues to provide positive feedback. The motivation to seek further strategic options is minimal especially when competitive intelligence reinforces strategic convergence. An additional factor in this cognitive inertia can be an executive's long-term tenure with a company (Finkelstein and Hambrick 1990). Tenure may be further reinforced by industry tenure and the common practice of cross-company recruiting as in the telecom industry. Results from this research have indicated that the above factors were highly relevant during the first years of the Case Company. For example, the previous industry success of both parent companies dominated the experience perspective of the majority of the executive population. In the case of one parent company, the confidence and success was so prominent that it had been interpreted as arrogance by some external stakeholders. As outlined in depth during this Case Study, there was very limited capacity to be forward-looking both as an organization and at the individual level. Reinforcing this tendency for limited search, sensemaking, and consideration of new options over the duration of this research was the consistent reduction of the strategy function resources. This reduction resulted in an increased dependency for competitive and overall business intelligence from external sources. Part of this trend has been caused by the overall cost reduction efforts and the diminishing amount of resources and time available put to this activity. Also, the formal "strategy sharing" process and related events were streamlined or eliminated. At the time of the last data collection of this research, some effort was still being made to gain a feedback loop through surveys and interviews of customer facing employees. However, this trend of outsourcing sensing and sense-making may have been a factor in causing the "Ivory Tower" effect outlined in several of the Project Two interviews. The other contributor to the breakdown or distortion in information sharing likely came from the perception of risk involved in being the bearer of bad news. This perception was especially the case in the more recent atmosphere and practices of the command and control leadership style and accompanying mechanisms. When combined with the "McKinsey concepts" factor highlighted in the data, it is clear that not only was trust lost but that the opportunity for learning and creating a diversity of thought was largely diminished.



This research has outlined that the context of the company changed from a relatively stable environment to one with change and increasing uncertainty over the duration of the study. Much has been written about the impact of stable environments. As indicated in the exploitation literature outlined in Chapter 2 there are great benefits to be leveraged in landscapes that are not moving at a fast pace. Miller and Lant et al.'s (1996) research interest in strategic simplicity has supported the conclusion that in stable environments that are free of new challenges, firms will increasingly continue "to march towards simplicity". Hall (1984) goes further to state that "Continued growth and profitability might even confirm and strengthen outdated models" especially in munificent markets. Hedberg and Jonsson's (1997) findings already hint at one of the possible factors inhibiting strategic flexibility. The authors claim that "Munificence not only delays recognition of the need for change but also slows or prevents the development of alternative models." By contrast, despite the relatively weak performance of the case company, there did not seem to be much motivation to change. Shimizu and Hitt's (2004) research indicate that this is not uncommon and point out that firms can have poor performance for years "without deciding to commit further or withdraw". The authors point out that it is often an external factor that is the catalyst for such strategic decisions. In the TRN case findings, the external lens of Private Equity groups and the pending implications were an example of this need for an outside catalyst. The context of "complacency" during the earlier years might have been the result of the combined effect of factors such as the merger euphoria and related expectation of success. Additionally, the practice of emphasizing operating margin (rather than overall profitability) while having the perceived assurance that "mom and dad" are always there to help out may also have been another supporting factor. However, as evidenced in the Central Senior Executive interview, even some of the most central key players did not effectively sense or interpret signals that were clearly there to be seen. Instead, the evidence from this research suggests that TRN and its executives focused on a narrow if not a simple set of strategic options.

The implication and connotation of this strategic simplicity are likely to be seen as a negative one. Yet it does not necessarily imply inertia. It may, in fact, involve a very

active level of decision making. Miller and Chen (1996) have defined it as “a tendency of some firms to concentrate on just a few central activities.” As has been pointed out this may be intentional, efficient and more than appropriate especially when following a classic generic strategy such as the focus option outlined by Porter (1980) and others such as Rumelt and Schendel et al. (1995). Alternatively, this activeness can be problematic as noted by Sull (2005) in his observation that “Companies fall prey to active inertia, responding to even the most disruptive market shifts by accelerating activities that succeeded in the past” Sull (2005). In the TRN case study, the active inertia was largely related to achieving cost efficiency first for survival but increasingly as a primary source of competitive advantage. This tendency is alarming for two reasons. First, Chinese competitors in the telecommunications industry have several low-cost base advantages that are difficult to match and less stakeholder pressure for short-term results. These Chinese competitors also seek diversification strategies through conglomerate structures that have advantages in emerging markets and also allow cross-subsidization and economies of scope in mature markets (Khanna and Palepu 2006). Secondly, recent studies by Raynor and Ahmed (2013) highlight the rarity of success and question the overall viability of cost leadership as a strategy. As Goddard and Eccles (2013) summarize the findings and their implications “Strategy is the rare and precious skill of staying one step ahead of the need to be efficient.”

There are other factors that can result in strategic simplicity. These include factors such as lack of breadth in competitive experience or complacency due to age or size (Miller and Chen 1996). While in the recent TRN context complacency was no longer a likely factor, the lack of breadth of competitive experience could have come into play as a handicap. First, as has been evidenced in this research, there is a sense amongst many senior executives that the Case Company’s current focus strategy will not be sustainable in the long run. The questioning of sustainability may be due to the vulnerability of depending on the niche and the capability to defend the position while the competitive landscape continues to evolve with new direct competitor entrants. Secondly, the converging of the wider eco-system threatens the profitability of not just the Case Company but of its customers as well. Thirdly, the emphasis on customer centricity while

needed may blind TRN to new product development (Christensen 1998). Related to this is an increased emphasis on Totally Quality Management coming primarily through competencies and related strategic frames of an acquired (failing) acquisition target. Therefore, significant attention has been directed to dated repertoires from the industry recipe via an unsuccessful former competitor. Finally, the choice of a focused strategy brings potential contradiction to the “scale” construct as a means for competitive advantage. For TRN to achieve competitive sustainability, the implication is that it will need to find new ways to compensate for its focused approach and narrow competitive experience.

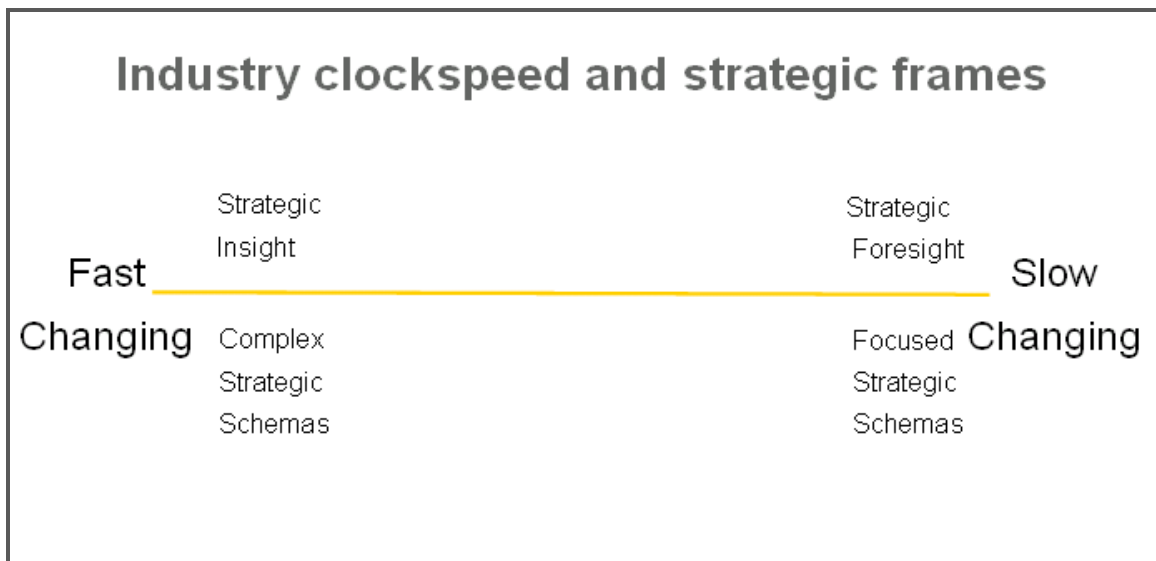
With the uncertain horizon, the challenge of executing in a focused area while anticipating the future became increasingly relevant. As expressed by one of TRN’s most influential Executive Board members when referring to the competencies needed for its leaders, “strategic insight is lacking and crucial for our future success” (TRN Executive Board Member, S. 2013, pers. Comm., 7 October). Contrastingly, the evidence from this research also supports the existence of a more recent intention to reinforce the simplicity mindset. As noted above, this can be extremely effective in reducing distractions and focusing attention on achieving high performance or at minimum operational efficiency in the current landscape. This emphasis on operational efficiency during the TRN turnaround has led to several TRN Executive Board members seeing it as a competitive advantage. Consistent with this belief, TRN chose to pursue a modified “Execution Edge” archetype (Keller and Price 2011). While this generic definition of an Execution Edge company is not just about operational efficiency the archetype’s name resonates well with the focus of TRN’s turnaround. At the same time, several TRN Executive Board members have continued to support the need for innovation and growth that imply other archetype choices illustrated in Appendix 5 (EB OHI workshop 2013).

This paradoxical tension between the two alternatives is outlined in detail in the ambidexterity literature (Lavie and Stettner et al. 2010). The solution to TRN’s dilemma may not lay in the choice of the archetype. Rather it may be resolved via complementary organizational designs of structural and contextual ambidexterity. The complementary

overlap of leadership and management design mechanisms from the strategic flexibility and ambidexterity literature have potential to support both paradoxical thinking and cognitive strategic flexibility. Just as fast moving and slow moving clock speeds impact strategic frames so do organizational mechanisms and structures (Mom and van den Bosch et al. 2007, Ghoshal and Bartlett 1994). As this implies, there are several relevant strategic schematic concepts that are of interest for the TRN context. At the individual cognitive level two of these, complex and focus of strategic schemas, were referenced earlier in the discussion of industry clock speed research by Nadkarni and Narayanan (2004). By contrast to the simplicity described previously, Walsh (1995) defines complexity as the breadth or variety of environmental, strategy, and organizational concepts embedded in a schema as well as the degree of connectedness among these concepts. Complexity enables firms and individuals to attend and respond to more stimuli and as pointed out by Weick (1995) “organizations with more varied images will engage in sense-making that is more adaptive than will organizations with more limited vocabularies.” Clearly these attributes described by Walsh and Weick are prerequisites for TRN to achieve its aspiration of becoming strategically flexible. The TRN contextual dynamics established in Project One of this research provide significant evidence that there has not been a “breadth or variety of environmental, strategy, and organizational concepts.” The preliminary constructs further evidenced in the repertory grid interviews of Project Two reinforce the existence of narrow schema at the individual cognitive level. While the scale of interviews was purposeful yet small in number, the results indicate the presence of many factors that hinder the potential for breadth and variety of strategic schemas. A focused schema by contrast “is the degree to which a strategic schema is centralized around a few core concepts”. As has been more extensively evidenced across all three projects of this research, TRN appears to have focused schema around a limited number of concepts such as cost-efficiency, consolidation, scale and growth primarily through forward integration (Porac and Rosa 1996, Nadkarni and Narayanan 2004). Focused schema set the boundary of concepts attended to more tightly and intuitively restrict the breadth of options considered and thus implemented. The repercussion is that cognitive strategic flexibility has been largely underdeveloped in TRN.

