

A GLIMPSE INTO THE EVOLUTION OF STRATEGY IN BUSINESS

Professor Ph.D., Sorin-George TOMA

Faculty of Administration and Business, University of Bucharest, Romania

E-mail: sorin.toma@faa.unibuc.ro

***Abstract:** The postwar gradual transformation of businesses from supply-led to demand-led organizations led them to identify/design and implement new methods capable to match their resources and aims in order to fructify business opportunities in the markets. The importance of strategic plans, in particular, and of strategy, in general, in the business activity started to be increasingly recognized in the beginning of the 1950s. Since the emergence of its roots in the 1960s, the field of strategic management has undergone a rapid and impressive development in the business world. After the fall of the European communist regimes, the globalization era raised multiple challenges to businesses all over the world, such as uncessant change and technological disruptions. This is why strategy has become a must for any business organization, irrespective of its size or industry. The goal of the paper is to briefly present the evolution of strategy in the business domain, starting from the military science. To such end the author utilised a qualitative research method. The results of the paper show that there are various approaches related to the strategy concept. Based on a comprehensive literature review, the paper illustrates some of the most important characteristics of this concept. Also, the study demonstrates that strategy represents a key element for today's business organizations.*

***Keywords:** strategy, business, business organization, strategic management, United States of America.*

***JEL Classification:** L19, M00.*

1. Introduction

The Second World War raised numerous challenges to military leaders as planning and allocating various resources imposed especially an effective organization and efficacious management. The wartime experience boosted the scientific research and called for a deeper interdisciplinarity in order to better combine the technical, social and economic systems (Witzel, 2012).

The postwar gradual transformation of businesses from supply-led to demand-led organizations led them to identify/design and implement new methods capable to match their resources and aims in order to fructify business opportunities in the markets. The importance of strategic plans, in particular, and of strategy, in general, in the business activity started to be increasingly recognized in the beginning of the 1950s (Newman, 1951). General Electric, one of the largest American corporation, was among the first business organizations which introduced strategic planning in those years (Gluck, 1985).

Since the emergence of its roots in the 1960s, the field of strategic management has undergone a rapid and impressive development in the business world (Toma et al., 2016a; Toma et al., 2016b), mostly in the United States of America (USA). After the fall of the European communist regimes, the globalization era (Toma, 2005) raised multiple challenges to businesses all over the world, such as uncessant change (Toma and Marinescu, 2015) and technological disruptions (Toma and Tohănean, 2018). This is why strategy has become a must for any business organization, irrespective of its size or industry.

The goal of the paper is to briefly present the evolution of strategy in the business domain, starting from the military science. To such end the author utilised a qualitative research method. This study is structured as follows: the second chapter comprises the literature review. The research methodology is shown in the third chapter of the paper. The fourth chapter illustrates the results and discussion. The conclusions are displayed in the last chapter of the study.

2. Literature review

The last decades have witnessed numerous analyses, discussions and debates over the term of strategy. Consequently, it has increasingly become a topic of interest for both researchers and practitioners worldwide. The concept of strategy derives from the Greek word *strategia* (generalship), being used for the first time in the military art (Toma and Grădinaru, 2016).

There are several approaches related to strategy concept. In this regard, Whittington (2000) identified profit maximization approaches (e.g., classical, evolutionary) and pluralistic approaches (e.g., processual, systemic) . Despite the lack of consensus regarding the meaning of strategy, it is defined as follows:

- “the basic long-term goal of an enterprise, the adjustments of route made to reach the goal and the necessary allocation of resource” (Chandler Jr., 1962, p.13).
- “the art which allows, independently from all technology, mastery of problems posed by any dual, in order to allow that very technology to be used with maximum efficiency. Thus it is the art of the dialectic of force or more exactly the art of the dialectic of wills using force to solve their conflict” (Beaufre, 1964, p.16).
- “the art of making war upon the map, and comprehends the whole theater of war” (Jomini, 1971, p.62).
- “is concerned with the development of a viable match between the opportunities and risks present in the external environment and the organization’s capabilities and resources for exploiting these opportunities”(Hofer, 1973, p.3).
- “the analog of the biologist's method of "explaining" the structure and the behavior of organisms by pointing out the functionality of each attribute in a total system (or strategy) designed to cope with or inhabit a particular niche” (Rumelt, 1979, pp.197-198).
- “the use of the engagement for the goal of the war” (von Clausewitz, 1989, p.128).
- “management’s action plan for achieving the chosen objectives” (Thompson Jr. and Strickland III, 1987, p.18).
- “a plan..., a ploy..., a pattern..., a position..., a perspective” (Mintzberg, 1987, pp.11-17).
- “a deliberate search for a plan of action that will develop a business’s competitive advantage and compound it” (Henderson, 1991, p.5).
- “the use that is made of force and the threat of force for the ends of policy” (Gray, 1999, p.17).
- “a plan that aims to give the enterprise a competitive advantage over rivals through differentiation” (Luecke, 2005, p.xiv).
- a mean ”by which long term objectives will be achieved” (David and David, 2017, p.40).

