

**STRATEGIC THINKING DURING A PERIOD OF TURBULENCE: A CASE STUDY  
OF BANCABC ZIMBABWE**

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## **Integrative Summary**

A review of strategic thinking literature indicates that research has tended to focus on experiences contributing to strategic thinking, the strategic thinking perspectives that executives are likely to follow based on the environments in which they have developed their strategic competencies, and examining executives' cognitive maps within the context of strategic management (O' Shannassy 2003; Kutschera, and Ryan, 2009; Meyer, 2007). As an expansion of these principles and foundations of strategic thinking, this research was a study of the extent to which strategic thinking perspectives are utilised during macro environmental turbulence.

According to Cravens et al. (2009: 31) volatility, reinvention, and fundamental changes in markets present unprecedented challenges to researchers and executives.

“Unfortunately, too often traditional conceptual models and theories fail to provide adequate insight for coping with this new and rapidly changing business environment. Traditional market perspectives and conceptual logic may even blind researchers and strategic decision makers to the real threats present in the changing competitive landscape and new market space, and to opportunities for added value which can be uncovered and exploited” Cravens et al. (2009: 31).

Hyperinflation in Zimbabwe was a major problem from 2003 to April 2009, when the country suspended its own currency and for the next five years the country continued to struggle with various macro environmental challenges. It is this backdrop that makes this research intriguing, where the soundness of any organisation is said to be crucially linked to the soundness of the macro environment, including macroeconomic policies as well as internal governance, market discipline; regulation and supervision (Louw and Venter, 2010). The research was a case study of BancABC Zimbabwe and focused on the period 2009 to 2013. BancABC Zimbabwe is a subsidiary of ABC Holdings Limited which is listed on the Botswana and Zimbabwe stock exchanges (BancABC, 2012).

The aim of the study as the first key activity was to explore and describe how the BancABC executives responded to the critical macro environmental incidents identified, at a management or executive team perspective, and secondly, whether the rational reasoning or

generative reasoning perspective was dominant during the period of turbulence. The goal is to gain insights of the strategic thinking process followed by executives during a period of macro-environmental turbulence.

Literature defines strategic thinking concept as the cognitive process undertaken by executives in relation to problem solving in the business context. Two main perspectives are discussed: Strategic thinking as a science (rational thinking) is the prescriptive, structured nature of strategic thinking; arguments are that it is a less complex perspective for executives to adopt. Strategic thinking as an art (generative thinking) is the perspective that allows the strategist to think outside the box and be more creative about solving strategic problems. The discussion presents how the two perspectives can be used to complement each other and provide a more robust strategic thinking framework. The multi-perspective approach to strategic thinking recommends the right balance between analysis, intuition and creativity can be used to create new frameworks and innovative solutions. The ability to balance these strategic thinking perspectives enables executives to solve strategic problems (Linkov, 1999).

The research findings highlighted the effect of time and availability of information on the strategic thinking perspective adopted by executives during times of uncertainty. It was noted that when time and information were available, executives appeared to use the rational strategic thinking perspective, while if there was limited time and information to solve problems the generative thinking perspective was dominantly used. Further the importance of integrative strategic thinking which facilitates the use of both intuition and analysis when solving strategic problems in a turbulent macro environment was also highlighted.

The research thesis adopted the structure of a case study, relying on the critical incident technique to create the context of the study; and can be used to explore and discuss strategic thinking for teaching purposes. The results of the study can be recognised as a contribution towards the development of strategic thinking particularly in times of turbulence. It can also form the basis for future studies in the context of strategic thinking.

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## Section 1

### 1.1 Section Preview

This section documents the detailed data analysis and findings of the case study of BancABC executives' approach to strategic thinking during turbulent times. The analysis was undertaken based on the aims and objectives of the case study which were to analyse and assess the dominant strategic thinking perspective of the research organisation during the period 2009 to 2013. The section begins by presenting an overview of the research organisation, and highlights the critical incidents which the organisation's executives had to respond to from a strategic perspective during the period under review (2009-2013). The chapter also presents the findings of a case study within the context of the critical incidents identified by the executives of the research organisation. Finally, the section concludes by proposing recommendations for future studies and teaching notes for the teaching case.

### 1.2 Synopsis of the literature review

O'Shannassy (2003) defines strategy as a problem solving process which consists of the combination of individual and organisational rational and generative thought processes.

This study draws on the work of Meyer (2007) and understands strategic thinking as the strategic reasoning process consisting of four cognitive activities of identifying, diagnosing, conceiving and realising.

- *Identifying* is the cognitive activity that enables a strategist to be aware of the challenges in their business environment.
- *Diagnosing* refers to the cognitive activity where the strategist tries to understand the nature of the problem and root causes. This aspect of the reasoning process essentially includes analysing or reflecting.
- *Conceiving* is the formulation of potential solutions to the problem, and assessment of the most appropriate solution if more than one potential solution exists.
- *Realising* is the implementation or action associated with resolving the problem (Louw and Venter 2010; De Wit and Meyer 2010).

