Business Strategy: Choosing the Right Fit

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Abstract

According to the available strategy literature, companies constantly adapt their business strategies in response to their ever-changing environment. This variation can make it difficult for businesses to choose the best strategic fit. When someone selects a business strategy, he/she must take several steps to achieve his/her aims. As a result, determining the best strategic framework for achieving the end goal is a critical first step. A strategic mindset and vision can help an organization determine its best strategic approach. The paper proposes a conceptual framework for developing a business strategy that will allow a company to meet its stated objectives. The existing literature review produced a synthesis of the required steps, leaving room for future research.

Key words: strategy, business strategy, company, strategic tools
J.E.L. classification: M1, M19

1. Introduction

Since the 1960s, strategy has become a challenging topic in the business literature. Recent years have witnessed the diffusion of an increasing turbulent business environment all over the world (Toma *et al*, 2013a; Toma *et al*, 2015a). This is why companies, irrespective of their size, understood the need to design and implement their own strategies in order to successfully compete in the age of risk and uncertainty (Toma *et al*, 2015b). In this respect, they used various strategic tools, methods and techniques in their activities such as lean management, Six Sigma and creative thinking (Toma, 2008; Marinescu *et al,* 2008; Toma *et al,* 2013b).

The aim of this paper is to establish a framework that will enable a company to select a business strategy that is appropriate for its objectives. To achieve this, an assessment of the last five years' worth of academic works was performed to observe and pinpoint the most pervasive and relevant attributes of strategies and typologies in designed to help in determining a company's strategic path. Additionally, the authors analysed some of the preceding decade's most prominent economic experts in order to gain a better understanding of how this concept's practical application has changed over the years. After reviewing these works, the authors of this study proposed a model based on the most important conceptions from scholars who have undergone extensive studies in this field. To attain the article's objective, the authors used a quantitative research method. The following sections discuss the literature review, followed by the research methodology. The paragraph on results and findings summarizes and reaffirms the observation - based findings of the study. Finally, the concluding section highlights the findings of the research, leaving room for additional assessment in a subsequent paper.

2. Literature review

Since its emergence, studying strategy from a business standpoint has become a critical endeavour from the start (Toma, 2013). Most authors agreed on the fact that in its beginnings strategy has been a part of the military domain (Peng, 2015; Toma *et al*, 2015c). Strategy is believed to be the result of a deliberate process and decision. To succeed, strategy must generate power, which facilitates it to exert influence over the forces in its surroundings in order to accomplish its objectives. Power can be generated when an entity's assets are applied innovatively to opportunities it uncovers in its environment, and once the entity's various components work cooperatively. This is accomplished through the use of a cohesively organized collection of guiding decisions, or decision rules, which together form a persuasive rationale, a sound theory of victory. However, as with any theory that is predicated on certain hypotheses and suppositions, it must be validated against reality in order to be honed, revised, or altered as reality continues to unfold. This combination of requirements is highly improbable to work by chance. A theory of victory that requires testing and validation must be deliberate. Given the complexity of strategy, it requires efforts to develop. It may begin with a hazy idea or a perspective as the germ of a concept, but a conscious effort to refine and test it is necessary for strategy to exist. Situations by default, spontaneity, or being compelled do not constitute strategy. A survivorship strategy cannot be credited to someone who is cast onto an island by sea waves. A business cannot be said to have a strategy simply because it has market opportunities. A military organization cannot be said to have a strategy simply because it is at war. A hasty, incoherent response to the questions of who the targeted consumers are, what products and services to provide them, as well as how to design and implement these products and services is insufficient to define strategy. Khalifa proposes to define strategy as a unified core of decision-making. It is an entity's emerging theory of victory in high-stakes situations by leveraging resources and opportunities in uncertain conditions (Khalifa, 2020).

Top management are becoming enamoured with the term "strategy" or "strategic" that it has become misapplied in their companies. There are numerous strategies available today, including marketing strategies, HR, IT, operational, and financial strategies. There seems to be a strategy for an industry or a segment of consumers, a strategy for government relations, and a strategy for development. One aspires to effective management in an industry through strategic advertising and strategic innovative thinking, both of which are supported by strategic research & development efforts. The issue is that because everything is a strategy, nothing is. Communication and comprehension of managerial behaviour and choices become more difficult as a result of the confusion caused by the use or misappropriation of this word. Having numerous "strategies," does not automatically imply that an organization is strategy-rich. The more "strategies" a company has, the less probable it is that it has any strategy at all. There is a quick and easy indication of strategy in a company: if every manager in the entity can affirm the organization's strategy in a clear and concise manner, chances are there is one. If nobody can articulate the strategy in a straightforward, simplistic, and easy to comprehend manner, then there probably is not one in place. It makes no difference what the official documents indicate; if the employees in the company are unable to articulate a common strategy for the organization, the company lacks a strategy, since the actions taken by individuals are not linked into an integrated manner toward a common, shared goal. As a result, the organization lacks a strategy (Fairbanks *et al*, 2018).