As referenced previously in regards to the work done by Kosonen and Doz (2008), the two strategic cognitive characteristics of strategic insight and foresight were central phenomenon present in the strategic frames of the case executives. This research showed that with these characteristics, it was not whether one or the other was present. Rather it was to what degree each was present and which one might tend to dominate an executive's strategic frame in the case study's context.

Figure 29 below shows a theoretical correlation between industry clock speed and the strategic frame of the firms in those industries as outlined in Nadkarni and Narayanan's (2004) study. Based on the theory of Doz and Kosonen (2008) an additional placement of their constructs has been made by the researcher. The placement suggests a possible association between Strategic Insight and fast clock speed industries and a parallel association between Strategic Foresight with slow clock speed industries.



**Figure 29: Clock Speed And Cognitive Frames**

While both of these approaches indicate that different strategies, structures and thinking are needed in fast changing environments, they tend to assume that firms operate primarily in one dimension or the other. This assumption likely holds true for the majority of firms operating in the industries that were classified into fast and slow clock speeds by Fine (as cited in Nadkarni and Narayanan 2004). However, as indicated earlier a central assumption of this research has been that some truly global firms operate in

contexts that cannot be distinctly classified as either fast changing or slow changing but rather are combinations of both. As outlined in Project One, there is support for this assumption in the telecommunications industry due to the existence of mixed speeds across the three dimensions of industry clock speed. This variation is further affected due to the global reach and the resulting range of market diversity. As Prahalad and Bettis (1986) have suggested, “managing diverse businesses should yield increased cognitive complexity.” Further, Ghoshal and Bartlett (1994) propose that executives managing greater international scope should also have more complex cognitive maps than those of national scope.

Given the extensive range of definitions of markets and environments in the literature and the results outlined in this research it is clear that speed of change is not the only relevant factor influencing the strategic frames of the Case Company’s executives. As evidenced in this research the case company appears to be experiencing stable and unstable, fast and slow and other contrasting environment factors simultaneously. This variation has the potential to provide mixed signals, uncertainty, and conflicting environmental feedback. Some of this dynamic was confirmed in the “Ivory Tower” versus “Front Lines” disconnect uncovered in this research’s findings. Also, several of the repertory grid interviews and survey responses express that market variation has indeed resulted in domain conflict. This conflict is primarily a result of self-interest over perceived corporate priorities/preference in various priority or strategic markets.

As was revealed in the Project One interview of a former Head of Strategy and Business Development and illustrated in Figure 10 Chapter 3, the added dimension of emerging to mature market has been another factor impacting the strategic frames of the Case Company’s executives. This existing continuum would intuitively place different demands on the strategic thinking of the organization’s executives similarly to managing diverse businesses (Prahalad and Bettis 1986). One might expect that mature markets tend to have more established rules of engagement, reduced new competitive entrants and advanced product knowledge (Aaker 1995). These relatively more stable environments should, therefore, allow for longer planning horizons, exploitation of assets and “strategic

schema, generally developed through gradual elaboration and feedback over a long period of time” (Prahalad and Bettis 1986, March 1991, Nadkarni and Narayanan 2004). In these market contexts, the criteria for learning and feedback would make strategic or expert intuition beneficial (Klein 2003). By contrast, emerging markets might tend to have characteristics of uncertain environments with a greater variety of stimuli and faster changing factors correlated with fast clock speed industries (Nadkarni and Narayanan 2004). These factors suggest that emerging markets would experience more turbulence and, therefore, depending on intuition or automatic cognitive processing would be less reliable (Reger and Palmer 1996). According to the research of Reger and Palmer (1996), the additional implication is that there would tend to be less consensus amongst managers within the firm and more constructs supporting cognitive complexity at the market level as a whole.

When considering the separation and continuum of dimensions proposed by the researcher in Figure 29 the correlation would suggest a natural match between focused schema with a mature market and complex schema with emerging markets. The application of this principle can be problematic in practice. For example, in the TRN case, strategic leaders are frequently responsible for a scope of markets that represent a range of market contexts. There is the probability of finding markets, units, and roles where focused schema will be satisfactory or even preferred. On the other hand, the range of contexts outlined above further justifies the aspiration to enable effective paradoxical thinking and cognitive strategic flexibility for all TRN leaders. Therefore, the challenge will be to promote the development of strategic flexibility within the entire firm. As previously noted, leveraging lessons learned from the ambidexterity literature on mechanisms that enable contextual ambidexterity will also be beneficial. However, the complexity of the task remains substantial. To assist in managing this complexity, the utilization of the iSCOPE diagnostic framework will be delineated next in Chapter Six.

## **CHAPTER SIX**

**The iSCOPE Framework:**

**An**

**Integrating Tool**



## **6.0 The iSCOPE Framework: An Integrating Tool**

As referenced earlier in the methods section of this research “The outcome of an inductive analysis is the development of categories into a model or framework that summarizes the raw data and conveys key themes and processes.” (Thomas 2006). When considering the relatively wide range of data collected and the complex number of factors and contexts influencing the level of cognitive strategic flexibility in TRN’s executives a framework for understanding and planning a response was needed. Since the iSCOPE framework was induced directly from the TRN case study data and was built upon relevant theoretical literature, it was used as an intervention lens. It proved to be extremely useful as a pragmatic yet conceptually based integrative diagnostic tool. The researcher has used the six components of the framework to:

- i) Structure the current state of TRN’s potential for cognitive strategic flexibility from the research findings.
- ii) Develop reflective questions to gain insights into the impact of each component, the relationships between the components and their implications.
- iii) Propose and implement actions to enable TRN’s potential for cognitive strategic flexibility.

While the iSCOPE framework was not considered or operationalized in a sequential methodology, it is presented in that structure below. It should be noted that there are many interdependencies amongst the components of the iSCOPE framework. Like many frameworks, the components should be considered in an iterative process to enhance the overall understanding and relationships of the phenomenon. In the coverage below, current state analysis and gaps will be discussed. TRN intervention actions will be covered in more depth in Chapter 7.

## 6.1 The Intent Component

As this research has evidenced, *Intent* or goal orientation has been a central challenge for TRN. From the initial merger complexity through to increasing financial and competitive pressure, the answer to the overall directional question has been lacking. This research has extensively outlined that the “short-termism” mindset or temporal myopia (Miller 2002) has been deep and long lasting in TRN. While the idea of strategic intent as first espoused by Hamel and Prahalad (1989) may be overly ambitious, to enhance the possibility of sustainability extended strategic horizons need to be taken into account. The cost of focusing on short-term benefits to the detriment of longer term outcomes is one consequence of this mindset. Hines and Bishop (2006) describe this as “the fix that fails”. In other words, it is implementing “a short-term solution that increases the long-term problem” (Hines and Bishop 2006). Another area of improvement would be to implement mechanisms and practices that would support the broadening of TRN leader’s strategic frames. The intent would be to enable cognitive strategic flexibility at cascaded levels within the firm.

Sharfman and Dean (1997) point out that “to adapt, managers often must make flexible choices that are unusual, innovative or, at a minimum different from the norm”. This research’s findings suggest that TRN was increasingly in a state of exploiting the current environment and struggled with the question of where and how to find profitable growth. The strategic responses highlighted in the repertory grid interviews are a clear example of the inability of TRN to consider effectively and exploit dimensions such as related diversification, adjacent markets, monetized innovation, new business models or significant new profit pools. Building on the insights and research of Weick (1995) and Walsh (1995) and the conditions established in this research it is evident that TRN could greatly benefit from the development of complex strategic schema to enable “more sensemaking that is more varied and adaptive.” Providing more autonomy to leaders to allow them to decide the appropriate emphasis or degree of focus in the overall exploit and explore tradeoff is a minimum start (Raisch and Birkinshaw et al. 2009, Gibson and Birkinshaw 2004). However, this increased intention towards achieving a more

ambidextrous organization requires a longer term perspective that has direct implications on the degree of and form of strategic flexibility required by the firm (Lavie and Stettner et al. 2010, Goddard and Eccles 2013). The structural and contextual ambidexterity approaches need to be combined with soft wiring mechanisms that promote more focus on value-creating activities of differentiation, intrapreneurship, and innovation.

## **6.2 The Strategic Foresight Component**

TRN's *Strategic foresight* capability is related to its intent on two temporal dimensions. The first can be considered as related to the ability to sense and make sense of shorter term complex situations as they arise and the ability to take advantage of them. As this research has highlighted, TRN has not been able to make timely and speedy decisions. Also given the relative rollercoaster ride of strategic responses and poor financial performance outlined throughout this research, it is fair to say that TRN has not been able to exploit or effectively be strategically responsive. The second temporal dimension can be considered as sensing and anticipating longer-term trends and their strategic implications more effectively than its competitors. The importance of this capability is captured by repertory grid interviewee number two when he states, "somebody needs to win the war and not just the battle." Strategic flexibility and effective execution require an organization to have regular and accurate communication in its hierarchy. The "Ivory Tower" phenomenon brought to light in this research is a central inhibitor to the level of realism and pragmatism in TRN's strategic thinking and planning. As a result, some related factors need to be addressed to enhance and enable strategic foresight in TRN. First an overall culture of trust needs to be re-established. This trust includes security of position and safety from consequences of bearing bad or contrarian news and perspectives for those communicating upwards in the firm. It also involves downward trust in the quality and expertise of the leadership pipeline so that the messages received from below are acted upon and valued. An increased level of transparency and realism in downward information sharing mechanisms is another requirement to move from a perception of "propaganda" coming downward. This realism would also better inform and increase the value of responsive information flowing upward. Mom and van den

Bosch et al. (2007) research on information inflows indicate specific relationships supporting exploitation or exploration activities. The authors find that top-down knowledge inflows tend to be unambiguous, help in effectively and efficiently solving existing activities and increase depth in existing knowledge bases rather than breadth. While TRN can benefit in this directional communication to enhance alignment and trust, it is unlikely to assist in building cognitive complexity. Bottom-up knowledge inflows do increase variety in experience and can be a “major source of exploratory learning by adding new knowledge to a recipient’s existing knowledge base” (Mom and van den Bosch et al. 2007). The current state of bottom-up knowledge inflows in TRN is restricted as upward feedback has not been welcomed. Systems to encourage weak signals had been discontinued, and as evidenced in the data collection there was in several cases a perception that strategic thinking from direct reports was not sought after by line managers. Clearly this condition is a long way from the principles and cultural heritage of the legacy parent company. In addition to impacting engagement levels, it has also stunted the potential for rich and diverse sources of constructs. The final and even more promising findings of the authors are that horizontal inflows provide knowledge that is ambiguous, complex and tacit. This inflow helps managers “interpret ambiguous and complex issues” developing skills, not unlike paradoxical thinking (Mom and van den Bosch et al. 2007). These horizontal inflows also increase the breadth of knowledge bases and have “been found to enhance innovation and the creation of new knowledge”. Therefore, structures, processes, mechanisms or activities that promote and stimulate cross-fertilization of knowledge bases should support the potential for cognitive strategic flexibility. While this factor has not been intentionally restricted, it has also not been promoted or leveraged. Given the tendency to protect one’s own turf during a turnaround context, it is plausible that horizontal flows have not been flourishing in TRN. Overall a great number of factors need to be adjusted to improve the practice and skills of strategic foresight including valuing it as a key competence not to be outsourced to consultants.

