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How do we see strategy?
Investigating the existence and role of strategy orientation among Finnish TMTs

ABSTRACT

The purpose of this paper is to investigate the value of the concept of "strategy orientation," which refers to the way managers, either collectively or as individuals, understand the overall concept of strategy. The paper starts from the well-established strategy literature and then constructs a holistic framework of different approaches to strategic management. The empirical part of the paper presents data on personal interpretations of strategic management collected from 159 top executives employed by 19 nationally prominent organizations. The data are used to test if the forms of strategy orientation derived from the literature manifest themselves in practice, and also to evaluate the relationship between strategy orientations at the collective and individual levels. The results indicate that strategy orientation is a useful construct to explain the way strategy is understood, and that it might also be connected to the well-known distinction between exploratory and exploitative thinking patterns. The final section of the paper outlines several possible directions for further research.

Keywords *Strategic management, Top management teams, Orientation, Cognition, Finland*

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1. INTRODUCTION

Strategic management is generally understood to be one of the central activities of an organization as it affects financial and other measures of performance. In recent decades, researchers have developed a number of descriptive and prescriptive models of strategy formulation and implementation.

Understandably, the strategies of different companies will differ even within one industry. The variation can be explained, at least, by 1) the nature of the resources a company has available, 2) the forces acting within its operating environment; 3) the aspects of managerial cognition related to the first two factors; and 4) the features of decision making processes that the management applies. This study focuses on the third factor in particular.

In addition, and related to the above-mentioned cognitive element, the variation can also play itself out at the level of individual managers, again even within the same organization. In a seminal study, Hambrick (1981) points out that it is not unusual for perceptions of strategy to differ even near the top of the organization, that is, among the members of the top management team (TMT). This notion of individual differences in the way strategy is perceived is another factor that impelled this study.

The study delves into the differences in the ways strategy is understood. It builds on the assumption that the perception of strategy follows from complex cognitive processes and that one element in those processes is the meaning a person attaches to the very concept of strategy. To put it another way, it is assumed that we all hold our personal definitions of the concept of strategy and these definitions often differ to such an extent that we may find it hard to share, or even understand, other people's definitions. In the current study, this personal definition is called the strategy orientation of an individual. Furthermore, it is assumed here that a person may struggle to precisely explain his or her orientation – which is why asking people directly what their strategy orientation is would not be productive – but it still significantly affects that person's strategic management behavior. In addition to the personal level, strategy orientation can be applied at the level of a group of people, for example a TMT, to describe their collective view of the concept of strategy.

The research goal of this paper is to investigate the usefulness of strategy orientation as an element in an individual's or a group's perception of strategy. A measure of strategy orientation is constructed on the basis of the well-established strategy literature and the core ideas of strategic cognition. The different forms of strategy orientation will be studied at the levels of individuals and TMTs and, finally, so too will the potential unifying effect on individual orientations of belonging to the same TMT.

2. THE EVOLUTION OF STRATEGIC MANAGEMENT THEORY

There are several worthy reviews of the historic development of strategic management both as a theoretical construct and as a practice of management (see, e.g., Ghemawat, 2001; Roney, 2004). Generally, it seems that the emphasis has moved from the question of *how an enterprise should adapt to changes in its environment* to the question of *how it could deploy its resources in order to affect the environment to its own benefit*. However, even if this simple question setting reflects the overall shift of emphasis, it is far too general to reveal the trends and nuances of the lively discussion that has taken place in the course of the theory development timeline.

Alongside the chronological descriptions of the development of the theory, there has been an ongoing effort to identify different schools of thought on strategic management formulated around different sets of beliefs and assumptions held by different groups of scholars. Possibly the most influential and popular of these is that presented by Mintzberg et al. (1998) (originally presented in Mintzberg, 1990), which divides the field into ten distinct schools and organizes them further into prescriptive and descriptive categories. Other well-reasoned presentations include the works of Gilbert et al. (1988), Bowman (1995), Segev (1997), Whittington (2001), and Sanchez and Heene (2004). As these categorizations differ from each other, the question should not be which of them is objectively better than the others, but rather, what kind of a novel perspective does a single categorization add to the field of strategic management.

This paper presents a categorization that combines the chronological evolution of the field with various ideological schools of thought. The result is six categories (termed approaches), their essential developers, their background theories, and some strategy tools attached to each of them, and is shown in Table 1. Naturally, many other categorizations are possible and indeed exist, and it serves no purpose to seek the universally best typology. This categorization has originally been motivated in some of the author's earlier work (Luoma, 2007; Luoma, 2010; Juuti and Luoma, 2009) and it differs from many others in that the different categories are connected to various strategy tools. This aspect better connects the named approaches to the practice of management, whereas some other theoretically appealing approaches, such as political or cultural views of strategy, lack this connection.

