BUSINESS STRATEGY: AN OVERVIEW OF THE LAST CENTURY

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Abstract

When reviewing the available strategy literature, it becomes clear that strategies are constantly evolving to reflect the contexts in which they are used. This varies significantly depending on the point in time at which a strategy is to be implemented. The ultimate goal, prior to developing a strategy, is to accomplish the objective established at the outset. Thus, strategies provide a framework for businesses to grow in such a way that they can more effectively accomplish their end goal, which has historically been profit. Nowadays, businesses have objectives beyond profit maximization; as a result, the use of multiple strategies within the same organization is becoming more prevalent, and having a strategic mindset and vision in place can assist in connecting them in order to accomplish the organization's overall goal. The article develops a conceptual framework for analysing how strategies have been perceived over the last several decades. A synthesis of the most prevalent features associated with them was derived as a result of the existing literature review, leaving room for further analysis in future research.

Key words: *strategy, market strategy, strategic thinking, business, value creation*

J.E.L. Classification: M1, M19

1. Introduction

After the fall of the Berlin Wall, the last decades have witnessed the rapid diffusion expansion of the globalization process worldwide. In the age of risk and uncertainty, companies have understood the need to design and develop business strategies in order to successfully compete in an increasingly turbulent business environment (Toma & Marinescu, 2013; Toma & Marinescu, 2015). Also, they have tried to find and implement creative and efficient methods in their business processes such as lean management, creative thinking or Six Sigma (Toma, 2008; Marinescu & Toma, 2008; Toma et al., 2013).

If one searches for a definition of strategy, the most frequently used perspective is military in nature. This is because strategy has been a part of military operations since the dawn of battles (Toma & Grădinaru, 2015). A second frequent environment in which strategies flourish is during game play. What these two have in common is that they are both pursuing the same objective: victory. To win can have a variety of connotations for different players. This is why, in the business world, the term "winning" can simply refer to accomplishing the company's objective. As a result, studying strategy from a business standpoint has been a critical endeavour from the start (Toma, 2013; Toma et al., 2015).

The purpose of this paper is to examine strategy from a business perspective and how it has evolved over the last several decades. To accomplish this, a literature review of the last five years' worth of writings was conducted in order to observe and identify the most prevalent and pertinent characteristics of strategies. The authors also examined some of the most eminent economists of the previous century in order to comprehend how this concept's applicability has evolved over time. After consulting these works, and in light of the fact that this concept lacks a single definition, the author of this article has attempted to provide one based on the findings from a collection of the most influential interpretations from authors who have conducted extensive research in this field.

The authors employed a quantitative research method in order to accomplish the paper's objective. The paper is structured as follows: The following section discusses the review of literature, followed by the research methodology. The results and discussions

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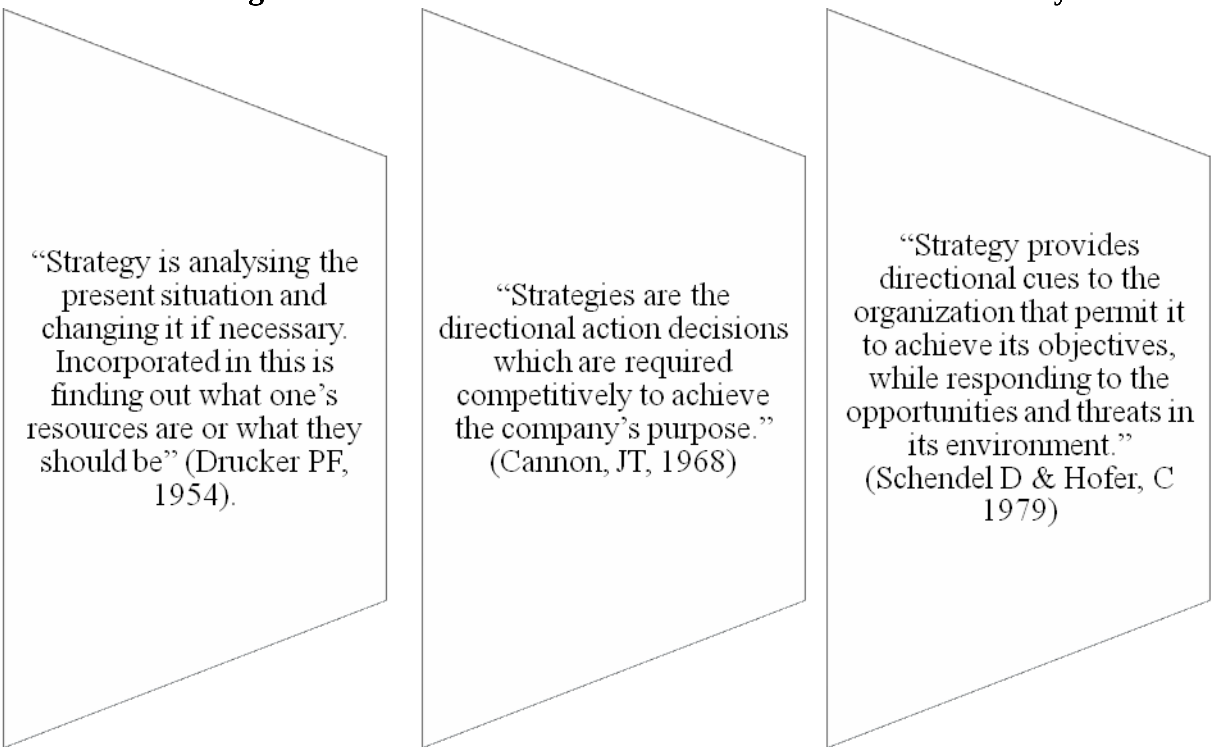
section summarise and clarifies the observational findings from the literature review. Finally, the conclusions section summarizes the investigation's findings, leaving room for further analysis in a subsequent paper.