### 6.3 The Constraints Component

The *constraints* component is strongly related to the perception of the degree of free will an individual or organization has in making strategic decisions. As Weick and Sutcliffe (2005) note, this perception is influenced by sense making as it is primary in informing and constraining “identity and action.” This perception can be about the assessment made regarding feasible resources, competitive landscape conditions or relevant factors in the wider macro environment. In TRN, a recurring and central constraining factor was the perception of financial health or “limited financial resources”. This research evidences that very real resource limits did exist. Yet, it also demonstrates that it resulted in the company reducing the effort for search and consideration of strategic options beyond a very narrow set of strategic schema. Reinforcing this narrow focus was the implied connotation that TRN “can’t afford to take risks” (Moscow interviewee 3). With the additional focus on operational efficiency during the turnaround, the implication was reinforced by the exploitation mindset. In the words of Tushman and Euchner (2015) “The exploit culture is a culture of not making any mistakes; it's a culture of discipline; it's a culture of process.”

An additional factor constraining search and consideration of options was the divergence of the original two parent companies’ perspectives on risk. While Company R is no longer legally extant in TRN there are stakeholders remaining that may still represent a more conservative risk outlook.

The short term point of view mentioned in the intent component section along with low financial slack created a perceived psychological insecurity around job safety and very real pressure for results. When cascaded throughout TRN it also influenced search and consideration of options by limiting the time horizon for results and the perception of what would be acceptable. In the words of Moscow Survey Respondent 9 it “tells people what they are supposed to do”. The implication is that the employees who embrace following process thrive while those who prefer autonomy and free thinking tend to leave. According to the Central Senior Executive interviewee “we have narrowed our executive

profile”. The impact of this on the former TRN culture and values of open dialogue, transparency, and autonomy, was significant. To make matters even more challenging the time for individuals to think strategically was also condensed or as this research suggests, only to be done if there was capacity for it after meeting other demands of the job. In an almost self-fulfilling cycle, the poor financial performance also created a very low human slack and depletion of the leadership and general employee pipeline (Mousa and Chowdhury 2014). Beyond the burden of doing the same with less, the impact was that many senior leaders needed to spend more time supporting inexperienced direct reports and less on thinking strategically or innovatively. As noted in the research of Voss and Sirdeshmukh et al. (2008), there are divergent findings on the positive and negative effects of organizational slack and whether it promotes exploration or exploitation or not. The findings in this research complement and provide evidence of a negative relationship. TRN’s more recent financial enhancement through divestiture will allow it to make gradual increases of organizational slack. It also lifts the psychological limits of financial health. However, a culture change will be needed as well. Encouragement of calculated risk, investing earlier in entrepreneurial ideas, investing in selective high-profile big bets and making “failing fast” and learning a no penalty principle are all easy prescriptions. Their successful if not challenging implementation will support consideration of new and innovative strategic options.

## **6.4 The Orientation Component**

When considering the *orientation* component and the degree that TRN and its leaders focus internally or externally, we can see a variety of factors. One that is related to the constraints component and the perceived degree of control is whether the strategic frames in TRN were/are reactive or proactive in nature (Evans 1991). The data from this research supports the former orientation. This orientation is supported by statements such as the first repertory grid interviewee’s regarding the original lack of differentiating intent of being a follower or “doing what the big guy does”. The previously noted reactive state to Private Equity groups is another relatively high-profile example where TRN chose to take turnaround steps internally before they were done to them (forced on them). Perhaps an overriding metaphor that symbolizes the reactive strategic frame is the perception of

TRN strategy as aiming to be one of the “last bears standing.” As noted earlier this strategic frame could be interpreted to be in line with the “reserving the right to play” intentions outlined by Courtney and Kirkland et al. (1997). The results of this research did not find support for a conclusion that TRN was proactively pursuing this posture at a strategic or tactical level.

Another factor of orientation is the inside-outside dimension. This dimension is also connected to other framework components especially to strategic foresight. Research has shown that access to external market information and responsiveness to that information is strongly correlated to business performance (Cano and Carrillat et al. 2004). Interestingly research by the Corporate Executive Board finds that macro events that are uncontrollable factors external to a company (regulatory actions, economic downturns, geopolitical events and currency fluctuations) account for a small percentage of “stall points” or corporate crises (Olson and Bever et al. 2008). What this study by Olson and Bever et al. (2008) highlights is that “the vast majority of stall factors result from a choice about strategy or organizational design. They are, in other words, controllable by management”. This finding indicates that management has much more discretion over its environment than may be perceived. It is also behind the sentiment of the following observation regarding the fate of companies being “that companies are rarely killed; they prefer to commit suicide” (Goddard and Eccles 2013).

For TRN, this orientation has been measured via an externally managed survey called the Organizational Health Index (OHI). This instrument defines External Orientation as “the quality of engagement with customers, suppliers, partners, and other external stakeholders to drive value” (Keller and Price 2011). The resulting score for TRN in 2013 was 63% which is in the 3<sup>rd</sup> quartile. This relatively low score is described as “Directs the energy of the organization inward”. As cited in the review of literature Beer (1985) might categorize this as an “inside and now” focus on near-term improvements. This categorization would be consistent with the operational efficiency emphasis in TRN at the time of the survey. It may also be related to a more resource-based-view given the heavy investments needed in the telecommunications sector. The danger as Bogner and

Barr (2000) have noted is that a resource-based view's "emphasis on the cumulative weight of past decisions" impacts thinking about the future by focusing on fixed assets, established channels of distribution" and other historically based assumptions. This type of strategic frame increases the probability of narrowing cognitive frameworks and increasing cognitive path dependency. The related strategic frames also come back to the balance of ambidexterity. Unfortunately, the industry dominant logic may have been influenced by the historic and significant restructuring of the current market share leader. During the 1990s, Company E had a strong focus on exploration. However during the high-tech bubble it experienced an industry first in the very visible lay-off of 60,000 people. According to SBD Head interviewee 1 and SBD Head interviewee 2, this has made a lasting cautionary impression at the industry level. However, as the OHI indicates, without an appropriate external engagement TRN's longer term sustainability is at risk. As indicated in the data from the repertory grid interviews and further confirming data collection in Project Three, decisions that were externally related tended to come rather late. The limited focus and attention to the external orientation was seen in this research in multiple ways beyond the OHI. For example, the fact that in the word cloud representation from Project Three "McKinsey Concepts" is larger than the "Customer" in influencing strategic thinking and decision making represents the weakness of the orientation. As noted in the constraints section, not having time and investment in effectively recognizing the external environment and wider eco-system (OTT) is a factor that limits the strategic options considered and their implications. Goddard (2014) makes an apt contrarian observation related to this inward cost focused mindset in his suggestion for revising Profit and Loss statements. He suggests a method of shifting frames by instead of devoting "a single line to revenues and a long list of lines to costs, imagine reversing this order of priority by breaking down revenues into multiple lines according to the source of sales and, conversely aggregating all costs into a single line." While this is a playful idea, it accurately represents the TRN focus and danger of not appreciating sufficiently the sources of value creation. Shifting the balance of such frames is an underlying motivation and design principle of TRN's new Leadership Framework, competencies and supporting mechanisms.



## 6.5 The Process Component

The “how” of strategic decision making or *process* component in TRN has not been consistent over the time of this research. The context has had a large influence. For example, as noted in Project One, the level of participation from contributors farther down in the organization or from those who are getting signals on the front lines depended greatly on the stage of evolution and the sophistication of the company. The faltering of the translation of the strategy at the start of the merger integration resulted in a lack of clarity and alignment in the cascading of priorities. Over time, the factor of trust began to erode between management layers. This erosion created the “Ivory Tower” effect resulting in poorly informed decisions at the top followed by misguided directives being cascaded. Since these directives were based on “managed” information they increasingly came into conflict with front lines interests that were more in touch with reality on the ground. With a parallel decline in performance, the question of discipline and accountability became a central issue and campaign. As noted previously heavy governance over the process of decision making and increased top-down control was implemented. While this increased rigor in process it may have had selective exceptions. Repertory Grid Interviewee Four brought this to light when describing some cases as “decision by slideware”, especially when there was close alignment of the direction of the decision and the dominant logic of the industry.

From the strategic flexibility perspective “planning flexibility” is a critical aspect of a firm’s ability to be flexible (Sanchez 1997). One element of this has processes that are open to new ideas, sources of information (internally and externally), and options generated from these sources (Sharfman and Dean 1997, Smith and Tushman 2005). The second element relates more to the rigidity of the process and the emphasis on the strategic planning philosophy. Will the firm choose to be more planned and deliberate or more emergent (Mintzberg 1990)? The deliberate approach tends to be more top-down with the benefit of consistency and efficiency. Emergent strategic planning tends to be more “informal, flexible and empowering” (Dibrell and Down et al. 2007). The implications are that deliberate strategic planning seeks less deviation to the extent that it

can cause cognitive rigidity whereas emergent planning has the potential to be more responsive to changing customer needs and environments (Dibrell and Down et al. 2007). In practice, these two perspectives work hand in hand (Mintzberg 1990). The key is to design the level of planning flexibility to the context requirement. From the process standpoint, mechanisms that enable the efficiencies of routines while building in strategic checkpoints or awareness to external triggers improve the balance between deliberate and emergent planning (Dibrell and Down et al. 2007). These methods allow for frequent review, revision and adaptation of decision making and thus more planning and decision-making flexibility. The caveat is that emergent planning needs formal processes and practices to ensure that change occurs (Shimizu and Hitt 2004, Dibrell and Down et al. 2007).

The findings from this case study have indicated that TRN suffered in its decision-making process due to divergent parent company's outlook on risk and business models. This tension is now a minimal factor due to the repurchase of shares and sole ownership of the firm in 2013 to one parent company. There will, however, be a lingering impact from the heavy governance and loss of autonomy of decision-making during the turnaround. Extensive use of consultants has also lessened the opportunity for organizational and individual learning during that period. If, in addition, the "leadership profile has narrowed" with a loss of "free thinkers" then the journey to establish the potential for strategic flexibility will be longer and more challenging. The planned transformations arising from this research do include differentiation of planning and decision-making processes by context and units. Further, a return to a cascaded increased autonomy of decision-making via both process and expectations is underway. This action is consistent with the aspiration for enabling cognitive strategic flexibility. As Raisch and Birkinshaw et al. (2009) emphasizes, "Organizational contexts that provide managers with decision-making authority are likely to stimulate richer sense-making and cognitive processes at the personal level." The adjustments will need to start from the top for various change management reasons. The need for interventions at the TRN Executive Board member level to shift strategic frames has been acknowledged and supported by the current TRN CEO.