Table 1. *Approaches to strategic management.*

Approach / feature	Incremen- talism	Planning view	Excellence	Competitive positioning	Learning view	Hyper- competition
Era of origin	1950s / 1960s	1960s	1970s / 1980s	1970s / 1980s	1990s	1990s / 2000s
Core idea	"Active adaptation matters"	"Planning and implementa- tion matter"	"Culture and working practices matter"	"Finding the right place matters"	"Learning matters"	"Ability to change the context matters"
Background theories and concepts	Contingency theory, population ecology	Rational bureaucracy, control theory	Personality theories, configuration theory, structuralism	Game theory, experience curve	Resource- based theory, open systems theory, knowledge creation theory	Creative destruction, opportunism, dynamical systems theory
Developers	Lindblom (1959), Hannan and Freeman (1977, 1984), Quinn (1980)	Ansoff (1965), Steiner (1969), Andrews (1971), Kaplan and Norton (1992, 1996)	Pascale and Athos (1981), Peters and Waterman (1982), Collins (2001)	Miles and Snow (1978), Porter (1979, 1980), Treacy and Wiersema (1993)	Prahalad and Hamel (1990), Ulrich and Lake (1990), Long and Vickers-Koch (1995), Nonaka and Takeuchi (1995)	D'Aveni (1994), Moore (1995), Chakravarthy (1997), Christensen (1997), Kim and Mauborgne (2005)
Strategy tools	Trend analysis, environment analysis	Budgeting, SWOT analysis, balanced scorecard	Vision and mission statements, core values, benchmarking	Industry analysis, competition analysis, customer analysis	Core competence, knowledge management, organizational architectures	Competitive arenas, weak signals, future scenarios, strategy profile

3. BUILDING AN INTEGRATED VIEW

A scholar seeking understanding of the field as a whole has to identify some common elements that span the approaches presented in Table 1. This study suggests two underlying factors, the internal/external focus of the approach and the nature of the desired end state of the approach, and these serve as the main axes of Figure 1. These axes are not derived directly from any particular source, but are considered to be generic, powerful, and simple enough to separate the different approaches in an accessible manner. Their relevance will be tested below in the empirical part of this paper.

The left side of the framework highlights the internal world of the organization as the central arena for strategy work, whereas the right side emphasizes aspects of the organizational environ-

ment, including the market, competitors, networks, or society. The vertical axis distinguishes between the harmony and compatibility of different elements (e.g., units, processes, functions, products) that are either aspirations from the lower part of the framework, or manifestations of the desire for continuous change and deliberate disequilibrium from the upper part. Merging the two axes creates a two-dimensional space in which to locate the above-mentioned approaches.

Incrementalism, which is the idea of the importance of continuous adaptation to the forces acting within an organization's environment, is located in the lower-right quarter together with competitive positioning. Although these approaches differ, particularly regarding their emphasis on competition over other factors of the environment, they share the ideal of the existence of a "right" position or path among the elements of an organization's external context.

The planning approach, which stresses the role of an analysis-driven strategy process and the implementation procedure thereafter, is located in the lower-left quarter of the framework. The ideal of consistency among different internal elements is apparent in the reliance on structured action plans, budgets, balanced scorecards, and the like in different units or functions that are supposed to exhaustively cover the internal environment of an organization and seamlessly link various activities.

DYNAMIC
DISEQUILIBRIUM
(=IMBALANCE)
	BLOCK 3:
	"MAKING PROGRESS WITH
	LEARNING"
	• Learning view and excellence view
	• Experiments, trial and error
	• Stretching beyond the usual
	• Openness to new business frontiers
	• Informal but goal-oriented,
	  participative strategy process
		BLOCK 4:
		"GENERATING NEW MARKETS AND
		BUSINESS SETTINGS"
		• Hypercompetition
		• Fast, radical maneuvers
		• Making use of market discontinuities
		• Several open future options
		• Creative, continuous, opportunistic
		  strategy process

Aspired state
 	
CONSISTENCE
(=FIT)
	BLOCK 2:
	"OPTIMIZING ORGANIZATIONAL
	PERFORMANCE"
	• Planning view
	• Goal setting and measurement
	• Formulation – implementation
	• Coherence and integratedness of
	  organizational components
	• Planning- and document-driven
	  strategy process
		BLOCK 1:
		"POSITIONING FOR COMPETITION"
		• Incrementalism and competitive
		  positioning
		• Mastery of industry dynamics, 'big
		  picture' thinking
		• Moves and countermoves
		• Analysis – choice – game
		• Fact-oriented, formal strategy process
		  with selected participants