The four cognitive activities noted above can be performed from the rational reasoning perspective or the generative reasoning perspective (Meyer, 2007). He argues that the rational reasoning perspective follows a predominantly logical thought process. This is in sequential

steps of identifying a problem, generating potential solutions, selecting the optimal solution, implementing it and finally evaluating the outcomes. This perspective relies on being able to remain objective by focusing on analysis of facts and figures and making decisions consistent with this (Kutschera and Ryan 2009; Meyer, 20074; O'Shannassy 2003). The rational reasoning perspective works well when there is adequate information available to anticipate what is likely to happen in the future based on past events that have occurred, by analysing various historical trends, which can be a difficult task considering the unpredictability (De Wit and Meyer, 2010) of the future, especially when trends become distorted during macroeconomic instability. This perspective leaves no room for emotions, creativity, and intuition (Meyer, 2007). Strategists that use the generative reasoning process are at opposite ends of the strategic thinking spectrum taking the position that problems are not always easily and objectively defined, and can be interpreted from various angles (Meyer: 2007). As such, they go through the cognitive activities more creatively with the aim of generating new solutions. The generative reasoning strategist may perform some analysis, however, the focus of the reasoning process is more intuitive – activities are geared towards inventing, and creating and do not rely solely on research or analysis of facts and figures (Leidka, 1998).

Sloan (2011) acknowledges that the characteristics of rational and generative strategic thinking perspectives are vastly different, however, and can be used to complement each other in the decision making process. She argues that executives can use the dominant cognitive styles “intuition” and “analysis” to integrate rational and generative strategic thinking perspectives. The multi-perspective approach to strategic thinking is the focused and skilful use of both intuition and rationality offers a structured process of checks and balances to problem solving (Sloan, 2011:173).

## The roles of “art” in strategic thinking

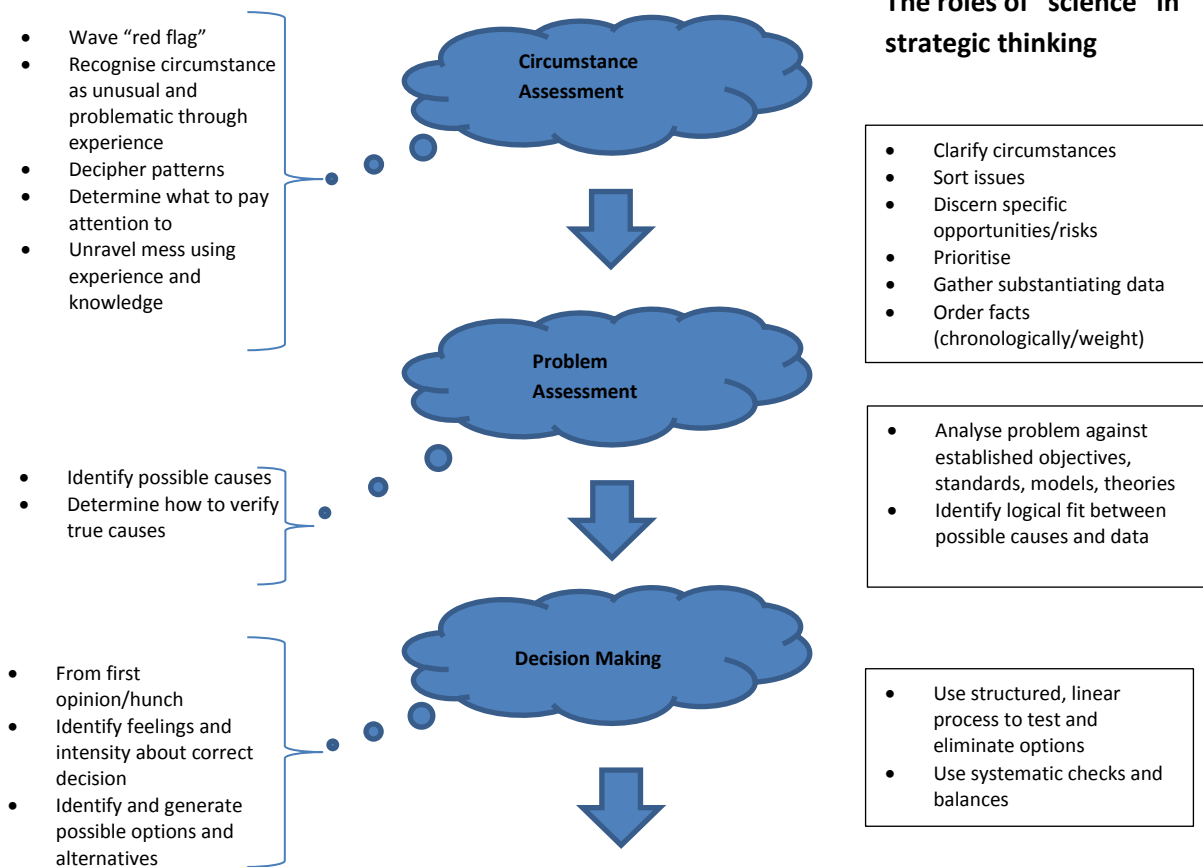


Figure 1: Integrated / multi-perspective strategic thinking (Source: Sloan, 2011).