## 6.6. The Emotion Component

The *emotion* component relates to how strategic decisions affect both individuals and groups. Social Motivation theories include a range of emotionally motivated factors including aspirations of personal interest and social approval. The TRN research uncovered several of these including the personal interest of the senior leaders in the original merger decision, market domain conflict, potential payout interest from Private Equity, decisions related to goal motivation being done by “slideware” or narrowed cognitive search to justify past commitments (Kiesler and Sproull 1982). Shimizu and Hitt (2004) note this danger from their research where they found that the personal interest of managers can prolong commitment in the hope “of salvaging their careers.” The likely consequences of this type of behavior are summarized well in the words of TRN repertory grid interviewee number two in his lessons learned from this emotion when he observes that “I have learned that hope is not a very good business strategy.” Such personal interest can also impact and involve considerable ethical soul searching. As was noted by repertory grid interviewee number five’s observation that one’s decisiveness can be questioned in terms of whether it is motivated by protecting oneself or “moving forward to a place where you want to be?”

Additional emotional factors uncovered from the case study were related to levels of engagement. Empowerment or control over decision making seemed to add to whether an individual’s response was mechanical or involved discretionary effort and passion in execution. Another engagement related factor was the subjective value placed on the intent of the strategic decision, the means for achieving it and the probability of its success. These factors tended to impact the emotional adjectives used by interviewees such as visionary or value destroying. The factors described here are not unique to TRN and tend to play out in ad hoc and individualized circumstances. These symptoms are partial motivation for this research’s recommendation of Corporate Values renewal in TRN during 2013. However, the most effective responses to these factors are to take on board systematic principles and processes prescribed in the literature for limiting decision

bias (Tversky and Kahneman 1974, Snowden and Boone 2007, Kahneman and Lovallo et al. 2011, Lovallo and Sibony 2006, Roxburgh 2003, Sargut and McGrath 2011).

These prescriptions will be embedded into TRN through programs, processes, training and coaching of management decision making and approval processes. However, more problematic emotional factors impacting decision making and the potential for strategic flexibility are related to systemic issues. Kanter (2003) provides a particularly accurate mirror of the emotional state of TRN in her analysis of firms in decline. Her description of the psychology and emotional state of companies is as follows: “Decline causes managers to dislike and avoid one another, hide information and deny responsibility” (Kanter 2003). The intense pressure, personal interest, and threat in TRN resulted in very similar emotions and behavior being evidenced in the case study. Kanter (2003) depicts a typical self-perpetuating cycle of decline as following phases of “secrecy and denial, blame and scorn, avoidance and turf protection, passivity and helplessness.” TRN’s version of this included “ivory tower” effects, lack of accountability, risk avoidance, self-protection rather than collaboration, and management by fear tactics. Kanter (2003) also describes the Invensys case where continuous restructuring created “a culture of fear and had reduced employee initiative.” TRN faced similar levels of restructuring and fear that also resulted in significant voluntary turnover due to conflicting values and intolerance for the command and control leadership style.

Recent research by Vuori and Huy (2015) at Nokia found that the fear emotion impacted information flows similarly to the ivory tower effects in TRN. The authors’ research reveals at least two levels of fear emotion “Top managers were afraid of external competitors and shareholders while middle managers were mainly afraid of internal groups, including superiors and peers” (Vuori and Huy 2015). The result was that top managers put intense pressure on middle managers but did not fully share the seriousness of external threats. These actions also led to “Middle managers’ internally focused fear reducing their tendency to share negative information with top managers, leading top managers to develop an overly optimistic perception of their organization’s technological capabilities and neglect long-term investments in developing innovation” (Vuori and Huy

2015). The description of these factors has a close correlation with images portrayed by repertory grid interviewees in TRN regarding discrepancies between the realities in the field and the overly optimistic world at “HQ”. Further, the Nokia research highlights similar results as evidenced in the TRN research of a general hesitance of senior leaders and middle managers to engage in open strategic debate or communicate potential problems (Vuori and Huy 2015). Given the overall poor responsiveness and outcome for the Nokia devices business, the close parallel of psychological and emotional factors in TRN is worrisome. Vuori and Huy’s (2015) study takes an attention-based view of the firm and is, therefore, highly relevant to a firm’s potential for strategic flexibility. The authors demonstrate how shared emotions can hinder the “integration of attention, resulting in temporal myopia”. If TRN is to avoid a similar destiny, it must transform itself. Kanter’s (2003) research proposes several actions that can help turnarounds on an emotional level. She emphasizes the importance of the “Leadership task of restoring people’s confidence in themselves and one another” (Kanter 2003). To counter the previous command and control styles of leadership, the new TRN Leadership framework emphasizes the supportive and challenging styles. Both of these styles are known to support engagement, foster innovation and increase decisiveness and risk-taking (Heifitz and Grashow et al. 2009). Kanter (2003) also recommends i) promoting dialogue, ii) engendering respect (a newly created TRN value), iii) collaboration across departments (which enhances innovation and the creation of new knowledge) and iv) inspiring initiative through empowerment. In addition to addressing all of these factors, plans for addressing the other five iSCOPE components have been proposed by the researcher. The next chapter will illustrate the journey of this framework’s findings, and insights into practice and theoretical contributions.

# **CHAPTER SEVEN**

**Enabling**

**Strategic Flexibility**

**In TRN**

## **7.0 Ideas In Practice**

The inductive research process held within the Case Company resulted in a systematic analysis of identified problems and possible solutions derived from academic theory. The TRN intervention utilized and adapted the concepts described in earlier sections of this research with the intent of contributing to both management practice and theory. The description that follows focuses mainly on outcomes from the research's findings however the implications go far beyond the scope and time horizon of this writing

### **7.1 The Journey Of Enabling Strategic Flexibility In TRN**

Based on the initial results and preliminary conclusions induced from Project One the researcher presented the high-level findings to the Head of TRN's Center of Expertise (COE) during late November of 2011. This presentation resulted in the formation of a four-member COE sub-team for the purpose of exploring and investigating TRN's Leadership, Culture and Values alignment. The team included TRN's Head of COE, the Head of Organizational Development, the Head of Talent Management and Leadership Development and the Researcher (Head of Executive Development). The favorable reception of this research's initial findings was aided by the heightened awareness of a need for change due to the recentness of a launch of a major restructuring carried out to achieve a financial turnaround. To help in the execution of that turnaround, a new set of principles was introduced and rolled out aggressively across the organization. The "Discipline, Accountability and Profit Mindset" (DAP) program was initiated in combination with harsh changes in management practices and an overall Command and Control leadership style. The additional negative impact of these actions on the potential for cognitive strategic flexibility has been clearly outlined in the research findings. However, the overall level of awareness and understanding of the implications of these actions were limited and unclear in TRN. Therefore, informal research and dialogue were carried out by the team including a formal presentation of the researcher's high-level

findings from both Project One and Two in August 2012. The COE subteam's joint conclusion (supported by TRN's Head of HR) was that a comprehensive culture transformation would be needed including new corporate values, a new Leadership Framework and a wide scope of management and process changes that were yet to be determined. As a secondary phase, the COE sub-team was enlarged by the formation of a larger eight-member TRN Culture Team formalized in November of 2012. The TRN Culture Team realized that to make an effective impact they would need to start with senior management and provide both internal and externally sourced evidence of the need for change. The resulting high-level actions of the Transformation Project are illustrated in the timeline in Figure 30. While not all of the transformation objectives are linked to this research it is important and relevant for at least five reasons:

- 1) First, the output of this research was a major catalyst and shaper of the actions taken to design and launch the Project.
- 2) Secondly, the findings from this research and insights from analysis of iSCOPE components recognize that focusing on only a small range of interventions to foster cognitive strategic flexibility at the level of TRN's individual Strategic Leaders would reduce the possibility of success. The wider contextual factors would also need to be considered to enable change.
- 3) Thirdly, the resulting Culture Transformation Project Office (CTPO) encompassed 67 projects. All projects were formerly aligned with and followed the principles the Leadership Framework and new Corporate Values arising from this research.
- 4) Fourthly, the implementation of actions beyond the timeline of this writing includes incorporating organizational design principles based on contextual and structural ambidexterity into the new TRN structure to be realized in 2016.



- 5) Finally, to present the intervention proposal and actions of this research without providing the wider organizational initiative would be misleading to the methodology, inconsistent with the literature and would not fully inform the comprehensiveness of the impact of this research on TRN.

The overall TRN transformation project high-level timeline is presented in Figure 30.