2. Literature Review

Strategy is a concept that has been used in a variety of fields for centuries and has evolved over time. One cannot give a definitive interpretation of this term even though it has been the subject of numerous debates. As a result, countless scholars have attempted to pinpoint its primary characteristics in order to provide an understanding of what this concept means. One explanation for this could be that people approach strategy in different ways, which can lead to confusion. An organization's strategy is the design and development of available resources to meet the needs, requirements, and demands of its markets, shareholders, and other stakeholders. The organization's long-term position and mission, as well as its current direction and scope, shape visions and objectives. (Johnson *et al*, 2008). When one chooses to examine some of the most illustrious researchers from the economic field of the previous century, we see that each has offered their own viewpoint of what strategy entails (fig. no. 1):

Fig 1: Notable definitions in the second half of the 20th century



Source: (constructed by author)

When researchers take a step back and attempt a more direct definition of strategy, they discover that the term "strategy" originates from the Greek word "strategos," which literally translates as "general of an army." Strategy arose in the military. Initially, this referred to the general commander's choices and instructions regarding a military force engaged in battle with an enemy. The dictionary definition of strategy is the allocation of resources to support adopted policies, which is most often used during times of war. As a result, conflict serves as the bedrock upon which strategy is built. It entails making decisions and directing resources and actions toward a desired end goal. Businesses, on the other hand, compete for customers, revenue, and market share. They compete in a non-profit organization for funding or grants, as well as clients and services. Strategy is predicated on the concept of a competitive environment in which firms compete for access to the resources necessary to survive, grow, and prosper. Competition for scarce, finite resources is critical for understanding the purpose of strategy in organizations. (Fairbanks, S. & Buchko, A., 2018)

A strategy is also seen as a pattern of behaviour and attitude that develops over time. A business that consistently markets the most expensive products in its industry is said to be pursuing a high-end strategy, just as an individual who accepts the most difficult jobs is said to be pursuing a high-risk strategy. Organizations make future plans while also evolving past patterns. The term "intended strategy" refers to the first realized strategy, while "realized strategy" refers to the second realized strategy. (Mintzberg et all., 1998)

To gain a better understanding of what strategy means in the business environment, the author has examined the successful application of strategy in the Japanese business culture. According to Kenisha Ohmae, Japan's leading strategy expert, many Japanese strategists who built multinational corporations lacked formal education and strategic analysis expertise. They possessed an instinctive grasp of the fundamental principles of strategy, as well as a unique way of thinking. In other words, they had a "strategic mind" capable of "seeing" economic opportunities and devising strategies to turn them into profitable businesses. Their success is the result of their intelligence and inventiveness, not their strategic analytical training. Strategic analysis tends to suffocate strategic thinking. Strategic thinking, according to Ohmae, is an art, which means it is difficult to organize and program. At its core, it is intuitive judgment. It's a way of thinking, a way of doing things analytically. The strategic mind is capable of providing viable solutions to problems due to its intellectual elasticity or adaptability. Ohmae continues by emphasizing that effective business plans are the result of a specific mindset, not meticulous research. Strategy is the result of a thought process that is primarily creative and intuitive, rather than rational. Ohmae admits that strategists do not abandon analysis, but rather use it to fuel the creative process. Discoveries that are inaccessible to conscious analysis yield great strategies. Does the fact that strategy is the result of an insight, intuition, or spark in the strategist's mind imply that strategic thinking cannot be learned? Ohmae believes that creativity cannot be taught, but that it can be learned. Certain actions can be taken to stimulate our minds' creative processes. Strategic success cannot be reduced to a formula. However, there are mental habits and ways of thinking that can be developed through practice to help us unleash our creative potential in order to develop winning strategies. (Ohmae, K., 1982)