According to Cravens et al. (2009) volatility, reinvention, and fundamental changes in markets present unprecedented challenges to researchers and executives and it is within this context that the researcher has deemed this study valuable in gaining deeper insight into the strategic thinking perspectives during macro-environmental turbulence.

### 1.3 Research Objectives

The goal of this research was to gain insights the strategic thinking process followed by executives during a period of macro-environmental turbulence; as well as contribute to the body of knowledge with regard to strategic thinking processes. The following was the specific objective of the research:

- Explore and describe how BancABC executives responded to the critical macro environmental incidents identified at a management or executive team level

- Explore and describe whether the rational or generative strategic thinking perspective is dominant during periods of macro-environmental turbulence.

The goal is to gain insights of the strategic thinking process followed by executives during a period of macro-environmental turbulence.

#### **1.4 Summary of Methodology**

This research was a qualitative research study in the form of a case study focussed on BancABC Zimbabwe. This was performed by obtaining feedback with regard to the strategic thinking process followed by BancABC executives during macro-environmental turbulence in Zimbabwe during the period 2009 to 2013 and analysing the dominant strategic thinking perspective demonstrated. Given the unique circumstances during the period on which the research focused, the research organisation's behaviour was assessed based on rational reasoning and generative reasoning perspectives to establish whether the organisation responded according to these frameworks.

The research was conducted by using the critical incident technique ('CIT'); Roos (2002); Butterfield, et al. (2005) define the critical incident technique as a procedure that can be used to collect and analyse incidents in which the holder of a position in a certain occupation has acted in a way which, according to some criterion, has been of decisive significance for his success or failure in a task. Based on guidance developed by Butterfield et al. (2005); Urquhart, Light, Barker, Yeoman, Cooper, Armstrong, Fenton, Lonsdale, and Spink. (2003); Fitzgerald, (2007); the following procedures were performed with regard to the critical incident technique:

1. Defined the aim of the research - Provided the context to the executives of the research organisation within which the executives will identify the critical incidents that the study will focus on.
2. Planned and set specifications - Particular attention was given to ensuring that the critical incidents that were analysed were aligned to the key objectives of the research and are consistent with the research aim.
3. Collected data – Individual interviews constituted the key data collection method. The aim of the interviews was to capture the target individuals' report from memory about the extreme incidents during the period under review (Butterfield, et al., 2005). The executives that were interviewed were selected purposively, with a focus on executives

that would have been part of the strategic thinking process of the organisation. The researcher has selected the judgemental sampling method of interviews based on a review of the organisation's organogram and considered that the executives indicated as heads of business units at BancABC were responsible for driving strategic thinking for the organisation.

The incidences highlighted were cross referenced with reports produced by BancABC, specifically the financial reports which would have been recorded close to the time the events occurred. Reports prepared by other organisations such as the World Bank and United Nations were also used to corroborate the nature of the events that were described by the executives as key events that impacted their organisational strategies.

4. Analysing the data – An interpretive approach to data analysis (Ritchie, Lewis, Elam, 2003) was followed in this research. The researcher identified key themes and categories by reviewing the responses from executives interviewed. Meyer (2007) developed an instrument to measure strategic thinking perspectives, and the researcher will rely on this instrument and was tailored for the purposes of this research. The instrument was structured to measure the strategic thinking style of an individual at a point in time, however, the assessment in this research will be performed based on the executives' recollection of past activities, and hence the tool needs to be tailored to take this into account. "The strategic profiler is a comprehensive tool for measuring an individual's strategic-making style" (Meyer, 2007). For the purposes of this research, Meyer's (2007) instrument was used as the base of the interview questions which were used to gather and categorise data.
5. Interpreting the data and reporting - This was performed by reviewing responses from the research conducted evaluating whether the research organisation's executives demonstrated rational or generative reasoning during macro-environmental turbulence.

### **1.5 BancABC background information**

BancABC Zimbabwe is a financial services organisation, and is also a subsidiary of BancABC Holdings. BancABC provides a range of financial services including retail and corporate banking, which offer treasury and investment products, corporate and personal

lending and micro-financing. BancABC Zimbabwe was established in Zimbabwe as the African Banking Corporation. Originally, the bank focused exclusively on corporate and wholesale banking. In 2009 the BancABC Zimbabwe (this project commenced for the group in 2008) started to expand into the retail banking space, developing a comprehensive set of retail services including SME and micro lending products. This expansion which was funded entirely from internal resources has been accredited to the accelerated growth of the bank (BancABC, 2013). By 2012 BancABC Zimbabwe specifically had a reach of 21 branches across Zimbabwe, with an estimated 108,000 customers. BancABC (2013) Zimbabwe reported its total revenue as BWP500million (Approximately USD55 million) for the year ended 31 December 2013.