	INTERNAL *ENVIRONMENT*	*Process focus* *EXTERNAL* *ENVIRONMENT*

Figure 1. *An integrated framework of strategic management.*

The learning view and the excellence view focus on the resources of an organization, particularly its human resources. Both approaches are dynamic in nature; instead of trying to strike a balance with what an enterprise already knows and does, they stress its ability to move beyond its comfort zone to an area that is only partly perceived as obvious and possible in today's context. Again, these approaches also differ in many ways, especially in their ways of stressing the importance of formal management practices versus the act of being a leader, but the basic orientation in relation to the dimensions of the framework is the same.

Finally, the fourth quarter of the framework is filled with hypercompetition [1], an approach that has its roots in the fast-changing and unpredictable business environment of the contemporary era. It builds on the idea that in order to succeed an organization has to influence its environment, that is, to make it reach disequilibrium. This can be done, for example, with technological innovations or by creating dramatically different business models that render the then dominant ones obsolete.

4. UNDERSTANDING STRATEGY AS A CONCEPT

Strategy, like any other managerial concept, is a content-rich term. As the description of its evolution above shows, there is little to be gained by ascribing a single meaning to it that might encompass all possible approaches. Here it is assumed that individuals (managers) may have different understandings of the concept that would affect their everyday application of it. Further, it is assumed that many of these personal definitions can be traced back to the overall categorization of the approaches to strategy.

These assumptions are connected to the idea that individuals have consistent tendencies when processing and making sense of data in general. When these data concern issues of strategic management, sense making and other processes are referred to as strategic cognition. According to Porac and Thomas (2002), strategic cognition focuses on the linkages between cognitive structures and decision processes in strategic management with respect to strategy formulation and implementation.

An individual's personal way of understanding strategy as a concept, that is, their strategy orientation, should not be confused with a person's view of the content of strategy. They both belong to the realm of strategic cognition and are related, but are not the same. Content refers to the actual choices and issues that are highlighted in the context of a particular organization. Content is a presentation that is positioned within what Huff (1982) refers to as a strategic frame. A strategic frame helps managers organize individual stimuli into a pattern that they can handle.

An interesting question is how these frames originate. Taking a broader view of the nature of strategic cognition, Narayanan, Zane, and Kemmerer (2011) categorize the potential factors

affecting the formation/selection of frames into three groups: environmental factors, organizational factors, and individual factors.

Strategy orientation is introduced here as one potential component among individual factors. To date, individual factors studied in relation to strategic frames include past experiences (Huff, 1982), external characteristics such as nationality, age, hierarchical level, and functional background (Markóczy, 1997), and the entrepreneurial intentions of actors (Jenkins and Johnson, 1997). Existing research has indeed demonstrated some relationships between these factors and strategic frames, but as Narayanan et al. (2011) note in their integrative article, the studies are far from conclusive.

Strategy orientation refers to the meaning a person attaches to the concept of strategy, not to the content of any particular strategy *per se*. Therefore, it is not an element in the strategic frame but an antecedent of it. We may assume that in order to construct a strategic frame of any kind, a person must first attach some meaning to the concept of strategy, in other words, to understand it in some way. This understanding can be conscious or unconscious, but somehow the fundamental elements have to be in place and recognized to make strategy a functioning construct. According to the theory of strategic cognition, a strategic frame held by an individual or a group is an important aid to the application of the strategy concept.

5. CONSTRUCTING A MEASURE OF STRATEGY ORIENTATION

The framework in Figure 1 above is an attempt to build a holistic view of the recent developments in strategic management. Here it also serves as a basis for measuring the strategy orientation of an individual, and furthermore, that of a team. It is assumed here that an individual manager's view of strategic management would not incorporate all the blocks of the framework evenly, but instead favor some aspect(s) at the expense of others. This bias is natural, since an individual has typically acquired information on and experience of strategic management in a coincidental fashion, without following a chronological or other pattern of the development of the field. However, the constructed measure should not exclude the possibility that an individual's view of strategy could incorporate all the areas evenly.