The above-mentioned definitions allow the identification of several characteristics of the strategy concept. On this line, it might be outlined that:

- In its beginning, strategy was defined in the military science.
- Strategy represents a complex and multidimensional concept.
- Strategy is both theory, art and practice.

- Strategy is used in various domains from politics and military science to education and business.
- Strategy includes setting long-term goals, establishing the proper actions to attain them, and allocating the needed resources to perform the actions.
- Strategy makes the connection between goals (the outcomes) and resources (the means).
- Any strategy takes into consideration both the internal (e.g., resources) and external (e.g., opportunities) environment.
- Strategy is not limited to planning.
- As a process, strategy has three phases: design/formulation, implementation and control/evaluation.
- The main dimensions of strategy are the outcomes and the process.
- Most definitions of strategy share several common terms such as long term goal, objectives, competitive advantage or plan.

3. Research methodology

To accomplish the purpose of the paper, the author utilized a qualitative research method based on a desk research. In the first phase of the scientific research process he searched for secondary sources of data. The author discovered a plethora of articles and books related to the topic of strategy. Then, he collected and systematized the information. In the third phase, he analysed and synthesized the data. Finally, the author concluded his study.

4. Results and discussion

In its beginning, strategy was linked to war. On this line, Sun Tzu and Carl von Clausewitz, two of the most prodigious and influential military thinkers, wrote fundamental works (von Clausewitz, 1989; Sun, 2002). The Chinese author elaborated “The Art of War”, a book that has had a great influence on both military and business thought. In a nutshell, Sun Tzu concluded that:

- “(1) Strategy is a subtle and complex technique that is conceived over a certain amount of time (time as resource).
- (2) Strategy's aim is to avoid an engagement at all costs. If it occurs, the engagement must be quick.
- (3) The choice of the most appropriate moment, not just the conserving of resources, is very important.
- (4) Strategy allows for greater possibility of foreseeing events and trends, and can make possible the macroreadings of history, so critical to sound strategy.
- (5) Surprise is primarily a tool, not a hindrance.
- (6) All resources are critical: Engage the enemy with armed force only when he cannot be overcome by any other means and then only as a last resort; victory as gained in the shortest possible time, at the least possible cost in lives and effort, and with infliction on the enemy of the fewest possible casualties.” (Paquette, 1991, p.46).

On his turn, the German author wrote “On War”, a book that has greatly contributed to the development of strategic thinking and set out the role of strategy (Kornberger, 2013). Von Clausewitz advocated six principles of strategic effectiveness needed for reaching military success as follows:

- “1. Advantage of terrain.
2. Surprise.
3. Attack from several sides.
4. Aid to theatre of war by means of fortifications.
5. Assistance of the people.
6. Use of great moral forces.” (Horwath, 2006, p. 3)

The approaches of these two military thinkers provide both differences and similitudines regarding the strategy concept (Table no. 1).

Table no. 1. Differences and similitudines between von Clausewitz and Sun Tzu

Characteristics	von Clausewitz	Sun Tzu
Conception	Instant	Longer period
Role of surprise	More a hindrance	More a tool
Duration of engagement	Prolonged	Short
Flexibility	Limited	Critical
Foreknowledge	Limited	Critical
Emphasis	Tactics	Strategy
Key elements	a) Moral elements; b) Physical elements; c) Mathematical elements; d) Geographical elements; e) Statistical elements	a) Tao; b) heaven; c) Earth; d) the general; e) method
Strategy lessons	<ol style="list-style-type: none"> 1. Prepare by obtaining the right data and using your imagination. 2. When planning, beware of Pyrrhic victories and the fallacies of hope. 3. Expect the unexpected. 4. Stand united, but divide opponents. 5. Surprise your opponents. 6. Prevent confrontation wherever possible. 	