The macro-environment in which BancABC was operating in was largely unstable due to the political, socio-economic, and economic turbulence in Zimbabwe in the period just before and during the period of the study.

The economy of Zimbabwe shrunk significantly after 2000, resulting in a desperate situation for the country and widespread poverty and an 80% employment rate. Hyperinflation was a major problem from about 2003 to April 2009, when the country suspended its own currency. Zimbabwe faced 231,000,000% peak hyperinflation in 2008. The economy deteriorated from one of Africa's strongest economies to the world's worst. The economic environment has led to the reckless disregard of corporate governance systems. The overcharging of customer accounts with bank charges deterred the savings culture by individuals as well as the inability of banks to keep up with liquidity requirements to keep up with customer withdrawal requirements. The banking sector during this time was also perceived to have collapsed, impacting the availability of credit lines to businesses for capital developments. (Kha and Makochekeanwa, 2009; Pilosof, 2009; Coomer and Gstraunthaler, 2011; and Hanke and Kwok, 2008). It is this backdrop that makes this research intriguing, where the soundness of a bank is said to be crucially linked to the soundness of macro-environment and policies as well as internal governance, market discipline; regulation and supervision (Pilosof, 2009).

## **1.6 Critical Incidents identified**

The period that was reviewed (2009-2013) as part of this case study was plagued by various macro-environmental issues which would have been expected to have had a very significant

impact in terms of how executives processed strategic solutions for the success of their organisation. During the one-on-one interviews; executives of BancABC were given an opportunity to identify what specific events represented critical incidences for them, which the researcher could use as a context to study the executives' strategic thinking perspectives in responding strategically to these challenges. The following critical incidents were identified:

- **Incident 1: Formation of Zimbabwean Government of National Unity – 2009**  
The formation of the Government of national Unity in 2009, which was a coalition government between Zanu-PF, the opposition parties MDC T and MDC subsequent to the 2008 elections. This coalition brought about an aspect of stability from a political perspective, despite the apparent power struggle between the parties therein (The PRS Group, 2009). The expectation from the business environment was that this would see a steady increase in foreign direct investment and therefore the economy would begin to grow again, and thus provide opportunities for growth for BancABC.
- **Incident 2: Dollarisation of the Zimbabwean Economy – 2009**  
Dollarisation of the Zimbabwean economy was the second critical incident identified by BancABC executives. It was generally expected that this development to use the United States Dollar as currency would stabilise the country's economic situation after a couple of years of hyperinflation. At this point, and taking into account the formation of the inclusive government, projections by economists and the business community were that this was the beginning of rebuilding the wealth of the country.
- **Incident 3: Re-positioning of the ABC Brand 2009**  
Following the key incidents discussed above, there was a need to re-position what had been known as African Banking Corporation, a merchant bank in Zimbabwe and a significant subsidiary in the then African Banking Corporation Group in order to increase market share and effectively grow the business (BancABC, 2009).
- **Incident 4: Economic Growth – 2010-2011**  
Between 2010 and 2011, while there did not seem to be a single event that could be isolated, there definitely was perceived growth of the economy, largely driven by the first two incidents described, as well as the improvement in the agriculture, mining

and telecommunications sectors. In the 2011 BancABC financial report, the Chairman of the board indicated that the Zimbabwean economy grew by 8.1% and 9.3% in 2010 and 2011 respectively (BancABC, 2011).

- Incident 5: Stricter Regulation of the Banking Sector – 2012-2013

Dollarisation contributed significantly to the stabilisation of the Zimbabwean economy, it also required a more formalised approach in order to effectively manage the financial system. In response to this the Reserve Bank of Zimbabwe started to implement much stricter regulation and supervision. During this period significant plans were made to strengthen the financial regulatory framework, but vulnerabilities persisted.

- Incident 6: Legal Challenges – 2013

BancABC suffered a highly publicised court case in 2013 in which the organisation lost the court case and BancABC property was attached against its \$10,000,000.00 debt to Mackey Diamonds. This had a reputational impact on the bank and the bank had to respond swiftly to manage the implications of what was being reported in the media in order to manage the perceptions of current and future customers.

- Incident 7: Debt Relief to the Public Sector – 2013

In July 2013, the Minister of Local Government ordered local authorities to write off all outstanding debts. This was in relation to bills incurred during the period February 2009 to June 2013 and included outstanding rentals, licenses, refuse charges, and levies. This had an impact on BancABC as some of these local authorities banked with BancABC and had loans with them, and this would be quite a significant exposure for the bank. A strategy had to be formulated to mitigate this.