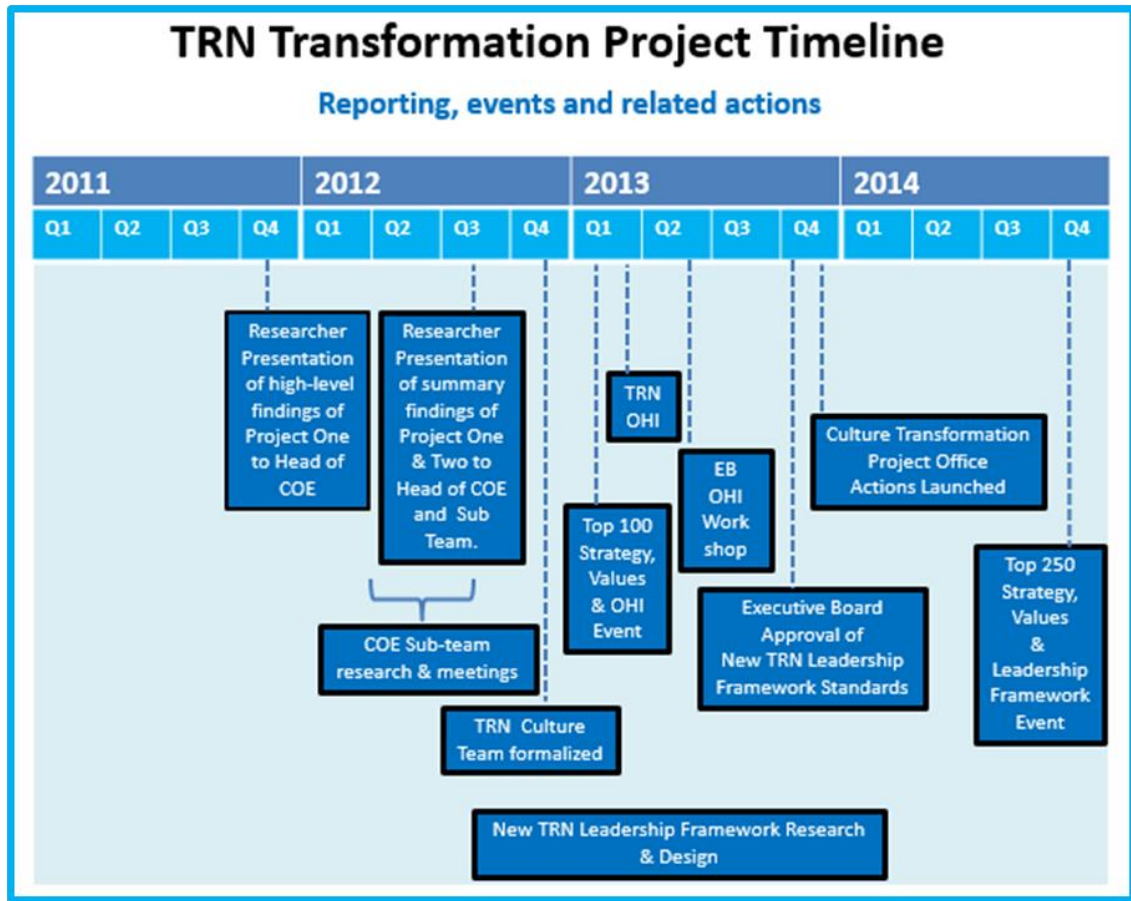


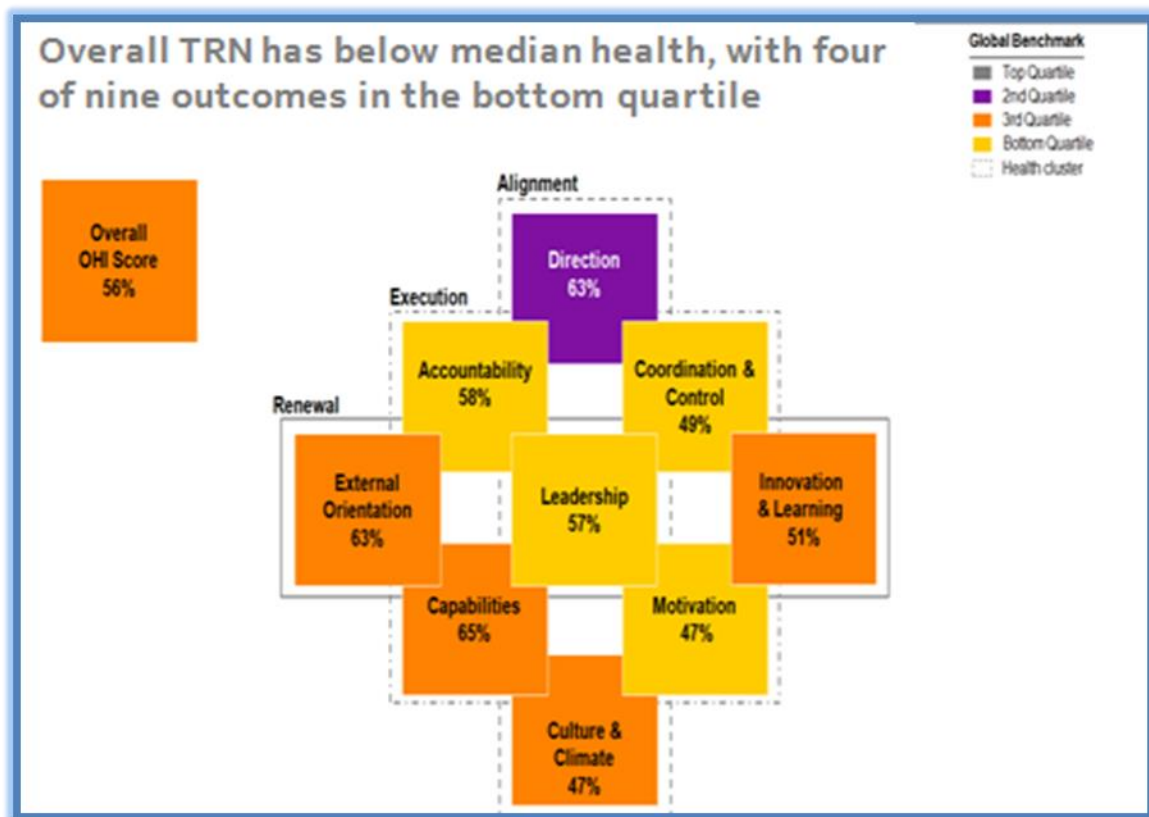
Figure 30: TRN Transformation Project Timeline

## **7.2. Starting At The Top And Touching Everyone**

A central component of TRN's ambition of improving its competitiveness had always been to build a strong leadership pipeline. As noted in Project One's Exploratory Focus Group discussion a specific concern regarding TRN's Leadership was the strategic frames of the most senior population (TRN's Strategic Leaders). Given insights and implications from this research focusing on the creation of a new Leadership Framework with appropriate strategy related competencies and supporting mechanisms would be an essential initial catalyst to foster cognitive strategic flexibility (Intagliata and Ulrich et al. 2000).

As has been well-documented, effective change initiatives need to be systematic and take a holistic approach including more than just soft issues (Sirkin and Keenan et al. 2005). There is also wide recognition that buy-in at the top is one of the most effective starting points for role modeling and supporting change (Kotter 2007). While the TRN Executive Board (EB) was aware that a high cost had been associated with the turnaround there remained significant diversity in perspectives on the implications and on what was needed next (EB interviews December 2011-January 2012). Despite the recognition of the impact that the turnaround measures had made on the overall health of the company, there remained some hesitation amongst the EB members to make any adjustments. The focus on execution and command and control practices were seen to be one of the main drivers of the turnaround results. As evidenced in both Lant and Milliken et al.'s (1992) research and this case study, past success tends to reduce the search for new options. Underlying this caution was a lack of trust or belief in the employee's ability to sustain the changes implemented. Concern that employees "would return to the old ways" was expressed on several occasions (EB OHI interviews May-June 2012). Expressed in ambidexterity terms this lack of trust is based on the assumption that employees cannot manage the paradoxical discipline of delivering on leanness while embracing benefits of other mindsets. This reluctance and uncertainty signaled to the COE Culture Team that an independent assessment and external process expertise would be needed to provide credibility to the Cultural transformation.

The result was the engagement of McKinsey Consultants who proposed the Organizational Health Index model (Keller and Price 2011) as an initial means of engaging TRN in cultural transformation. This model is backed by extensive research and provides a framework for assessing an organization's health based on nine dimensions and 37 practices. Figure 31 shows the nine dimensions of organizational health from the model.



**Figure 31 Nine Dimensions of Health from McKinsey OHI Model**

The power and appeal of using the McKinsey OHI Research as a catalyst for change was that it is linked to competitiveness and sustainability. Making this close link to corporate performance had the advantage of making the transformation a 'business issue' and not just a soft skills Human Resources initiative. Additionally, through its survey, the OHI

provided an external methodology for capturing internal ‘facts’ and data. The approach closely follows the logic of Chandler’s (1962) concept of structure follows strategy by impacting practices that create firms Archetype (Appendix 5). This approach aligned well with the COE Culture Team’s intent to change specific practices including the key practice of Leadership (note in Figure 31 that TRN is in the bottom quartile in this practice). This tool also provided external validation and support of many of this research’s findings. This external validation increased the stakeholder trust in using the iSCOPE insights to guide the initial thinking. The first steps taken by the COE Culture Team were as follows:

- 1) Use of the values portion of the OHI survey with the EB and participants of the 2.5 day Senior Leaders Dialogue event as a current state snapshot to make the issues explicit. Use of the event as a first discussion platform to build momentum for change to new corporate values, leadership and to raise awareness of the issue of sustainability. This event was held in January 2013 with the one-day portion focusing on values/leadership/culture designed and co-facilitated by the researcher and the Head of Organizational Development.
- 2) Buy-in achieved at the top by running a dedicated OHI workshop with the EB to decide on a TRN Archetype (July 2013). As part of this process individual interviews were held with each EB member before the workshop. The result was that a modified version of the ‘Execution Edge’ archetype was chosen for TRN.
- 3) Creation of a new Corporate Values and Leadership Framework to match and reinforce the new aspired to corporate culture and Archetype (July to October 2013). Validation and finalization of the TRN Corporate Values were achieved in an EB workshop designed and facilitated by the researcher in October 2013.

- 4) Creation of a Cultural Renewal Project Office to launch a comprehensive cultural change initiative (November 2013). The initiative includes EB sponsors for all five overarching work streams driving the ten practices and 67 projects. The work streams were empowered to propose and plan changes in behaviors, practices and management systems consistent with the new aspired to culture.
  
- 5) The first phase of Cultural Renewal launch at the November 2014 two-day Top 250 Summit. This event included the sharing of the 1) refreshed strategy 2) chosen archetype, new corporate values, chosen practices and 3) the new TRN Leadership Framework.

The Transformation Project plan includes a comprehensive set of events, activities, and actions over a three-year horizon. Two primary parts of this initiative relate directly to the practical contributions of this research. First, the Leadership Framework will have a direct impact on the expectations for strategic leaders' behavior and their evaluation. The design of this framework along with its corresponding competencies will impact the strategic flexibility capability of the company by formalizing standards that aim to enhance strategic thinking and insight. Secondly, the five CTPO clusters aim to realign the systems and management practices to create a culture that is more conducive to finding the balance between exploitation and exploration (March 1991).

As noted above, these combined wider but integrated actions in TRN are on-going at the time of this writing and have budgets for a three-year planning horizon. Nevertheless, we now consider in more detail the focused actions regarding fostering cognitive strategic flexibility at the individual level through the Leadership Framework.

## 7.2.1 Research Impact On Fostering Cognitive Strategic Flexibility In TRN

Consistent with the contextual insights gathered in this research, four work streams were created to drive the adoption of the Leadership Framework:

- 1) Communication and Symbolic Actions (to signal and reinforce the change)
- 2) Building and Enabling (the Framework and its competencies through training/education)
- 3) People Processes (embed framework and principles in all people processes)
- 4) Management Systems and Processes (modify, replace and eliminate)

This overall approach to the four work streams is represented in Figure 32.



**Figure 32: Approach To Embedding The Leadership Framework In TRN**

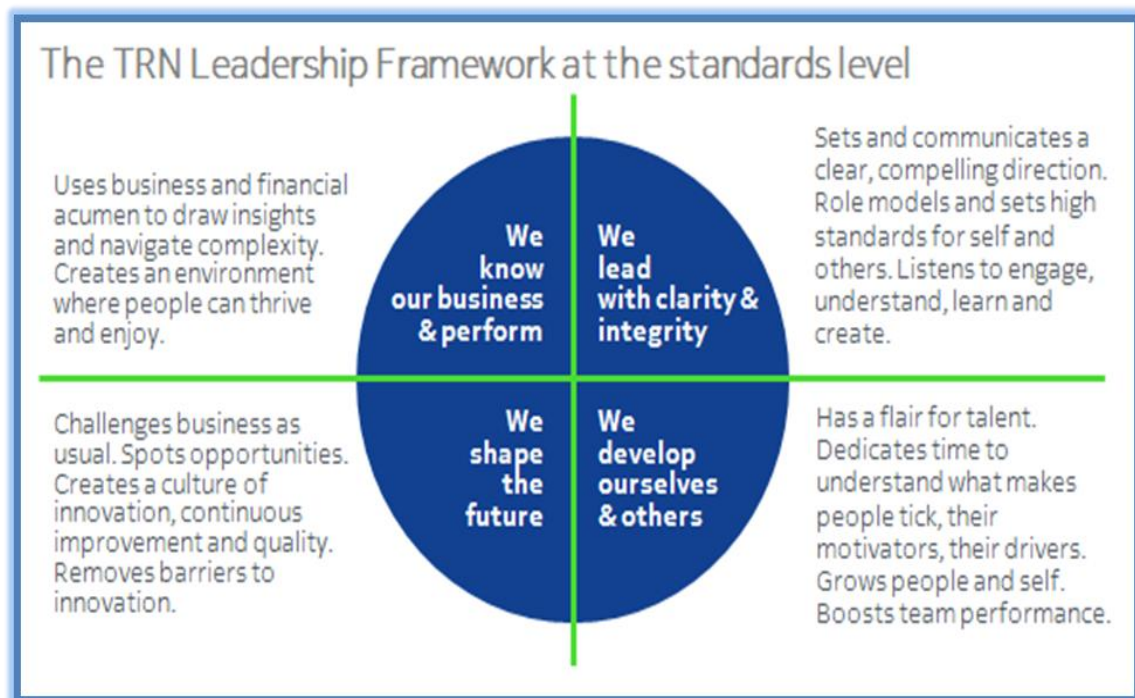
The initiative to transform TRN's strategic cognitive flexibility was (and is) politically sensitive. As with most change initiatives, there has been the need to recognize the challenges of the past and current state while focusing on the positive aspirations. In short the researcher emphasized this symbolically by successfully embedding slogans in the CEO's and other corporate communications such as "What got us here, won't get us there." The positioning of the need for change in this manner avoided the potential for blame and finger pointing while at the same time not drawing direct links to lack of competency; especially in the area of strategic thinking (further metaphors were used to create a positive foundation for accepting the change).