Sources: von Clausewitz, 1989; Paquette, 1991; Sun, 2002; Pars, 2013

The strategy concept penetrated rather late the business world. One of the main reasons resides in the fact that the field of management started its evolution only at the beginning of the last century. The works of Frederick Winslow Taylor and Heny Fayol gave a huge impetus to the new science of management (Toma, 2013). The need to increase efficiency led to the emergence of scientific management in the USA (Marinescu et al., 2014).

The end of the 1950s and the beginning of the 1960s witnessed the emergence of strategic management. Famous writers, especially from the USA, published several seminal works. Harry I. Ansoff (1957) launched the famous Ansoff matrix by combining existing/new products with existing/new markets. Thus, four types of strategies appeared:

- market development;
- market penetration;
- product development;
- diversification.

Also, he made the distinction among four concepts: strategy, policy, programme and standard operating procedure (Ansoff, 1965).

On his turn, Alfred D. Chandler Jr. (1962) stated that strategy comprises means (e.g., facilities) and ends (e.g., long-term goals). In his opinion, the organizational structure has to follow the strategy. In the 1970s, Kenneth R. Andrews identified four components of strategy as follows:

- market opportunity- what a business organization might do;
- corporate competence and resources- what a company can do;
- personal values and aspirations- what the people of the company want to do;
- external obligations (e.g., to society)- what a business organization should do (Andrews, 1971).

Also, he argued that the corporate strategy process comprises two phases: formulation (deciding what to do) and implementation (achieving outcomes).

The 1980s witnessed the born of a new management guru, Michael E. Porter. He asserted that “the goal of competitive strategy for a business unit in an industry is to find a position in the industry where the company can best defend itself against these competitive forces or can influence them in its favor” (Porter, 1980, p.4). In his view, the intensity of competition in a specific industry depends upon the cumulative effect of the following five forces:

- rivalry among existing firms;
- threat of new entrants;
- bargaining power of suppliers;
- threat of substitute products;
- bargaining power of buyers (Porter, 1980).

Also, Porter launched the notion of generic competitive strategies which encompasses three types: overall cost leadership, differentiation, and focus. Later, he introduced another new concept, the value chain. It comprises two types of value activities:

- primary activities: inbound logistics, operations, outbound logistics, service, marketing and sales;
- support activities: procurement, technology development, human resource management, firm infrastructure (Porter, 1985).

The late 1980s and the beginning of the 1990s brought the works of another important author, Henry Mintzberg. He differentiated five types of strategies:

- intended strategies- plans developed for the future;
- realized strategies- patterns evolved out of the past;
- deliberate strategies- fully realized strategies;
- unrealized strategies- not realized at all strategies;
- emergent strategies- realized patterns not expressly intended (Mintzberg, 1994).

Since the late 1990s there were numerous attempts to integrate other important issues, such as globalization, sustainability or technology (Bansal and Roth, 2000; Toma and Marinescu, 2013; Toma and Tohănean, 2019), in the study of strategy in business. On the other hand, researchers have emphasized the role played by various new concepts, tools, methods, and techniques in strategic management, such as Six Sigma (Toma, 2008a), social responsibility (Toma, 2008b; Marinescu et al., 2010b), quality (Cornescu et al., 2004; Toma, 2006), lean management (Naruo and Toma, 2007; Marinescu and Toma, 2008),

entrepreneurship (Zainea et al., 2020), and marketing mix (Marinescu et al., 2010a; Catană and Toma, 2021).

5. Conclusions

In its beginning, the concept of strategy was used in the military science, being mostly related to war. Only in the 1960s it penetrated the business world and, since then, has been analysed and developed in a significant number of books and articles. Thus, strategic management has become a topic of interest for both researchers and practitioners. Also, strategy has been designed and implemented in the activities of business organizations, irrespective of their size and industry.

The paper briefly presents the evolution of strategy in the business domain. The results of the paper show that there are various approaches related to the strategy concept. Based on a comprehensive literature review, the study illustrates some of the most important characteristics of this concept. Also, it demonstrates that strategy represents a key element for today's business organizations.