- Incident 8: Zimbabwe Elections 2013

Five years after the formation of the Government of National Unity, there was an ongoing power struggle between the ZanuPF and MDC T political parties in the power sharing coalition. The ripple effect of this was that there was continued fighting between the two parties which had an impact on progress and development of the Zimbabwean economy. This in turn caused uncertainty and challenges from a

business perspective. Relationships with key politicians of both parties had to be carefully managed (AfDB, OECD, UNDP, UNECA, 2012; and IMF, 2012)

- Incident 9: ZanuPF wins elections – 2013

The country held general harmonised elections on 31 July 2013. They were overwhelmingly won by the Zimbabwe African National Union – Patriotic Front (ZANU – PF), with a parliamentary majority of more than two-thirds. Despite the fact that the elections were declared free, peaceful and generally credible by the SADC, the African Union (AU) and COMESA, the MDC as well as the European Union (EU) and the United States of America (US) did not concur and cast doubt over the integrity of the results of the election (AfDB, OECD, UNDP, UNECA, 2013).

- Incident 10: Deflation – 2013

While economic growth in Zimbabwe had been on an upward trend since 2009, it started to decline from 10.6% in 2011 to 4.4% in 2012. It was estimated to have decelerated to 3.7% in 2013. Real GDP growth is underpinned by developments in key sectors, such as mining and agriculture. Prevailing tight liquidity combined with low disposable incomes and favourable external developments dampened inflationary pressures in the economy. The inflation continued to be influenced by liquidity and external factors, such as international oil and food prices and the ZAR/USD exchange rate, among others. Manufacturing continued to decline between 2012 and 2013; a number of companies were placed under judicial management and many others closed down. Consequently, Zimbabwe's manufactured products failed to compete both locally and internationally further contributing to the decline in the economy. (AfDB, OECD, UNDP, UNECA, 2012).

The incidents discussed in this research do not represent an exhaustive list of significant events in Zimbabwe's macro-environment during the period 2009-2013. They were documented from the perspective of the executives of BancABC that were interviewed as part of the research fieldwork; and these are the incidents which were significant. One of the key strategies of BancABC during this period was to be in the top five banks in Zimbabwe; hence the focus for executives was on growing the bottom line in the context of the key objectives.

Common feedback from the interviewees was that the organisation was currently going through a consolidation phase of the business at the time that the research was conducted. With this phase, came an exercise of reflecting on BancABC’s past strategic successes and failures and implementing remediation measures, with the focus being more on consolidation of the business and building sustainability in a market that is stagnant in terms of growth. This was beneficial to the research, as some of the dialogue discussed as part of the research particularly regarding key events was already being considered by the executives, so recollection of events was not as difficult as had been anticipated by the researcher. The majority of incidents identified by the interviewees were consistent. The researcher’s observation was that the nature of the critical incident identified was driven to a large extent by the role occupied by the respective executive. It makes sense that issues to do with regulation and legal issues would have an impact on an executive fulfilling a role around governance and compliance, as well as operations; while re-branding would be significant to marketing and retail activities. Refer to table 1 which shows a summary of the number of interviewees’ that identified a particular incident.

	<b>Title/Role of executive interviewed</b>	<b>Number of Years with BancABC as at 31 December 2013</b>	<b>Incidents Identified</b>
1	Head of Risk	5 years	1-10
2	Group Economist	5 years	1,2,4,8,10
3	*Head of Finance	2.5 years	4,5,10
4	*Head of Operations	1.5 years	5, 10
5	Head of Investment Banking	5 years	1-10
6	Head of Retail / Micro Finance	5 years	1-10
7	Managing Director	16 years	1,2,3,4,10

\* Executive was not employed with BancABC for the full period researched.

Table 1: Number of interviewees per incident identified; Source: Researcher’s own construction (2014)

#### **1.4 Exploring Strategic thinking responses to the critical incidents identified**

In analysing the results of the research, particular attention was given to the dominant perspective demonstrated by the executives in their recollection of how they responded to the incidents identified in the preceding section. Understanding the dominant strategic thinking

perspective was guided by the model developed by Meyer (2007); this model was used to develop the interview questions used for the individual interviews conducted.

The responses to the critical incidents identified were performed using Meyer's model (2007) which was used as the basis for the interview questions used. The objective was to establish whether the strategic thinking responses demonstrated by the executives at BancABC during 2009 to 2013 were predominantly rational or creative. The researcher's observation was that the responses made by the executives interviewed during the individual interviews were largely consistent with each other. It is important to note that there were outlier responses noted, and these will also be discussed.