Another perspective is given by Grant (1999), whom defines strategy as the alignment of an organization's internal resources and capabilities with the opportunities and risks inherent in its external environment. The two most critical strategic perspectives considered in this definition are competitive and resource positions. When discussing competitive strategies, Porter's strategy research must be recognized. Certain companies have a strategic component, while others do not. By responding "differently" from industry rivals, strategic choices establish a long-term competitive advantage. Even productivity-enhancing actions are not strategic because they will be copied by others. In actuality, strategy is a framework that helps to guide and influences practices. It is composed of nine possible driving forces: market needs, technology, product offerd, manufacturing capability, method of sale and of distribution, natural resources, growth, and profit. (Porter, 1996)

On the other hand, competitive advantage is difficult to sustain over time. As a result, the strategies' intended audience has shifted. Rather than being driven and influenced by shareholder interests, business owners' new and purposeful investment and strategic planning viewpoint is geared toward meeting the needs of a variety of stakeholders. One could argue that businesses that have historically prioritized short-term productivity and financial indicators, are affected by the dominant scientific management approach, and are under acute pressure to achieve short-term economic objectives, have clearly prioritized profit over a higher, altruistic purpose. The two, nevertheless, are not mutually exclusionary and therefore should be strategically aligned for credibility, long-term validity, and sustainable development. (Taticchi, P. & Demartini, M., 2021)

When one continues to examine the definition of strategy and its applications in the business sector in the decades after the year 2000, it becomes evident that this idea has gained additional dimension and applicability in the many sectors of an organization.

Market-oriented organizations place a premium on market-related factors and regularly promote consumer happiness through marketing initiatives. If we live in a market economy, the majority of private firms must be market-oriented, except for those that can convince legislators to exempt them from competition. It is critical to understand how industry and corporate performance affect market strategies. Market strategies also include considerations for customers, rivals, suppliers, and other entities capable of influencing competitive advantage through strategic orientations such as cost leadership and differentiation (Cadogan et al. 2002; van Raaij, E.M. & Stoelhorst, J. W., 2008). To rephrase this differently, market-oriented organizations understand the value of the market and work hard to win over customers who have options through marketing, innovation, and cost-cutting measures, among other strategies. Nonmarket operations are business ventures that take place in a setting other than the market. Each business action can be classified as market, nonmarket, or both, although classifying actions in theory can be more challenging than classifying them in practice. The distinctions between market-oriented and centrally planned economies may be more complicated than those between market-oriented and nonmarket organizational activities. It is critical to emphasize that while nonmarket is considered an alternative to the market at the micro level—in the context of company strategy—the word is not widely used in the context of national economies. Socialism is a macroeconomic alternative to a market-oriented strategy. Nonmarket strategy (NMS) encompasses a range of firm activities, including broad social initiatives, lobbying, campaign contributions, and even direct collaboration with government agencies and regulators (Delmas, M.A. and Montes-Sancho, M.J., 2010, Lawton, T. *et al*. 2013, Okhmatovskiy, I., 2010). NMS's social and political components can be broadly divided, as this book does, and this distinction is made throughout the text. A business can employ both market and nonmarket methods, but market-oriented businesses place a higher emphasis on the former. (Parnell, J. A., 2019)

A strategy or overall plan of action may be designed to address broad, long-term corporate goals and objectives, more particular business unit goals and objectives, or as small a functional unit as a cost centre. These objectives may or may not address the organization's nature, culture, the type of firm its leadership wishes, the markets it will enter or not enter, the competitive landscape on which it will compete, or any other attribute, quality, or characteristic of the organization. Strategies and tactics pertain to the manner in which a certain aim is to be accomplished and they operate in tandem to close the gap between objectives and resources, allocating or deploying resources and then employing them to carry out a specified strategy in order to accomplish the intended result. While determining the objectives to be accomplished requires strategic thinking, this is distinct from deciding on the approach to accomplish them. (Nickols, F., 2016)

Due to the hypercompetitive nature of today's market, strategy can be reduced to the following two components:

- The first stage is to establish the company's market positioning in order to differentiate it from the competition.
- The second stage is to determine the strategy for developing customer value with the purpose of entirely satisfying or exceeding the target market's expectations.