References:

1. Andrews, K.R., 1971. *The Concept of Corporate Strategy*. Homewood, IL: Dow-Jones Irwin.
2. Ansoff, H.I., 1957. Strategies for diversification. *Harvard Business Review*, September-October, pp.113-124.
3. Ansoff, H.I., 1965. *Corporate Strategy*. New York, NY: McGraw Hill.
4. Ansoff, H.I., 1969. *Business Strategy*. Harmondsworth: Penguin Books.
5. Bansal, P. and Roth, K., 2000. Why companies go green: A model of ecological responsiveness. *Academy of Management Journal*, 43(4), pp.717-736.
6. Beaufre, A., 1964. *Introduction à la Stratégie*. Paris: Armand Colin.
7. Catană, Ș. and Toma, S.-G., 2021. Marketing mix and corporate social responsibility in automotive industry—Case study: Mazda Motor Corporation. *Annals of the „Constantin Brâncuși” University of Târgu Jiu, Economy Series*, 1, pp.205-209.
8. Chandler Jr., A.D., 1962. *Strategy and Structure: Chapters in the History of American Industrial Enterprise*. Cambridge, MA: MIT Press.
9. Clausewitz, von C., 1989. *On War*. Edited and translated from German by Michael Howard and Peter Paret. Princeton, NJ: Princeton University Press.
10. Cornescu, V., Curteanu, D., Marinescu P. and Toma, S.-G., 2004. *Management from Theory to Practice*. Bucharest: University of Bucharest Publishing House.
11. David, F.R. and David, F.R., 2017. *Strategic Management: Concepts and Cases- A Competitive Advantage Approach*. 16th ed. Harlow: Pearson.
12. Gluck, F.W., 1985. A fresh look at strategic management. *Journal of Business Strategy*, 6(2), pp.4-19.
13. Gray, C.S., 1999. *Modern Strategy*. New York, NY: Oxford University Press.
14. Henderson, B., 1991. *The Origin of Strategy*. In: C. A. Montgomery and M. E. Porter (eds.), 1991. *Strategy: Seeking and Securing Competitive Advantage*. Boston, MA: Harvard Business School Publishing. pp.3-9.
15. Hofer, C.W., 1973. Some preliminary research on patterns of strategic behavior. *Academy of Management Proceedings*, 33, pp.46-59.

16. Horwath, R., 2006. *The Origin of Strategy*. Strategic Thinking Institute, pp. 1-5. [online] Available at: <http://www.strategyskills.com/Articles_Samples/origin_strategy.pdf> [Accessed 17 April 2024].
17. Jomini, A.H., 1971. *The Art of War*. Westport, CT: Greenwood Press.
18. Kornberger, M., 2013. Clausewitz: On strategy. *Business History*, 55:7, pp.1058-1073.
19. Luecke, R., 2005. *Strategy: Create and Implement Best Strategy for Your Business*. Boston, MA: Harvard Business School Press.
20. Marinescu, P. and Toma, S.-G., 2008. *Implementing lean management in the Romanian industry*. In: T. Koch, ed., 2008. *Lean Business Systems and Beyond*. New York, NY: Springer. pp. 269-276.
21. Marinescu, P., Mihai, N.S. and Toma, S.-G., 2010a. Pricing strategy used as a tool for building customer satisfaction in the retail sector. *Science*, 16(1), pp.60-80.
22. Marinescu, P., Toma, S.-G. and Constantin, I., 2010b. Social responsibility at the academic level. Study case: The University of Bucharest. *Studies and Scientific Researches - Economic Edition*, 15, pp.404-410.
23. Marinescu, P., Toma, S.-G. and Grigore, A.-M., 2014. The emergence of scientific management in America. *Manager*, 19(1), pp.127-131.
24. Mintzberg, H., 1987. The strategy concept I: Five Ps for strategy. *California Management Review*, Fall 1987, 30(1), pp.11-24.
25. Mintzberg, H., 1994. *The Rise and Fall of Strategic Planning*. New York, NY: The Free Press.
26. Naruo, S. and Toma, S.-G., 2007. *From Toyota Production System to Lean Retailing: Lessons from Seven-Eleven Japan*. In: J. Olhager and F. Persson, eds., 2007. *Advances in Production Management Systems*. New York, NY: Springer. pp.387-395.
27. Newman, W.H., 1951. *Administrative Action: The Techniques of Organization and Management*. Englewood Cliffs, NJ: Prentice-Hall.
28. Paquette, L., 1991. Strategy and time in Clausewitz's on war and in Sun Tzu's the art of war. *Comparative Strategy*, 10(1), pp.37-51.
29. Pars, M., 2013. Six strategy lessons from Clausewitz and Sun Tzu. *Journal of Public Affairs*, 13(3), pp.329-334.
30. Porter, M.E., 1980. *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York, NY: The Free Press.
31. Porter, M.E., 1985. *Competitive Advantage: Creating and Sustaining Superior Performance*. New York, NY: The Free Press.
32. Rumelt, R.P., 1979. *Evaluation of strategy: Theory and models*. In: D. E. Schendel and C. W. Hofer (eds.), 1979. *Strategic management: A new view of business policy and planning*. Boston, MA: Little, Brown. pp.196-212.
33. Sun, T., 2002. *The Art of War*. Translated from the Chinese by The Denma Translation Group. Boston&London: Shambhala.
34. Thompson Jr, A.A. and Strickland III, A.J. 1987. *Strategic Management: Concepts and Cases*. 4th ed. Homewood, IL: BPI Irwin.
35. Toma, S.-G., 2005. Fordism, postfordism and globalization. *Amfiteatru Economic*, 7(17), pp.135-138. [online] Available at:

- <<https://ideas.repec.org/a/aes/amfeco/v7y2005i17p135-138.html>> [Accessed 17 April 2024].
36. Toma, S.-G., 2006. From quality to the corporate social responsibility. *Amfiteatru Economic*, 8(20), pp.145-149.
 37. Toma, S.-G., 2008a. What is Six Sigma? *Manager*, 8, pp.152–155.
 38. Toma, S.-G., 2008b. Social responsibility and corporate citizenship in 21st century. *Amfiteatru Economic*, 10(23), pp.80-85.
 39. Toma, S.-G., 2013. *Economia Întreprinderii*. București: Editura Universității din București.
 40. Toma, S.-G. and Marinescu, P., 2013. Global strategy: the case of Nissan Motor Company. *Procedia Economics and Finance*, 6, pp.418-423.
 41. Toma, S.-G. and Marinescu, P., 2015. Strategy and change. *Manager*, 21(1), pp. 145-150.
 42. Toma, S.-G. and Grădinaru, C., 2016. From military strategy to business strategy. *Strategii Manageriale*, 31(1), pp. 227-233. [online] Available at: <<http://www.strategiimanageriale.ro/papers/160132.pdf>> [Accessed 28 April 2024].
 43. Toma, S.-G., Marinescu, P. and Grădinaru, C., 2016a. Strategic planning and strategic thinking. *Revista Economică*, 68(5), pp.168-175. [online] Available at: <<http://economice.ulbsibiu.ro/revista.economica/archive/68515toma&marinescu&gradinaru.pdf>> [Accessed 20 April 2024].
 44. Toma, S.-G., Marinescu, P. and Constantin, I., 2016b. *Approaches to strategic thinking in business organizations*. Proceedings of the 10th International Conference on Business Excellence, Academy of Economic Studies, Bucharest, Romania, pp.184-191. [online] Available at: <https://accord.edu.so/course/material/energy-and-climate-change-289/pdf_content> [Accessed 10 May 2024].
 45. Toma, S.-G. and Tohănean, D., 2018. Internet of Things, digitalization and the future of business models. *Strategii Manageriale*, 4(42), pp.130-137. [online] Available at: <http://www.strategiimanageriale.ro/images/images_site/articole/article_de634c42b4d3c952dc5005125c4e68df.pdf> [Accessed 29 April 2024].
 46. Toma, S.-G. and Tohănean, D., 2019. Green business models: The case of a German automaker. *Quality-Access to Success*, 20(S2), pp.635-640.
 47. Zainea, L.N., Toma, S.-G., Grădinaru, C. and Catană, Ș., 2020. Social entrepreneurship, a key driver to improve the quality of life: The case of TOMS Company. *Business Ethics and Leadership*, 4(3), pp.65-72.
 48. Witzel, N., 2012. *A History of Management Thought*. Abingdon: Routledge.
 49. Whittington, R., 2000. *What is Strategy-and does it matter?* 2nd ed. London: Cengage Learning.