To enable respondents to relate their views to the blocks of the framework, each quarter is divided into eight statements, each of which describes some essential aspect of the block in question and the approach(es) therein. The statements are of the following type:

"An optimal position in relation to competitors can be defined by analyzing the forces acting within the business environment and by making strategic choices based on the collected information." (From Block 1: Positioning for competition)

"Setting targets and measuring performance are among the most important activities of strategy work." (From Block 2: Optimizing organizational performance)

"Common values and an organizational culture that drives excellent performance are important sources of a sustainable competitive advantage." (From Block 3: Making progress with learning)

"When making use of new opportunities in the business environment, it is important to conduct major changes rather than small amendments to the existing business model." (From Block 4: Generating new markets and business settings)

The response scale applied ranges from 1 (fully disagree) to 5 (fully agree). Reviewing the respondent's evaluations makes it possible to derive an average value for each block of the framework. Summing the values recorded by individual managers within the same TMT makes it possible to calculate average values for each block for each TMT. This procedure implicitly assumes that power within the TMT is distributed evenly and all members of the TMT have an equal impact on the strategy orientation of the group. While this power assumption has been challenged in several studies (e.g., Finkelstein, 1988 and 1992; Bunderson, 2003), it is here considered to be a useful simplification, because this study does not seek to elaborate on the potential dynamics within TMTs.

It is important to note that the constructed measure will gauge the meaning each respondent generally attaches to strategy, with no connection made to strategy applied or situations in his or her own organization. This point was clearly made to the respondents before they submitted information. In practice this means that, for example, a manager working in a stable and well-functioning organization may well identify with a statement describing, say, radical changes or structural arrangements, even though these issues would not be relevant (or possible) to his or her current organization.

6. DATA AND METHODS

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The purpose of this empirical part of the study is to examine whether the idea of strategy orientation as outlined above reveals itself in practice in any meaningful way. There are three particular aspects the study focuses on:

1. The existence of the integrative framework and the blocks therein based on the responses from individual managers.
2. The potential of there being regularities among the forms of strategy orientation. Is it possible to identify some underlying pattern other than the above-mentioned integrative framework?
3. The possibility that membership of the same TMT causes the strategy orientations of individual managers to align over time.

The empirical data were collected from a total of 19 TMTs. The chairmen (CEOs or similar) of these TMTs had volunteered their organization to participate in a research and development project that focused on the role, functioning, and results of the top decision makers of organizations. The general criteria set for potential participating organizations included independence in strategic decision making (a parent organization or an autonomous stand-alone business within a group of companies), a size exceeding one hundred employees, the existence of a clearly defined TMT with at least four members (including the chairman), and the organization being an influential actor in its industry or public administration sector. These criteria were applied to ensure that the participating TMTs had a functional connection to the issues of strategic management, and could thus be expected to be consciously practicing it.

The research team identified a large number of potential organizations from available public sources and a research assistant started contacting them in a random order. At this stage, the research team decided it would be sufficient to have 15 TMTs with a roughly equal number drawn from the private and public sectors. After fewer than 30 requests, 15 CEOs had volunteered their organizations, but the procedure was continued until a reasonable balance between the two sectors had been reached.

Members of 19 TMTs (159 individuals) were sent a link to an electronic questionnaire. The questionnaire was available in Finnish and English. A separate version for public sector respondents had some expressions slightly modified to better correspond to the terminology of public administration. Respondents were also advised that a researcher was available to answer any queries they might have. All members of all TMTs responded and there were apparently no major issues with completing the questionnaires.

Values given for the statements from the same blocks were summed together and an average value for each respondent and each block calculated. The average block values were then calculated for each TMT. Table 2 shows these values, their standard deviations, and the values of Cronbach's alpha for each block.

Further, to assess the internal structure of the variables (statements) and their consistency with the blocks in the framework, a confirmatory factor analysis was conducted.