### **7.2.2 Creating The New TRN Leadership Framework**

The researcher and a senior TRN colleague were made responsible for the creation of the new Leadership Framework. The creation process involved was as follows:

- 1) Based on mutual expertise in the area of Leadership and reference to relevant (Corporate Leadership Council and academic sources) literature, consideration of the essential aspects of "what good leaders do" was undertaken to create a first draft proposal.
- 2) A review and analysis of internal views on Leadership and culture was conducted. This included all the data collected via the OHI results which were based on a survey of 10,000 employees, focus groups with high potentials and selective employees. Additionally individual interviews with 16 senior leaders were conducted directly by the researcher and the co-creator of the framework. The main purpose of this data was to listen to both the perceived current state and what the overall employee population aspires to in the area of leadership.
- 3) Given that buy-in from the top would be an essential success factor in the implementation of the Framework the next step involved individual EB

- interviews. A one hour interview with each of the 14 EB members was held to explore their ideas and preferences for the TRN Leadership Framework (See Appendix 6).
- 4) A deeper sharing and review of the iSCOPE Framework was conducted. Comparisons and alignments were made to ensure full capture of the implications of the research.
  - 5) Analysis and consideration of gaps, strategic fit, and continuity were undertaken. An assessment of the alignment of the Leadership Framework with the draft new TRN Values was checked. Several reiterations and editing sessions resulted in the final creation of four Leadership Standards and supporting statements. The Framework was then approved October 17<sup>th</sup>, 2013 by the EB. The new Leadership Framework can be seen in Figure 33 below.



**Figure 33: New TRN Leadership Framework At The Standards Level**



### **7.3 The iSCOPE Link To The Leadership Framework**

A few things can be seen from the new TRN Leadership Framework at the “standards level.” The Framework mirrors three fundamental business processes of engaging resources, executing effectively and efficiently and renewal. The “We know our business and perform” standard emphasizes sensing, sense making, and foresight as a starting point. It also reinforces the need to exploit and deliver today. The “We lead with clarity and integrity” standard emphasizes providing and communicating a direction in a compelling way. It also touches on ethical standards that enhance organizational trust. The “We develop ourselves and others” standard addresses the need for a strong leadership pipeline and a learning culture capable of growth and adaptation. The fourth standard “We shape the future” supports a proactive mindset and both incremental and breakthrough innovation. Importantly it explicitly supports challenging the status quo. The final piece of the framework not shown in this visual is the supportive and challenging leadership styles. These two styles permeate all four standards and are underlying leadership principles of the framework. As noted in the iSCOPE diagnostic section these two styles support engagement, innovation, decisiveness and risk-taking (Heifetz and Grashow et al. 2009). To help educate and reinforce these dimensions the researcher has co-created a leadership assessment tool that indicates levels of use of the four styles of Command, Control, Supportive, and Challenging. This tool recognizes that all styles have their benefits and application but emphasizes the fit of use (and provides behavioral practices) in creating enabling contexts (Ghoshal and Bartlett 1994, Mom and van de Bosch et al. 2009). To further operationalize the Leadership Framework each of the four “Standards” have a set of behavioral competencies associated with them to further guide what is expected of TRN Leaders. Consistent with leadership pipeline theory, the competencies have been segmented for priority based on the level of the leader within the organization (Charan and Drotter et al. 2001). The emphasis on the strategic thinking dimension will be heavier the more senior the leader is. This is consistent with the Leadership Pipeline Model and the need to enable the potential for strategic flexibility amongst TRN’s Strategic Leaders as a starting point (Charan and

Drotter et al. 2001). Appendix 4 shows the full distribution of competencies across the Leadership Levels.

A selective list of most relevant Leadership Competencies to enable TRN's Strategic Leaders potential for Cognitive Strategic Flexibility are listed below:

### **Strategic Agility**

Sees ahead clearly; can anticipate future consequences and trends accurately; has broad knowledge and perspective; is future oriented; can articulately paint credible pictures and visions of possibilities and likelihoods; can create competitive and breakthrough strategies and plans

### **Perspective**

Looks toward the broadest possible view of an issue/challenge; has broad-ranging personal and business interests and pursuits; can easily pose future scenarios; can think globally; can discuss multiple aspects and impacts of issues and project them into the future.

### **Dealing with Ambiguity**

Can effectively cope with change; can shift gears comfortably; can decide and act without having the total picture; is not upset when things are up in the air; does not have to finish things before moving on; can comfortably handle risk and uncertainty.

### **Innovation Management**

Is good at bringing the creative ideas of others to market; has good judgment about which creative ideas and suggestions will work; has a sense about managing the creative process of others; can facilitate effective brainstorming; can project how potential ideas may play out in the marketplace.

## **Managing Vision and Purpose**

Communicates a compelling and inspired vision or sense of core purpose; talks beyond today; talks about possibilities; is optimistic; creates mileposts and symbols to rally support behind the vision; makes the vision sharable by everyone; can inspire and motivate entire units or organizations.

## **Decision Quality**

Makes good decisions regardless of how much time it takes based upon a mixture of analysis, wisdom, experience, and judgment; most of his/ her solutions and suggestions turn out to be correct and accurate when judged over time; sought out by others for advice and solutions.

Successful implementation of the full list of Leadership Competencies and principles of the four Leadership Standards will take time. The multiple mechanisms for embedding the Framework throughout the organization as touched on earlier include and are not limited to the following: 1) Leader's Performance Evaluations/bonuses for the "How" portion of achievements based on the Framework 2) Training programs at all levels of the organization have been redesigned in alignment with the Framework and Competencies 3) The "Distinctive Leadership Index" Survey questionnaire launch. These questions provide evaluation by direct reports on the leadership competencies and standards and will be used for individualized development plans and the new "one-in-ninety line manager dialogues" 4) customization of the 360% feedback assessments based on the new competencies, feedback coaches trained on the new 360% for development 5) Framework and competencies used as criteria for new positions, succession planning and hiring through Behavioral Based Interview tools designed from the framework and competencies.

In addition to these more permanent mechanisms, there has been formal communications and education program as part of the overall Cultural Renewal launch. During 2015, the leadership framework "module" has been included as one-third of the time of full day events at 32 global locations (3500 line manager participants). As of September 2015, the

redesigned corporate training programs have hosted 2867 participants for face to face sessions. At the more senior leader population level, five hundred and fourteen 360% assessments with feedback coaching sessions have been conducted. The final and equally critical component of enabling the new Leadership Framework is the alignment and embedding of the concepts in the development and execution of the 10 CTPO work streams and 66 other projects. These projects have been prioritized and are rolling out in order of business impact and logic of contextual alignment.

•  
While the success of the intervention being undertaken at TRN is still uncertain, there are at least several dimensions that are transferable to other organizations. First the overall findings regarding the inhibitors and enablers to strategic thinking illustrated in this study provide an empirical benchmark of lessons learned. Secondly, this research has shown that using the repertory grid interview technique is a viable methodology for assessing and defining competency models. Thirdly, the iSCOPE framework provides a pragmatic framework that can be used as diagnostic tool for considering similar interventions in firm's facing strategic flexibility and ambidexterity dilemmas or other culture and organizational change initiatives.

## **7.4 Overview Of Contributions To Theory And Practice**

This research has made contributions to several aspects of research practice and organizational understanding:

- 1) The new iSCOPE Framework provides practical utility for practicing managers. It also offers new conceptual links between a dispersed range of academic theories and integrates them in a pragmatic way.
- 2) The research takes first steps towards creating a theoretical synthesis between the strategic flexibility and ambidexterity streams of research. By exploring the potential of conceptual and practical benefits not yet considered it helps move forward both fields and inform future research.

- 3) The use of the Repertory Grid Interview Technique builds on and complements previous studies in the area of strategic thinking and decision making. It also presents unique insights to the inhibitors and enablers of strategic thinking especially as related to cognitive strategic flexibility.
- 4) The application of the theoretical concepts underlying strategic flexibility to practice offers a greater understanding of their pragmatic repercussions. The use of the Repertory Grid Interview Technique demonstrated its viability as a methodology for developing impactful Talent Management principles and competency model designs.

This research has used a general inductive approach in both the development of the Case Study data collection and its analysis (Thomas 2006). Strauss (1987) refers to this as the researcher beginning with “an area of study and allowing the theory to emerge from the data”. The area of study in this Case has been strategic flexibility at the individual and organizational levels. As this research focus necessitates the study of enabling the cognitive dimensions of strategic flexibility it falls primarily under the “Individual and Organizational minds” research stream (Schwenk 1992). However, given the additional objective of application of the theoretical concepts to management practice the scope of this research includes further disciplines. A central and complementary area is Strategic Leadership since it is the vehicle from which all strategy is formulated and executed. The related fields of Talent Management and Change Management were also integral elements with the latter being more relevant to the execution of the TRN intervention.

The general inductive approach employed for this research holds the expectation that the analysis will result in “the development of categories from the raw data into a model or framework” (Miles and Huberman 1994). The expectation of the creation of a framework is that it will be developed “through interpretations made from the raw data by an evaluator or researcher” (Thomas 2006). This research’s interpretation of the raw data has resulted in the inductive development of the iSCOPE Framework. The Framework’s components are based on two dimensions. Firstly, the content of the repertory grid interviews and supporting data collection provided the initial empirical basis. Secondly,

the integration of relevant academic literature and concepts for each of the Framework's components provided increased conceptual depth. This new Framework has "practical utility" given its pragmatic application to the problems of practicing managers (Corley and Gioia 2011). The Framework's use as a diagnostic tool for considering organizational interventions or as a change management vehicle has been demonstrated in the TRN case study. This process illustrated how it can be a useful lens for identifying and categorizing complex performance and behavioral factors at the individual and organizational levels. Further, the components of the framework are valuable for analyzing the interrelationships and dependencies between the factors or symptoms. As in the TRN example, the iSCOPE component analysis can lead to the design of intervention solutions that are concrete, mutually reinforcing and systemic. The Framework also provides new conceptual links and connections between a dispersed range of academic theories by integrating them in a pragmatic way. By identifying and demonstrating new ties between literature-based theories and applying them empirically, increased understanding of the practical implications of these connections has been achieved. For example, in the TRN case the linkage of strategic flexibility enablers and inhibitors across theories related to strategic foresight, cognitive biases, trust, leadership pipeline strength, information flows, integrated and differentiated thinking, slack, individual and organizational fear, and others outlined in the research, advances knowledge of their interrelatedness.