One of the executives interviewed stated that his view was that within financial services, the preferred strategic thinking perspective is rational with a strong reliance on logical thinking and analytics. However, the executives were unanimous in describing the lack of adequate information and baselines to perform sufficient analysis prevented them coming up with effective solutions during the period 2009-2013. Retrospectively, executives grouped their responses to the critical incidents identified into three distinct approaches, the most commonly followed strategic thinking approach was integrated in an attempt to balance intuitive and rational strategic thinking perspectives. Feedback provided by executives indicated that this was applicable to the majority of incidents identified by the executives. According to them, there were isolated incidences which were addressed by following a predominantly logical approach and another which was clearly intuitive.

The findings in respect of the cognitive activities showed that the activities were demonstrated during the strategic thinking process of addressing the critical incidents identified. What evidently varied was the order or structure in which each activity was executed. This aligned to literature in that the rational thinking perspective showed logical process of identifying, diagnosing, conceiving and then realising. However, where intuition led the strategic thinking process, sometimes realising took place before diagnosing or conceiving.

### **1.5 Integrated Strategic Thinking (Led by Intuition)**

Upon reflection of the strategic thinking responses to the incidents identified, executives consistently noted that an integrated approach to strategic thinking led by intuition was followed in respect of the following critical incidents:

- Formation of the GNU,
- Dollarisation of the Zimbabwean Economy
- Debt Relief to the Public Sector
- Economic growth
- Zimbabwe Elections of 2013
- ZanuPF won the 2013 elections
- Deflation

The response to these incidents was grouped together due to similar strategic thinking patterns demonstrated in resolving the problems faced. Subsequent to the formation of the GNU and dollarisation of the Zimbabwean economy, it was anticipated that there would be growth in the Zimbabwe economy following significant issues with a shrinking economy and high inflation. Executives in BancABC saw opportunities brought about by the stabilised political environment, and changing of the national currency from the Zimbabwe dollar to the US dollar. From their perspective, there was significant excitement in the business environment as prospects looked positive, and the market was conducive to doing business.

### **1.5.1. The impact of limited or incomplete information on Strategic Thinking**

A consistent theme from the executives in relation to the strategic problems that needed to be addressed was the challenge in making strategic decisions during this five year period after the massive economic melt-down which peaked in 2008. For the first few years after the first critical incidents, there was no adequate baseline and benchmark which could be used for decision making or to perform meaningful analysis in the Zimbabwean context. No trend analyses were available to enable effective speculation about the environment. They acknowledged that there were some countries that had experienced similar challenges, and had previously implemented recovery strategies, and therefore businesses in similar industries could review these as case studies. However, the scale of what was being experienced in Zimbabwe was quite unique which made it difficult to perform adequate analysis that could be used.

According to the executives, they initially tried to handle the strategic thinking process analytically, however, this quickly proved to be ineffective in terms of the realities they were facing on the ground, and the expectations they had in terms of growth of the business. There were significant variances between budgeted numbers and the actuals achieved in the period

2009-2013. They initially tried to structure products and direction based on a hybrid between Zambian and South African valuations to guide their thinking and approach. Over time they relied on executives' intuition as decisions had to be made quickly in order to be competitive in the market.

“The lack of adequate information, made it very difficult to make decisions during this period...” an executive was quoted as saying in one of the interviews.

There was too much of a vacuum in key information relating to changes in the environment which impacted issues of pricing and expectation, and made it difficult to anticipate what would happen in the period for which the strategy was being developed. For example, at the point of dollarisation, it was anticipated that the economy would stabilise – and it did. However, coming out of a hyperinflationary period where super profits could be achieved, it was a challenge to specify exactly what this growth would look like in real terms over the following years with a more stable foreign currency whose value was not consistently understood, and therefore what was a realistic budget for the organisation in terms of target profits and performance indicators.

In the context of the ABC Group, part of the strategic planning process was the annual strategy retreats which were used to discuss the strategies for the respective entities over a period of 12-36 months. These retreats were held for BancABC Zimbabwe and there were various analyses presented by the BancABC Zimbabwe economist, as well as consulted economists and political analysts who presented their views of how the economy would perform together with how other political and macro-environmental forces might impact BancABC for the period for which they were setting strategy. These presentations would normally be seen as objective in the strategic thinking process; however, in this context executives cite this as subjective because the baselines had not yet been sufficiently developed for accurate speculation. Further, in hindsight in the majority of the cases what was thought would happen, taking into consideration that multiple scenarios would be presented, would not be what would actually take place and therefore a “gut feel” approach towards problem solving became key, and the analysis performed would still be used, but form more as a sounding board for the intuitive decisions made. There was a reliance on tacit knowledge as opposed to reference to formal frameworks and existing models. Furthermore it was a challenge to effectively document and formalise events and responses as they occurred for future reference due to the rate of change. There was insufficient information to logically

apply the four cognitive activities identified by Meyer (2008), decision making was unstructured.