Table 2. *Strategy orientations of the TMTs.*

Block / TMT	Positioning for competition	Optimizing organizational performance	Making progress with learning	Generating new markets and business models
TMT 1, 8 members, educational institute	Mean 25,750 Std.dev. 4,334	Mean 27,500 Std.dev. 3,665	Mean 33,625 Std.dev. 2,134	Mean 26,429 Std.dev. 2,699
TMT 2, 6 members, media company	Mean 27,167 Std.dev. 4,070	Mean 29,200 Std.dev. 1,304	Mean 34,000 Std.dev. 3,950	Mean 28,333 Std.dev. 1,211
TMT 3, 5 members, government agency	Mean 27,200 Std.dev. 2,387	Mean 25,000 Std.dev. 4,359	Mean 32,800 Std.dev. 1,924	Mean 30,000 Std.dev. 2,000
TMT 4, 7 members, government department	Mean 27,429 Std.dev. 3,645	Mean 30,429 Std.dev. 3,780	Mean 29,714 Std.dev. 1,976	Mean 24,286 Std.dev. 3,200
TMT 5, 4 members, professional service company	Mean 24,750 Std.dev. 5,560	Mean 25,750 Std.dev. 4,787	Mean 31,750 Std.dev. 4,193	Mean 28,250 Std.dev. 2,630
TMT 6, 6 members, government agency	Mean 30,333 Std.dev. 2,422	Mean 28,200 Std.dev. 4,147	Mean 33,000 Std.dev. 3,742	Mean 29,833 Std.dev. 3,601
TMT 7, 10 members, food company	Mean 26,300 Std.dev. 5,498	Mean 27,111 Std.dev. 5,110	Mean 33,100 Std.dev. 3,784	Mean 28,600 Std.dev. 3,471
TMT 8, 9 members, city government office	Mean 28,667 Std.dev. 2,062	Mean 28,750 Std.dev. 3,732	Mean 32,000 Std.dev. 2,872	Mean 27,125 Std.dev. 2,748
TMT 9, 11 members, non-profit foundation	Mean 26,500 Std.dev. 4,223	Mean 29,636 Std.dev. 2,580	Mean 32,364 Std.dev. 3,668	Mean 24,909 Std.dev. 5,281
TMT 10, 10 members, central industry association	Mean 23,600 Std.dev. 3,273	Mean 25,600 Std.dev. 2,836	Mean 32,500 Std.dev. 3,274	Mean 27,200 Std.dev. 4,050
TMT 11, 7 members, national special museum	Mean 28,571 Std.dev. 2,992	Mean 29,143 Std.dev. 3,976	Mean 31,143 Std.dev. 4,059	Mean 26,286 Std.dev. 2,752
TMT 12, 8 members, electricity distribution comp.	Mean 26,375 Std.dev. 3,462	Mean 29,375 Std.dev. 3,335	Mean 34,250 Std.dev. 3,327	Mean 28,000 Std.dev. 3,464
TMT 13, 16 members, government agency	Mean 27,813 Std.dev. 3,868	Mean 25,200 Std.dev. 5,722	Mean 29,067 Std.dev. 3,900	Mean 25,933 Std.dev. 2,815
TMT 14, 11 members, manufacturing company	Mean 26,909 Std.dev. 3,807	Mean 29,600 Std.dev. 4,377	Mean 34,546 Std.dev. 3,616	Mean 27,500 Std.dev. 3,240
TMT 15, 6 members, professional service company	Mean 26,333 Std.dev. 7,554	Mean 26,500 Std.dev. 7,503	Mean 33,333 Std.dev. 4,179	Mean 30,600 Std.dev. 3,912
TMT 16, 10 members, city government office	Mean 30,000 Std.dev. 4,770	Mean 31,500 Std.dev. 3,629	Mean 32,000 Std.dev. 3,464	Mean 27,700 Std.dev. 3,561
TMT 17, 6 members, ICT company	Mean 25,833 Std.dev. 4,535	Mean 28,000 Std.dev. 3,225	Mean 33,600 Std.dev. 4,037	Mean 27,667 Std.dev. 2,944
TMT 18, 14 members, local health care organization	Mean 30,167 Std.dev. 2,980	Mean 30,286 Std.dev. 3,771	Mean 32,000 Std.dev. 3,719	Mean 27,182 Std.dev. 2,442
TMT 19, 5 members, R&D company	Mean 24,400 Std.dev. 3,362	Mean 23,800 Std.dev. 1,789	Mean 32,000 Std.dev. 3,240	Mean 28,200 Std.dev. 2,280
TOTAL	Mean 27,219 Std.dev. 4,219 Alpha 0,648	Mean 28,118 Std.dev. 4,425 Alpha 0,696	Mean 32,321 Std.dev. 3,633 Alpha 0,664	Mean 27,311 Std.dev. 3,435 Alpha 0,427

The measure of strategy orientation, as explained above, does not force the respondent to select only one block of the framework to reflect his or her orientation. Hence, studying only the absolute values of the blocks would not provide sufficient information to draw conclusions about regularities within them. Instead, one has to pay attention to the overall preferences expressed by a single informant relating to all blocks. A useful way to do that is to apply a Multidimensional Scaling (MDS) algorithm MDPREF that studies the values assigned by the respondents to a set of variables and identifies how similar the respondents are according to their overall judgments (Chang and Carroll, 1969; Kruskal and Wish, 1978).

The MDPREF algorithm organizes the objects (the blocks in this case) and the respondents so that the distance between them in the visual solution reflects the preference of each respondent for each block. Furthermore, the solution also groups the respondents with similar ratings close to each other. The visual MDPREF solution is presented in Figure 2. The first four numbers in the solution represent the blocks (1=Positioning for competition; 2=Optimizing organizational performance; 3=Making progress with learning; 4=Generating new markets and business models) and the next numbers represent individual respondents. In the solution, several respondents may be located at the same point (i.e., have similar ratings), although for purposes of clarity in these cases only one respondent number is shown. The MDPREF clearly shows that the blocks 2 and 3 were preferred the most, because the majority of the respondents were located close to them.