The research has also argued that there are benefits to exploring the connections and applications of the streams of ambidexterity and strategic flexibility. Thomas (2006) states that "the primary purpose of the inductive approach is to allow research findings to emerge from the frequent, dominant, or significant themes inherent in raw data, without the restraints imposed by structured methodologies." During the iterative process of data collection, data analysis, reflection, and review of the literature the researcher became increasingly aware of the conceptual connections not yet explored between the strategic flexibility and ambidexterity streams. This awareness was heightened by the need to have practical applications from the concepts. From a solution perspective, the most recent work in ambidexterity showed promising connections both at the individual and organizational levels. Despite this realization, the researcher could not find previous

research explicitly connecting these two streams. While there is a logical connection between organizational adaptation and strategic flexibility the overlap has not been fully explored or leveraged. The closest emerging connecting factor appears to be in the area of the “dynamic capabilities” concept that is increasingly referenced in the ambidexterity stream. This evolving connection is due to two conceptual developments. Firstly, Teece’s recent significant shift and recognition that “Leadership matters” and that manager-entrepreneurs strategic foresight “might be the most prominent feature of the firm’s dynamic capabilities” (Teece 2014). Secondly, researchers such as Birkinshaw’s (2015) trying to understand how ambidexterity is achieved in practice and breaking down components of dynamic capabilities as a means for exploring the variations in how firms use different flexibility tactics. The researcher anticipates that these two developments will eventually lead to greater connections between ambidexterity and strategic flexibility. While dynamic capabilities are not positioned as a strategy or a strategic principle they clearly describe the state of being flexible (Teece 2014). Therefore, this ‘flexible’ capability is at the core of exploration. There has not yet been a connection made between the potential similarities of the cognitive requirement at the individual level. Namely the paradoxical thinking demands of ambidexterity and cognitive strategic flexibility. Further, the more recent ambidexterity research investigating the mechanisms that enable the tension between exploit and explore likely have overlap with facilitating cognitive strategic flexibility as evidenced in the iSCOPE analysis of TRN. Additionally, the use of strategic flexibility concepts developed by Sanchez (1997) of coordination and resource flexibility supported by practical examples outlined by Aaker and Mascarenhas (1984) could have immense benefit to firm’s seeking ambidexterity. The connections between structural and contextual (or “behavioral”) ambidexterity to enabling strategic flexibility for firms in mixed clock speed industries such as TRN could be extremely practical (Birkinshaw 2015). While the findings from this research support the idea that structural ambidexterity is not feasible during turnaround situations. It can be a useful guiding concept in practice to resolve tensions between the exploit explore pressure of firms emerging from distressed contexts that need to regain an appropriate balance. This research has taken first steps towards creating a theoretical synthesis between these two

connected streams. By doing so, it helps to move forward both fields and inform future research by identifying factors and the benefit of their further study.

This research has also complemented previous research using the repertory grid interview technique in the area of strategic thinking and decision making. The use of this method with a focus on constructs related to strategic decision making builds on previous studies. However, it provides unique insights to the inhibitors and enablers of strategic thinking especially as related to cognitive strategic flexibility. New potential connections amongst cognitive theory such as cognitive complexity/focus, strategic foresight/insight, and market variation factors were also considered. The findings of this research support the notion that clock speed factors are extant not only in either slow or fast clock speed industries but industries experiencing mixed clock speeds. At the firm level, these findings have repercussions on the cognitive demands of the executive leaders. When considered in combination with market variation demands as outlined in TRN, there is evidence that greater cognitive complexity and strategic insight are needed for senior managers working in these contexts. Therefore, there is a need to implement systematically mechanisms for enabling the potential for cognitive strategic flexibility beyond the level of the individual. This research has also provided greater understanding and the pragmatic repercussions of these concepts to practice in talent management systems regarding the placement of senior executives. From a methodological perspective, the study has shown that using the repertory grid interview technique is a viable and useful means of assessing the needs and defining critical elements of competency models. The use of the iSCOPE Framework for supporting the design of Leadership Frameworks, demonstrating the central role they play in the strategic thinking of individuals and the organization as a whole, the supporting methodologies of the larger TRN intervention change initiative derived from the Framework, all provide useful examples to practitioners in their pursuit of effective management practice.



## **7.5 Research Limits And Future Research**

This research was conducted within one Case Company and as such it has limits due to the particular characteristics of the company. TRN is a large multinational corporation that competes in a mature and hostile market context. Further, it is in an industry that has multiple clock speed dimensions. It would be valuable for future research to use similar methodologies in different contexts for comparative purposes. For example, a case study of a smaller organization might have a similar diversity in market dynamics but a different heritage and perhaps reveal new insights regarding how the ISCOPE components drive the strategic thinking of the company. Alternatively, selecting one country or focusing on uniquely different sites within a company could uncover further macro and micro organizational enablers and inhibitors to cognitive strategic flexibility. An additional limitation of this research is that the conclusion of the TRN intervention is still in process without a full understanding of the implications and outcomes. A repeat of the current research in four or five year's time would be extremely informative regarding the lessons learned and empirical implications of the research. A complementary research initiative that could build on this case study might be using the repertory grid interview method with a wider purposeful sampling in TRN or another multinational corporation with comparable scale. While gaining the goodwill to undertake repertory grid interviews on a wider scale at senior leadership levels can be prohibitive, it would have great potential for a more granular study of the enablers and inhibitors of cognitive strategic flexibility by specified target groups. Segmenting and analyzing data from the grid interviews by market type, business unit or new-to-industry executives would potentially allow for increased understanding of what dynamics are primary or unique to the sub context in impacting their strategic thinking. Tracking the movement of the executives in a longitudinal study for the purpose of exploring changes in mindset and learning would also provide useful knowledge that could impact talent management theory and leadership development practices.

In the specific example of TRN, there will be business units with clear separation based not only on product dimension but also on their opposing positions on the ambidexterity

spectrum. The use of the Repertory Grid Interview Technique in two of these structurally separated units would increase knowledge of how the different focus on exploitation and exploration impact management practices and strategic thinking within one company. This researcher has the role within TRN to continue and expand the execution of a subset of interventions proposed in this case study. Of particular interest is the impact of specific leadership practices on strategic thinking. While concrete actions and supporting systems are already in process within TRN, a research agenda that would support and measure the impact of the practices would contribute to practice theory. Combined with the structural ambidexterity of TRN's business units, much could be learned about enablers and inhibitors of cognitive strategic flexibility and behavioral ambidexterity (Birkinshaw 2015). It may also be that a deeper dive into the impact of the dynamics of each of the ISCOPE components would further inform practice. Further, the implications for strategic flexibility and ambidexterity would have immense potential. Finally, additional research using similar methodologies in other industries with mixed clock speed dimensions would also offer comparative value and possible applications of lessons learned for use in practice and the development of theory.

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# Appendices

## Appendix 1

**Element Creation Questions**

**Name a strategic decision in TRN which was successful**

**Name a strategic decision making in TRN which failed to meet its objectives.**

**Name another strategic decision making in TRN which failed to meet its objectives.**

**Name a strategic decision event in your career where, looking back, you learned something important.**

**Name another strategic decision event in your career where, looking back, you learned something important.**

**Name another strategic decision event in your career in TRN where, looking back, you had been constrained in considering a really wide range of options.**

**Name a strategic decision event in TRN where you set out to learn something and were disappointed.**

**Name a strategic decision event in TRN where you set out to learn something and were satisfied with the outcome.**

## Appendix 2

## Strategic Thinking Questionnaire

### Strategic Thinking Questionnaire

#### At TRN Organizational Level:

1. What factors or influences do you think have impacted NSN's **strategic thinking**? (This can take both past and current contexts)
2. What factors or influences do you think have impacted NSN's strategic **decision making**?

#### At the Individual Level:

3. In your view, what are some of the characteristics **and** practices of good strategic thinkers?
4. In considering strategic decisions and thinking you have done in NSN, what have been some of the things you have taken into account while making those decisions?
5. From your experience in NSN, have there been conditions or factors that have enabled your ability to think strategically? (and have there been conditions that have inhibited or limited your ability to think strategically?)

## Appendix 3

### The Core Categorization Procedure for Content Analysis

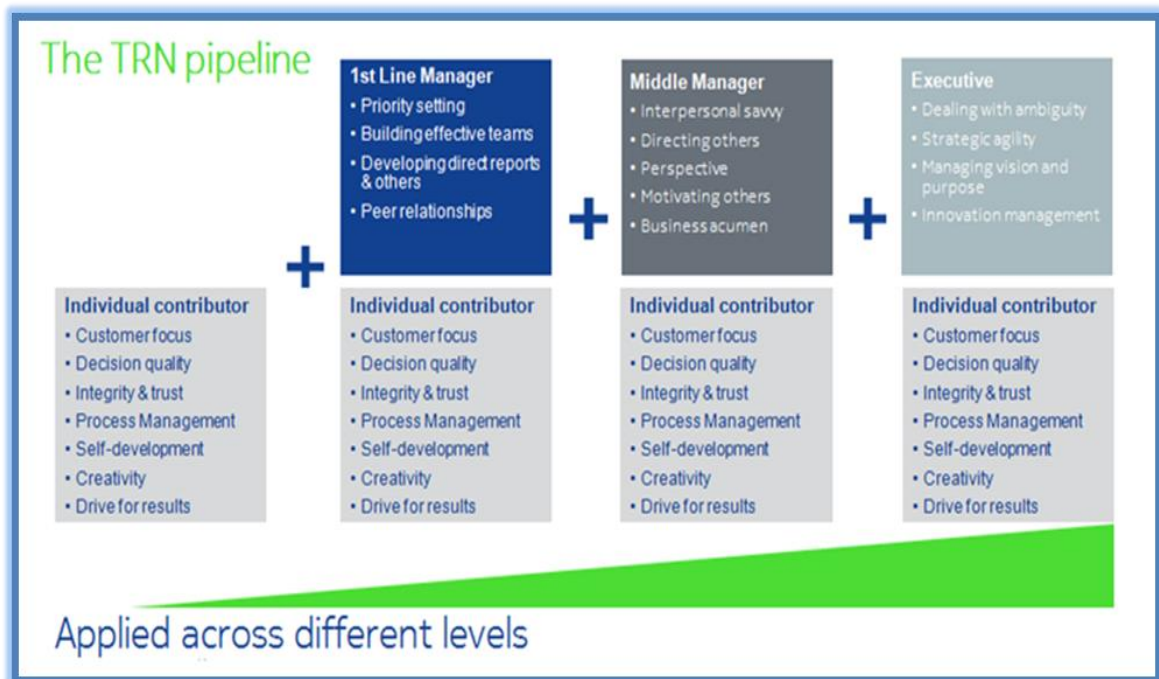
#### Cross-Grid Analysis

Each item being categorized is compared with the others, and then:





1. If an item is in some way like the first item, the two are placed together under a single category created for them at that very moment.
2. If an item is different to the first item, they're put into separate categories.
3. The remaining items are compared with each of the categories and allocated to the appropriate one if an appropriate category exists.
4. A new category is created if required; when a new category is created, the possibility that existing categories need to be redefined (combined or broken up, with their items reallocated accordingly) is considered and effected as necessary.
5. This process continues until all the items have been classified.
6. However, a small number are usually unclassifiable without creating a categories of just one item, which would be pointless, so all unclassifiable items are placed in a single category labeled 'miscellaneous'.
7. If more than 5% of the total are clarified as miscellaneous, consider redefining one or more existing categories so that, at the end, no more than 5% of the total are categorized as 'miscellaneous'.