Having taken the foregoing theories into consideration, the authors searched the academic literature for a way of determining how a business should endeavour to develop an effective strategy. According to Miles and Snow's interpretation of the research literature in the 1970s, there are three primary strategic types of organizations: Defenders, Analysers, and Prospectors. Each form has its own distinct strategy for approaching its target market(s), as well as a distinct design of technology, structure, and procedures that is consistent with its own business strategy. The Defender (i.e., its upper executives) purposefully focuses on establishing an environment conducive to a stable organizational structure. Stability is achieved primarily through the Defender's identification and resolution of its entrepreneurial problem. Defenders describe their entrepreneurial dilemma as how to isolate a percentage of the overall market in order to ensure a sustainable domain, which they accomplish through the production of a small number of products targeted at a narrow market segment of the overall market opportunity. Prospectors react almost in the reverse directions to their selected contexts as the Defender does. In some ways, the Prospector is identical to the Defender: its methods to the three adaptation problems are highly consistent. By and large, the Prospector creates a more dynamic system than other types of businesses within the same sector. Unlike the Defender, for whom the primary capability is to serve a stable domain effectively, the Prospector's primary capability is to identify and exploit new markets and opportunities. The Defender and the Prospector appear to be at diametrically opposed ends of a spectrum of adjustment strategies. Between these opposites is a third organizational type known as the Analyzer. The Analyzer is a hybrid of the Prospector and Defender strategies that offers a viable alternative towards the other two. A true Analyzer is an entity that aims at minimizing risk while increasing profit potential - that is, a seasoned Analyzer integrates the Prospector and Defender strong points into a unified system. This strategy is challenging to implement, particularly in industries associated with rapid market and technical innovations, and thus the Analyzer's adaptive technique is commonly described as "balanced." The Reactor is a fourth form of organization they encountered during their research. The Reactor displays a conflicting and volatile pattern of adaptation to its surroundings; this type appears to lack a list of predetermined mechanisms that it can regularly employ when confronted with a changing environment. As a result, Reactors are almost perpetually unstable. The Reactor's "adaptive" cycle is typically characterized by inappropriate responses to environmental unpredictable changes, poor performance as a result, and a subsequent reluctance to act aggressively in the long term. Thus, the Reactor is a "remnant" strategy that occurs as a result of one of the other three strategies being pursued inadequately (Miles *et al,* 1978).

Another perspective on strategy classification has been given by M.E. Porter when he created the formulaic competitive strategy classification scheme, which advanced the concept that a company's source of competitive advantage is contingent on the amount of value it creates for its various stakeholder groups. He asserted that cost leadership and differentiation strategies are the two primary standard strategies that impose constraints on achieving competitive advantage, whilst target marketing is a subcategory of the latter. He stated that strategies were also mutually exclusive and that organizations that pursue upwards of one generic strategy concurrently will become trapped in the midpoint (Porter, 1980).

While studies have extensively defended Porter's strategic purity viewpoint, new research has fuelled debate about whether pure strategies can coexist with hybrid strategies and produce project outcomes. Companies, on the other hand, are adopting a broader range of competitive strategies in practice, which goes far beyond the pure strategies generated by hypothesis and leads to the development of hybrid strategies. Hybrid strategies reflect reality by providing firms with a plethora of strategic options with various shades at the business level, regardless of industry (Anwar *et al*, 2017).

There are numerous tools available to assist businesses in determining their optimal strategic fit. Aliekperov proposes one such tool. TASGRAM is a system for developing strategies that consists of seven components: Thinking, Analysing, Strategy, Goals, Risks, Actions, and Monitoring. Each component, aided by the appropriate tools, carries out its specific function, assisting in the formulation of the company's strategy. Due to the cross-industry nature of the tools used, the knowledge gained will aid in the future application of the TASGRAM system for the purpose of developing strategy for any business:

- Thinking: Developing a viable business strategy for the company in order to prepare for further assessment and endorsement;
- Analysing: Gathering and analysing data necessary for strategic decision-making;
- Strategy: Based on the information gathered in the preceding phases, the final business strategy is developed, defining the company's future development;
- Goals: Establishing and disclosing of objectives that facilitate the execution of the business strategy and corporate strategy;
- Risks: Identifying risks that could jeopardize the strategy's implementation;
- Actions: Establishing actions directed at accomplishing the business and corporate strategy's objectives;
- Monitor: Establishing markers to monitor the implementation and efficiency of business and corporate strategies (Aliekperov, 2021).