Next, a cluster analysis was employed to group the respondents into internally homogenous groups. The coordinate values of the two-dimensional MDPREF solution were used as the input data for clustering. The solution incorporating three groups of respondents was considered the most stable. Then, the average values for each block were calculated for each of the respondent groups. Table 3 shows the average values per block in each group.

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                                     DIMENSION
                                        2
                 -100 -90 -80 -70 -60 -50 -40 -30 -20 -10  *  10  20  30  40  50  60  70  80  90 100
                 .+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+.
     1.20  !                                                                                        ! 100
     1.15  !                                                                                        ! 96
     1.10  !                                                                                        ! 92
     1.06  !                                                                                        ! 88
     1.01  !                                                                                        ! 84
     0.96  !                                                                                        ! 80
     0.91  !                                                                                        ! 76
     0.86  !                                                                                        ! 72
     0.82  !                                                                                        ! 68
     0.77  !                                                                                        ! 64
     0.72  !                                                                                        ! 60
     0.67  !                                                                                        ! 56
     0.62  !                                              1                                         ! 52
     0.58  !                                                                                        ! 48
     0.53  !                                                                                        ! 44
     0.48  !                                                            42                          ! 40
     0.43  !                                                              17                        ! 36
     0.38  !                                          2                   34                        ! 32
     0.34  !                                                              28                        ! 28
     0.29  !                                                              26                        ! 24
     0.24  !                                                              16                        ! 20
     0.19  !                                                              37                        ! 16
     0.14  !                                                                25                      ! 12
     0.10  !                                                                22                      ! 8
     0.05  !                                                                11                      ! 4
DIMENSION 1                                                +
    -0.05  !                                                                40                      ! -4
    -0.10  !                                                                24                      ! -8
    -0.14  !                                                                35                      ! -12
    -0.19  !                                                              38                        ! -16
    -0.24  !                                                               6                        ! -20
    -0.29  !                                                  3           39                        ! -24
    -0.34  !                                                               7                        ! -28
    -0.38  !                                                              43                        ! -32
    -0.43  !                                                              41                        ! -36
    -0.48  !                                                                                        ! -40
    -0.53  !                                                                                        ! -44
    -0.58  !                                                                                        ! -48
    -0.62  !                                                                                        ! -52
    -0.67  !                                                  4                                     ! -56
    -0.72  !                                                                                        ! -60
    -0.77  !                                                                                        ! -64
    -0.82  !                                                                                        ! -68
    -0.86  !                                                                                        ! -72
    -0.91  !                                                                                        ! -76
    -0.96  !                                                                                        ! -80
    -1.01  !                                                                                        ! -84
    -1.06  !                                                                                        ! -88
    -1.10  !                                                                                        ! -92
    -1.15  !                                                                                        ! -96
    -1.20  !                                                                                        !-100
                 .+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+....+.
                 -1.20-1.08-0.96-0.84-0.72-0.60-0.48-0.36-0.24-0.12  *  0.12 0.24 0.36 0.48 0.60 0.72 0.84 0.96 1.08 1.20
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Figure 2. *The visual MDPREF solution.*

Table 3. *Average values per block in the three groups.*
(The letters a, b, c, and d indicate which mean values differ significantly (0.05 level) from each other.)

Block / Group	Positioning for competition	Optimizing organizational performance	Making progress with learning	Generating new markets and business settings
Group 1	Mean 27,750 (a) Std.dev. 2,943	Mean 28,469 (b) Std.dev. 4,574	Mean 32,280 Std.dev. 3,580	Mean 25,761 (d) Std.dev. 3,394
Group 2	Mean 25,042 (a) Std.dev. 3,911	Mean 26,507 (b) Std.dev. 4,097	Mean 33,043 (c) Std.dev. 3,585	Mean 28,900 (d, e) Std.dev. 2,834
Group 3	Mean 30,806 (a) Std.dev. 3,584	Mean 30,800 (b) Std.dev. 3,402	Mean 30,972 (c) Std.dev. 3,501	Mean 26,171 (e) Std.dev. 3,276
TOTAL	Mean 27,219 Std.dev. 4,219	Mean 28,118 Std.dev. 4,425	Mean 32,321 Std.dev. 3,633	Mean 27,311 Std.dev. 3,435

Then, in order to study the second aspect of the empirical research question mentioned above, the potential differences in the orientation profiles between the three groups were reviewed with the help of analysis of variance (ANOVA) and post hoc tests.