## Appendix 4



## Appendix 5

Archetype			
Leadership-driven	Market focus	Execution edge	Knowledge core
			
1 Career opportunities	Customer focus	Knowledge sharing	Talent acquisition
2 Open and trusting	Competitive insights	Employee involvement	Role clarity
3 Performance contracts	Business partnerships	Creative & entrepreneurial	Consequence management
4 Inspirational leaders	Financial management	Bottom-up innovation	Financial incentives
5 Strategic clarity	Gov't & community relations	Talent development	Personal ownership
6 People performance review	Capturing external ideas	Internally competitive	People performance review
7 Operational management	Strategic clarity	Personal ownership	Career opportunities
8 Operationally disciplined	Process based capabilities	Consequence management	Performance contracts
9 Consultative leadership	Shared vision	Capturing external ideas	Professional standards
10 Consequence management	Operationally disciplined	Meaningful values	Financial management

## Appendix 6

### TRN Executive Board Survey Questions

**The interviews included questions regarding four areas:**

- 1) Experience and perspectives on what best in class leaders do?
- 2) What leadership skill set is needed for TRN? How might these skills sets differ by Business Unit and organizational level?
- 3) Do the draft Leadership Standards represent what good (effective) leadership is all about for TRN?  
Do the proposed Leadership Standards support and drive the aspired to TRN n Archetype?  
What high-level fundamental elements do we possibly need to add or remove from the proposed set of Standards?
- 4) When you look a bit farther out into the future of TRN (18 months or farther); do you think there will be any new leadership skills needed that we have not mentioned so far?

## Appendix 7



### RESEARCH ETHICS REVIEW CHECKLIST

This checklist should be completed for every research project that involves human participants. It should also be completed for all ESRC funded research, once funding has been obtained. It is used to identify whether a full application for ethics approval needs to be submitted.

Before completing this form, please refer to the University's Policy For The Maintenance Of Good Practice In Research available at <http://dbs-internal.dur.ac.uk/ethics/default.aspx>. The principal investigator or, where the principal investigator is a student, the supervisor is responsible for exercising appropriate professional judgement in this review.

This checklist must be completed before potential participants are approached to take part in any research.

#### Section I: Project Details

1. Project title: DBA The Challenge of Strategic Flexibility: A Case Study
2. Assignment: Dissertation

#### Section II: Applicant Details

2. Name of researcher (applicant)  
or anonymous code of student: Donald Fraser
3. Status (please delete those which are not applicable)  
Taught Postgraduate Student / Postgraduate Research Student
4. Email address  
(staff only): .....
5. Contact Address: Pajukontie 5, 00780, Helsinki, Finland.
6. Telephone number: +358 50 4858 335

#### Section III: For Students Only

7. Programme title: DBA
8. Mode (delete as appropriate)  
Part Time
9. Supervisor's or module leader's name: Dr. Nigel van Zwanenberg

10. Aims and Objectives: Please state the aims/objectives of the project

A qualitative Case study to explore the strategic frames of executives and the factors and contexts that influence them.

11. Methodology: Please describe in brief the methodology of the research project

The method will involve one Case Study. Participants will be from the Strategic Leader level and all members will be from the same corporation. All participants will be informed of the voluntary nature of participation in the study and assured of the standard research conventions around anonymity.

12. Risk assessment: If the research will put the researcher(s) into a situation where risks to the researcher(s)' health and safety are greater than those normally incurred in everyday life, please indicate what the risks are and how they will be mitigated

N/A

Supervisor: Please tick the appropriate boxes. The study should not begin until all boxes are ticked:

- The topic merits further research
- The participant information sheet or leaflet is appropriate (where applicable)
- The procedures for recruitment and obtaining informed consent are appropriate (where applicable)

Comments from supervisor:

N/A

**Section IV: Research Checklist**

Please answer each question by ticking the appropriate box:

		YES	NO
1	Does the study involve participants who are particularly vulnerable or unable to give informed consent? (eg. children, people with learning disabilities, your own students) <sup>1</sup>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2	Will the study require the co-operation of a gatekeeper for the initial access to the groups or individuals to be recruited? (eg. students at school, members of a self-help group, residents of a nursing home) <sup>2</sup>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3	Will it be necessary for participants to take part in the study without their knowledge and consent at the time? (eg. covert observation of people in non-public places)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4	Will the study involve discussion of sensitive topics? (eg. sexual activity, drug use)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5	Are drugs, placebos or other substances (eg. food substances, vitamins) to be administered to the study participants or will the study involve invasive, intrusive or potentially harmful procedures of any kind?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6	Will blood or tissue samples be obtained from participants?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7	Is pain or more than mild discomfort likely to result from the study?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8	Could the study induce psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9	Will the study involve prolonged or repetitive testing?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10	Will financial inducements (other than reasonable expenses and compensation for time) be offered to participants? <sup>3</sup>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11	Will the study involve recruitment of patients or staff through the NHS?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<sup>1</sup> Vulnerable persons are defined for these purposes as those who are legally incompetent to give informed consent (i.e. those under the age of 16, although it is also good practice to obtain permission from all participants under the age of 18 together with the assent of their parents or guardians), or those with a mental illness or intellectual disability sufficient to prevent them from giving informed consent, or those who are physically incapable of giving informed consent, or in situations where participants may be under some degree of influence (e.g. your own students or those recruited via a gatekeeper - see footnote 2)

<sup>2</sup> This applies only where the recruitment of participants is via a gatekeeper, thus giving rise to particular ethical issues in relation to willing participation and influence on informed consent decisions particularly for vulnerable individuals. It does not relate to situations where contact with individuals is established via a manager but participants are willing and able to give informed consent. In such cases, the answer to this question should be "No"

<sup>3</sup> In experiments in economics and psychology in particular it is common to pay participants. Provided such payments are within the normal parameters of the discipline, the answer to this question should be "No"

If you have answered 'no' to all questions: Undergraduate, MA and MSc students should retain a copy of the form and submit it with their research report or dissertation. Work that is submitted without the appropriate ethics form will be returned unassessed. MPhil/PhD students and members of staff should retain a copy for their records. In each case Durham Business School's Sub-Committee for Ethics (DBS SCE) may request sight of the form.

If you have answered 'yes' to any of the questions in Section IV, you will need to describe more fully how you plan to deal with the ethical issues raised by your research. **This does not mean that you cannot do the research, only that your proposal will need to be approved by the DBS SCE.** You will need to submit your plans for addressing the ethical issues raised by your proposal using the ethics approval application form REAF, which should be sent to the committee at [dbs.ethics@durham.ac.uk](mailto:dbs.ethics@durham.ac.uk). Form REAF can be obtained from the School Intranet site at <http://dbs-internal.dur.ac.uk/Pages/Default.aspx> or using the student / visitor access:

<http://dbs-internal.dur.ac.uk/ethics>  
 Username: dbs/ethicsvisitors  
 Password: durham

If you answered 'yes' to **question 11** in Section IV, you will also have to submit an application to the appropriate external health authority ethics committee, after you have received approval from the DBS SCE. In such circumstances complete the appropriate external paperwork and submit this for review by the DBS SCE to [dbs.ethics@durham.ac.uk](mailto:dbs.ethics@durham.ac.uk).

Please note that whatever answers you have given above, it is your responsibility to follow the University's "Policy For The Maintenance Of Good Practice In Research" and any relevant academic or professional guidelines in the conduct of your study. **This includes providing appropriate information sheets and consent forms, and ensuring confidentiality in the storage and use of data.** Any significant change in the question, design or conduct over the course of the research should result in a review of research ethics issues using the "Process Flow Chart for Students and Staff Undertaking Research" and completing a new version of this checklist if necessary.

#### Declaration

Signed  
 (staff only, students insert anonymous code): ... ZO 372505

Date:

Student / Principal Investigator

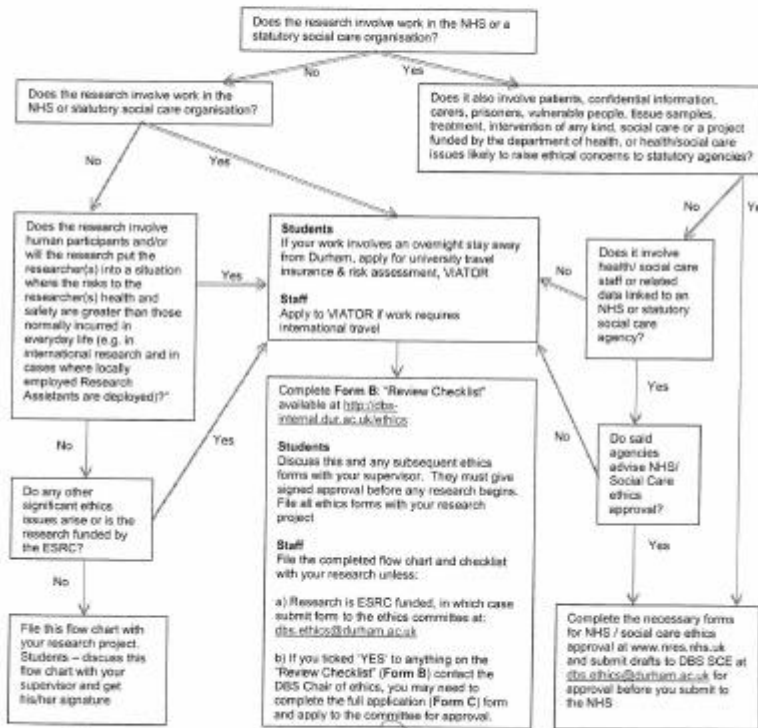
Signed: ..... *N. BM* .....

Date: ..... *5.11.15* .....

Supervisor or module leader (where appropriate)

**ETHICS FORM 'A' – Process flow chart for students & staff**

Title of Project: .....The Challenge Of Strategic Flexibility: A Case Study.....  
 Name of Principal Researcher or Student: Donald Fraser .....



Tick one box only

Signature of Principal Researcher or Supervisor:  
 Signed: .....N. Fraser..... Date: 5.8.15.....