### **1.5.2 The effect of time on Strategic Thinking perspectives**

One executive described that from his perspective, strategic thinking was about how quickly the various executive teams could change their strategic models to adapt to the situation which they faced in the Zimbabwean environment as and when there were changes. Therefore the amount of time that the executives had to make certain strategic decisions had a significant impact on the strategic thinking perspective practiced in relation to the set of problems that needed to be addressed in this section. For BancABC Zimbabwe, the purpose of the strategy retreat sessions was to set a general direction for BancABC, but it was accepted that structures needed to be designed to enable executives to shift the strategy as and when required. As a result strategy became about decisions made by executives on a more frequent basis than annually with half yearly reviews. The strategic thinking decisions had to be made urgently, and although the strategic thinking perspectives were integrated, the process was led by intuition. Sometimes a decision would be made first based on “gut feel”, analysis would then be performed to support the decision already made, and there were situations where the results of the analysis performed and the decision made based on a hunch would be at odds.

A comment that frequently came up was that there were some ‘friendly’ –deals that were made, based on whether or not both parties wanted to engage. Once the discussion to engage was made the “number crunching’ to make sense of the decision would follow. There was a significant reliance on relationships in various aspects of the business, as such a level of trust was also used in making decisions "...do I believe that this persons is good for this loan..." taking into consideration that there were other parameters that could be reviewed. However in the absence of an established credit management framework, there were gaps in the information available to make a fully informed decision, in addition there were pressures to make quick decisions in order to reap returns or be first to market before competitors. And these are the types of decisions that one would typically expect to be objective, which, in these circumstances, were not. At the point of making the decision, this would seem the ideal option or direction to go, and only after the organisation had further information on the deal's performance or lack thereof, would further analysis be performed and remediation action if

required would be implemented, based on the level of exposure to the bank. In some cases it would be a 'sigh of relief' if the decision was then seen to be a successful one. The model of integrated strategic thinking developed by Sloan et al. (2011) was a practical strategic thinking framework which the BancABC executive team used to solve problems during this turbulent period.

There was continuously tension between intuition and rational thinking during the strategic thinking process during this time. Analysing and understanding the issues that were prevalent at the time was relatively easy for the executives, what was challenging was coming up with alternatives to resolve the problems. The inability to anticipate future macro-environmental issues that would impact the business continued to be a recurring barrier.

An example was shared in one of the interviews that just before the Zimbabwe elections in 2013, during a strategy session two political analysts presented three scenarios of what they thought the outcome of the elections would be and the impact associated with each. One of the anticipated outcomes did happen, however, the impact was vastly different from what had been expected and different actions and alternatives had to be formulated. There was a constant trade-off between strategic thinking as an art and strategic thinking as a science, and given that executives were trying to make decisions with incomplete, partial, and sometimes inaccurate information in a dynamic environment, there was a strong reliance on intuition which led most key decisions. This was then followed by analytics in an attempt to try and better understand and rationalise decisions, and the decision-making process. Executives found that they could not use intuition alone, as in some instances they did not have the experience of a particular situation, furthermore the nature of their business would not have supported wholly intuitive decisions. The various stages of the strategic thinking process i.e. identifying, diagnosing, conceiving and realising were performed, however, they did not follow a structured pattern. At times realisation occurred prior to conceiving, depending on the problem being solved.

Executives linked integrated strategic thinking (led by intuition) characteristics with the critical incidents they had identified based on the interview questions presented in section 3.7. In relation to integrated strategic thinking, multiple critical incidents were identified; therefore an average number of executives who aligned integrated strategic thinking

characteristics to specific critical incidents was used to analyse the results. On average 5 executives responded in this section, refer to table 2 for summarised results.

<b>Response representing integrative strategic thinking perspective</b>	<b>Critical Incident where characteristic was demonstrated</b>	<b>Average number of executives that aligned the strategic thinking perspective to critical incident</b>
1.1 Strategic responses were mostly reactive in nature	<ul style="list-style-type: none"> <li>• Incident 1: Formation of the GNU,</li> <li>• Incident 2: Dollarisation of the Zimbabwean Economy</li> <li>• Incident 4: Economic growth</li> <li>• Incident 7: Debt Relief to the Public Sector</li> <li>• Incident 8: Zimbabwe Elections of 2013</li> <li>• Incident 9: ZanuPF won the 2013 elections</li> <li>• Incident 10: Deflation</li> </ul>	5
1.2 Relied on tacit knowledge		5
1.3 Strategic decisions were intuitive as executives had to make sense of partial information		5
1.4 Strategic decisions were made on hunches, and then analysis was used to verify or validate a direction already set		5
1.5 New operating models and frameworks were continuously being established as new scenarios / situations were experienced		5
1.6 The strategic making process was significantly informal, with some formal process (for example long term strategic plans that were set, but not strictly adhered to as the executives had to react to what was actually happening)		4
1.7 Inductive and imaginative thinking was used to solve strategic problems		4

Table 2: Characteristics of integrated strategic thinking led by intuition; Source: Researcher's own construction based in part on Sloan, 2011.