Each group formed by cluster analysis contains respondents with similar forms of strategy orientation. Studying the third aspect presented above requires measuring if the respondents with similar orientation profiles are typically also members of the same TMTs. Table 4 shows the distribution of the members of 19 TMTs over the three groups. The last column shows if more than half of the members of the TMT in question share similar orientations, which was defined to be a valid criterion for TMT-based alignment to take place.

Table 4. *Distribution of TMT members over the three groups.*

Group / TMT	Group 1	Group2	Group 3	More than 50 % of the members in the same group
TMT 1, 8 members, educational institute	3 members	4 members	1 member	No
TMT 2, 6 members, media company	2 members	3 member	1 member	No
TMT 3, 5 members, government agency	-	5 members	-	Yes
TMT 4, 7 members, government department	1 member	-	6 members	Yes
TMT 5, 4 members, professional service company	1 member	3 members	-	Yes
TMT 6, 6 members, government agency	3 members	3 members	-	No
TMT 7, 10 members, food company	4 members	6 members	-	Yes
TMT 8, 9 members, city government office	5 members	2 members	2 members	Yes
TMT 9, 11 members, non-profit foundation	7 members	2 members	2 members	Yes
TMT 10, 10 members, central industry association	1 member	9 members	-	Yes
TMT 11, 7 members, national special museum	3 members	2 members	2 members	No
TMT 12, 8 members, electricity distribution comp.	2 members	5 members	1 member	Yes
TMT 13, 16 members, government agency	6 members	3 members	7 members	No
TMT 14, 11 members, manufacturing company	3 members	6 members	2 members	Yes
TMT 15, 6 members, professional service company	-	4 members	2 members	Yes
TMT 16, 10 members, city government office	3 members	4 members	3 members	No
TMT 17, 6 members, ICT company	2 members	3 members	1 member	No
TMT 18, 14 members, local health care organization	4 members	3 members	7 members	No
TMT 19, 5 members, R&D company	1 member	4 members	-	Yes
TOTAL	51 members	71 members	37 members	

7. INTERPRETATION OF THE RESULTS

The first aspect of the empirical study concerned the possible manifestation of the integrative framework of different approaches of strategic management in the respondents' views. This was studied on the basis of the alpha values presented in Table 2 and the results of the confirmatory factor analysis.

The individual statements of the three first blocks – Positioning for competition, Optimizing organizational performance, and Making progress with learning – all recorded Cronbach's alpha values close to 0.7, the value generally considered satisfactory. In practice this means that the individual statements of the mentioned blocks most probably measured the same issue and thus proved to be useful operationalizations of the various approaches. On the contrary, the alpha value for the statements aimed at measuring the fourth logic – Generating new markets and business models – was modest. The results of the confirmatory factor analysis also support these findings. Of the first four components in the unrotated solution, three can be easily interpreted as emphasizing the first three blocks mentioned, whereas the last one did not appear with similar clarity. This suggests that the statements used did not capture the essence of the fourth logic. This may also be due to the relative newness of the logic as compared to the better-established approaches such as incrementalism and the planning view, embedded in the three other blocks.

In sum, the integrative framework and its various parts seemed to offer a functioning method to measure the meanings individual managers attach to the concept of strategy. However, the role of the "hypercompetition" type of thinking as a natural way to understand strategy did not establish itself as strongly as the other approaches.

As to the second aspect outlined above, to determine the possible regularities in the forms of respondents' orientations, requires scrutinizing the results of the cluster analysis, and the results of the ANOVA and post hoc tests. The cluster analysis organized the respondents into three internally homogenous groups based on their strategy orientation profiles. The MDPREF solution shown in Figure 2 provided the input coordinates for clustering.

The ANOVA indicated that there were statistically significant differences between some of the values in all three groups and the post hoc tests revealed which values differed from each other. The direction of the differences can be observed in Table 3.

Group 1 comprises respondents whose strategy orientation emphasizes the first and the second block at the average level as compared to all the other groups but puts less emphasis on the fourth block than did the respondents in Group 2. Group 1 respondents did not align themselves with the block three options any differently from the remaining groups. Therefore, Group 1 can be interpreted as being located in the middle of and sharing features from both Groups 2 and 3.

The respondents in Group 2 put less emphasis on the first two blocks than the other respondents. Those blocks in the integrative framework (Figure 1) represent the fit and alignment of current organizational elements. On the other hand, the same respondents seem to prefer the dynamic interpretations of strategy embedded in the third and fourth block significantly more than did the respondents in the other groups.

Group 3, for its part, contrasts with Group 2. The respondents grouped within it emphasize the first two blocks most and the remaining two blocks least. This group of respondents apparently shares an understanding of strategy that stresses the effective utilization of current managerial elements rather than change and renewal.