Thus, the primary focus of strategy formulation is on the company's consumers and competitors. In terms of competitors, the business must identify its own market positioning, which differentiates it from the competition throughout a competitive range. The organization should develop a one-of-a-kind value proposition for its customers based on its marketing positioning. (Aliekperov, A., 2021)

When it comes to new venture strategy, one refers to the process of developing, selecting, and implementing a unique vision and position in a competitive context. Similarly, the strategy of a new endeavour is represented in the initiative's business model, which details the envisioned enterprise and how it will run to accomplish its stated objectives. A successful new firm incorporates components of strategic planning, diversification, entry strategies, and innovation. To begin, preparation is critical for new enterprises' success. Written strategies that are completed assist early-stage organizations in increasing their profitability, employment prospects, and survival rates (when the plan is formed before the focal venture engages with potential stakeholders and conducts other organizing activities). Entrepreneurs with a higher level of education who are focused on expansion, innovation, and external funding are more likely to plan their firms. The relative merits of various planning methodologies are contingent upon the external context in which a new business is founded. Particularly new companies benefit from selective and speedy planning, which is critical in extremely dynamic contexts. On the other hand, for new businesses operating in less unpredictable situations, it is preferable to extend the planning phase. (Shepherd, D. A. and Patel, H., 2021)

The fundamental premise of value-based strategy is straightforward: organizations that achieve long-term financial success provide enormous value for their customers, employees, and suppliers are successful. Professor Oberholzer-Gee encapsulates the concept in a framework dubbed a value stick. The willingness-to-pay (WTP) statistic sits at the apex of the value hierarchy. It embodies the customer's perspective. More precisely, it refers to the most expensive price a buyer will ever pay for a product or service. If businesses can develop methods to improve their products, their WTP will increase. Willingness-to-sell (WTS) is a notion that applies to low-value employees and suppliers. To accept an offshore position, employees must get WTS, the absolute lowest salary that can be offered. WTS decreases as businesses improve the attractiveness of their positions. When an activity is particularly dangerous and employees request more compensation, workers' compensation insurance (WTI) premiums climb. WTS pricing refers to the lowest price at which suppliers are ready to give their products and services. Supplier WTS will decrease if firms make it easy for suppliers to manufacture and deliver their products. The difference between WTP and WTS, referred to as the length of the stick, represents the monetary and non-monetary value created by a business. Recent research indicates that exceptional financial performance (returns in excess of a firm's cost of capital) is associated with increased value creation. Additionally, there are only two ways to improve value: by raising WTP or decreasing WTS (wealth transfer price). As such, the professor proposes that the more fundamental strategic thinking would result in superior outcomes, as strategy can be conceptually simple. (Oberholzer-Gee, F., 2021)

3. Research methodology

The article was written as a response to the findings of a quantitative research study. Various business, management, and strategy books as well as scientific papers were accessed in order to conduct a literature review on the evolution of various definitions and applications of strategies by businesses, which was then used to inform the design of the study. After that, the author conducted a review of the literature and a data synthesis.

4. Results and discussion

The author observes, as evidenced by the literature review, that while there is no universally accepted definition of strategy, there is a clear trend toward expansion of the areas in which strategic thinking has been applied. One can see that there are a few fundamental steps that can be taken when embarking on the journey of strategic thinking in the context of a business. As a result, depending on the time period in which the business operates, as well as the internal and external factors affecting the organization's circumstances, one might define strategy differently.

For a new business seeking to establish itself in the market, strategy serves as a stepping stone, an instrument that enables them to define the path they wish to take and the image they wish to project. This means that the strategy they employ will be critical to the company's success or failure.

For an already established company on the market, strategy is something upon which they build in order to continue their evolution. Each new strategic approach or tactic adopted by the company is analogous to a rung on a ladder. The ladder represents the path that the business has chosen to take, and the steps represent the various strategies that can help them get closer to their ultimate goal at the top.

As a result of the foregoing, the author proposes that strategy definition be inextricably linked to the concept of adaptability. When new internal or external influencing factors enter the picture, a strategy must be modified. A strategy can pave the way for a business as well as serve as a guide for achieving the end goal. It provides a framework for guiding the business toward the same initial goal despite changing conditions, as it gives the author enough leeway to adjust the course of actions taken in order to achieve the greatest long-term effect, depending on the strategy chosen.

5. Conclusions

The purpose of this paper was to develop a definition in order to gain a better understanding of what the term "strategy" means in today's business world. However, after conducting a literature review, the author concluded that a stand-alone definition for strategies is extremely difficult to formulate because they are highly circumstantial in nature. As a result, a fundamental approach to determining when and under what circumstances a strategy may be applied has proven to be a far more valid approach for the paper's direction. This enables future research to determine the classification of strategies that businesses can employ and the optimal approach to take in order to accomplish a goal.

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