As such, the authors suggest that companies can use this tool to differentiate and select from the various strategy typologies currently available.

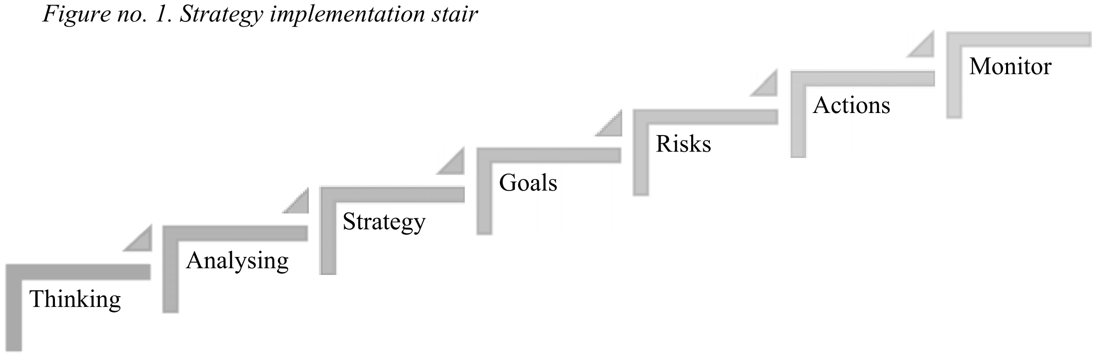
3. Research methodology

This paper was written in answer to a quantitative research study’s findings. Numerous business and strategy publications, as well as research journals, were consulted to conduct research on the available strategy archetypes and on how a company can choose the best strategy for itself. This informed the scope of the research. The authors then conducted a literature review and have synthesised the findings.

4. Findings

As mentioned previously, the author proposes that businesses use TASGRAM as a possible model for developing a strategic framework as part of their business planning process. By delving deeper into the meaning of each component, one can gain a better understanding of how to implement each phase. The author illustrates the implementation steps and their relationship, thus forming a process, in Figure 1.

Figure no. 1. Strategy implementation stair



Source: (Aliekperov, 2021, p.16)

The initial step in implementing this model is called Thinking. This refers to the planning stage, during which one must begin developing a viable business strategy for the company in preparation for further evaluation and endorsement. This requires the business to consider their objectives. Once a goal is established, planning can begin, and it provides a target to work toward.

The second stage is referred to as Analysing. This step entails gathering and analysing all relevant and necessary data in order to initiate strategic decision-making based on the findings. A business must analyse its available resources and devise methods for obtaining the missing data necessary to make an informed decision about their course of action.

The third step is referred to as Strategy. This means that after analysing the previous step's findings, a business strategy is developed to define the company's future development. This means that the course of action has been determined, the path chosen, and while this should imply that it is the final strategy, in practice, it is necessary to leave room for unforeseeable future events.

The following step is titled Goals. While the ultimate objective was established in the preceding step, this stage entails the establishment and disclosure of milestones that will aid in the execution of the business and corporate strategy.

As the name implies, step five highlights the risks associated with implementing the chosen strategy. It is insufficient to select a strategy and immediately begin implementing it. Additionally, one must identify the risks that could jeopardize the implementation of the strategy, as well as the risks associated with the strategy's implementation.

The sixth step is a call to action. It is critical to establish the actions that must be taken to accomplish the business and corporate strategy's objectives during this stage. This means that it is critical to identify the tactics that will be used to achieve the strategic framework's objectives.

The final step, Monitor, is just as critical as the previous ones. After implementing the strategy, it is critical to monitor the situation to determine whether any new developments necessitate the implementation of a new tactic or approach. Establishing indicators to track the implementation and effectiveness of business and corporate strategies is critical because it enables a company to be proactive in the event of any unforeseen circumstances.

5. Conclusions

The goal of this article was to develop a framework that would enable a business organization to select a business strategy based on its objectives. To accomplish this, it was necessary to gain a better understanding of what the term "strategy" means in today's business world and of which are the best methods proposed by different researchers. Following a comprehensive review of the literature, the authors propose a model based on the TASGRAM framework. As a result, the paper shows the fundamental steps that any business, whether new or established, should take in order to determine their strategic path. This proved to be a viable approach for the paper's direction, and it enables future research to determine a more detailed classification of business strategies and the optimal approach to take in order to accomplish a strategic goal.

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