The differences in the forms of strategy orientation among the three groups point to a well-known division in the area of strategic management and organizational behavior, namely the exploration versus the exploitation perspective (e.g., March, 1991; Lavie, Stettner and Tushman, 2010). In this analysis, these basic orientations seem to coincide with the differences in the way strategy as a concept is understood, with Group 2 showing exploratory and Group 3 exploitative qualities. Group 1, combining aspects of both, might be described as favoring the ambidextrous approach, which is also a form of orientation recognized in the literature of the field (*ibid.*).

Turning to the second aspect of the empirical problem, it is suggested that there is a connection with what this paper calls the strategy orientations of managers and their tendencies to prefer exploratory or exploitative thinking patterns.

The third aspect of the empirical question setting touched on the potential aligning effect of membership of the same TMT as regards the strategy orientations of individual managers. The information in Table 4 can shed light on this aspect. In 11 of the 19 TMTs studied there was a concentration in the forms of strategy orientation, with more than half of the TMT members representing the same group. This is clearly more than would be the case if orientations were randomly distributed, and potentially links with the notion raised by Boone, Van Olffen, Van Witteloostuijn and De Brabander (2004) and Nielsen (2009) that TMTs are generally characterized by homosocial reproduction, which is a tendency to reproduce themselves by selectively recruiting similar people and by facilitating the exit of dissimilar people (see also Buyl, Boone and Matthyssens, 2011).

This evidence of the potential aligning effect of TMT membership is far from being generalizable. One has to note that at the same time there were equally many TMTs in which all orientations were represented. However, based on this finding, it would be wise not to totally exclude the possibility that membership in the same TMT could, at least under some circumstances or over time, create alignment in the ways individual managers perceive the concept of strategy.

8. CONCLUDING REMARKS

Strategy is an interesting and important phenomenon to be studied as an object of managerial cognition. Strategy guides the choices of an organization and thus ultimately affects the bottom line. However, strategy is not an objective construct that everyone involved with it will understand similarly, whether in the context of a specific organization or as an overall concept. Heterogeneity in the ways strategy can be understood certainly enriches an organization's capacity to respond to new developments, but it may also create disunity and communications problems among managers.

The aim of this study is to focus attention on executives' personal ideas on the concept of strategy. Using those ideas – operationalized as the emphasis respondents placed on several well-established approaches to strategic management – as a measure of strategy orientation makes it possible to study its relevance, its regularities, and its (dis)similarities among members of the same TMTs.

The results suggest a number of directions for further research. First, the connection between strategy orientation and the exploratory, exploitative, and ambidextrous thinking patterns merits further attention. It has often been stated that organizations should balance their exploration and exploitation activities (e.g., McGrath, 2001; Gupta, Smith and Shalley, 2006). What might this mean for the optimal strategy orientation profile of an individual manager or that of a TMT? Is it possible to generate the "right" combination of exploration and exploitation at the organizational level regardless of the meanings individual managers assign to strategy? Or, if a manager's way of understanding strategy is a consequence of his or her more fundamental tendency to emphasize either exploration or exploitation, should this basic choice be seen as an antecedent of strategic cognition and not as an element within strategic cognition itself or as a feature related to its outcomes (see Narayanan et al., 2011)?

The second direction for further research relates to the construction of strategy orientation at the level of a group of people, especially in a TMT. This study indicated that a collective way of understanding strategy might be possible. Through what kind of dynamics this emerges and is reinforced is clearly an issue of interest. It would be useful to investigate, for example, how a CEO's own way of understanding strategy may influence other members in the TMT or their willingness to stay in the organization.

And third, the permanence of a person's strategy orientation over time is another interesting issue. If the meaning that people apply to the concept of strategy is largely a result of their prior knowledge and experience of the subject, could adding knowledge and broadening the experience base be relevant methods to affect the form of orientation? In the case of managers, this can

be done deliberately through the practices of management development. Is there evidence that management development can operate at the level of the definitional understanding of strategy, and not "only" provide managers with more and better tools to build and implement strategies?

The purpose of this paper was to investigate the usefulness of a new concept focusing on a manager's way of making sense of strategy. While this kind of target setting is clearly more of an academic value, there is, however, reason to expect that those involved with strategy in practice would also be encouraged to identify and challenge their own relationships with strategy – a concept that having existed for several decades in its current form is still able to stimulate new thinking and help organizations identify new frontiers to conquer.

1 The term hypercompetition was originally introduced in 1994 by Richard D'Aveni as the title of his book, which was one of the earliest works describing the newly emerging logic. Here the term refers to the whole approach.

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