## **1.6 Strategy as a Science: Responding to Re-positioning of the ABC Brand**

Kutschera and Ryan (2009:13) suggest that the rational reasoning process is logical and assumes “perfect rationality” of the executive, and relies on complete information and selection of the optimal alternative, which is not always the case in reality. Logical thinking relies on explicit knowledge, and makes a clear distinction between facts and dreams (Dixit and Nalebuff, 2008: 168). For some of the incidents discussed, it appeared to the executives that sufficient information was available for them to go through a logical process of problem solving in order to frame the appropriate strategic response.

The BancABC (previously known as African Banking Corporation) brand was focussed on a niche market and predominantly the bank as a merchant bank, and as such revenue streams were limited. BancABC engaged market research consultants to conduct market surveys and research in order to obtain information from customers and potential customers’ perceptions about BancABC. The results of this research were input into changes in both product and marketing strategies adopted by BancABC. Research also included a competitor analysis in terms of what key competitors were doing, what products and services they were offering currently and what was anticipated in the future. This information was used by the executives with the assistance of consultants to shortlist alternative approaches, and select the option that would increase recognition of the BancABC brand as well as increase market share and grow revenue for BancABC.

African Banking Corporation then became known as BancABC, a Commercial Bank. Aggressive marketing initiatives were also launched with sponsorship in various sports for example soccer and cricket. These decisions were all made rationally based on research and cost benefit analysis. There was an element of creativity that followed these key strategic solutions, but this was at a more tactical level. The characteristics of strategy as a science were predominant in the strategic thinking process to respond to the issue of repositioning of BancABC.

The process of coming up with possible options as well as the evaluation of the options was objective based on the facts presented from the research. The decisions made in respect of rebranding affected the Group and various stakeholders had to be consulted across borders to ensure the final strategies implemented were both consistent, but also competitive in the various markets in which the group had subsidiaries, including Zimbabwe.

Executives at BancABC recounted that in responding to the above incidents they demonstrated strategic thinking as a science. Key to note in this section is that in responding to this critical incident there was sufficient time and information to enable deep analysis, research and all the fundamental elements of strategy as a science.

The explanations and description of activities provided were consistent with some of the key points relating to “strategy as a science” as summarised by Meyer (2008) and were guided by the interview questions used to interview the executive in section 3.7. The responses from executives regarding alignment of the strategic thinking as a science to the critical incident identified in this section were consistent, 4 executives responded. Refer to table 3 below where this has been summarised.

<b>Response representing strategy as a science</b>	<b>Critical Incident where characteristic was demonstrated</b>	<b>Number of executives that aligned the strategic thinking perspective to critical incident</b>
2.1 To understand strategic issues, executives depended heavily on their analytical capabilities.	Incident 3: Repositioning the ABC Brand	3
2.2 Formulating strategies required strong logical thinking.		3
2.3 Executives identified opportunities and threats in an objective way.		4
2.4 Executives were highly rational during the process of developing strategy.		4
2.5 Strategic decision-making was based on insights generated through scientific research methods.		4
2.6 Executives reviewed all possible options and calculated which one is most attractive.		4
2.7 Strategies were predominantly based on facts, not on impressions.		4
2.8 Executives did not take bold strategic action without appropriate extensive market analysis		2
2.9 Generating new strategic options was		4

<b>Response representing strategy as a science</b>	<b>Critical Incident where characteristic was demonstrated</b>	<b>Number of executives that aligned the strategic thinking perspective to critical incident</b>
relatively simple, but evaluating which one would be successful required a bit more time and effort to evaluate.		
2.10 There was no pressure associated with solving the problem/making the decision		4
2.11 There was sufficient relevant information to understand the strategic issue, which made it relatively simple		4

Table 3: Characteristics of strategic thinking as a science; Source: Researcher’s own construction based in part on Meyer, 2008

### **1.7 Strategy as an Art: Responding to Legal challenges**

Strategy as an art is defined as less prescriptive than the “scientific” perspective and relates to the use of intuition and creativity during the strategic decision making process, this includes the ability to link activities or items that appear to have no connection (Bonn, 2005: 338). The discussions held with the executives highlighted that when you take into consideration the nature of business that BancABC is into – banking, the expectation and in fact the natural selection of a strategic thinking perspective would be strategic thinking as a science. However, the unique circumstances of the incidents faced in Zimbabwe due to macro-environmental turbulence forced the executives to operate outside these expectations.

This critical incident had direct implications on BancABC's reputation. Subsequent to legal challenges faced by BancABC, specifically regarding the loss of the Mackay court case, the media descended on the BancABC head office with a messenger of court to attach BancABC property towards settling its debt. This caused a lot of action to quickly resolve the situation as well as handle the media. The resolution had to happen quite quickly and there was not a lot of time to be consultative. Intuitive decisions had to be made to address the media, this was based on tacit knowledge and a judgement call in terms of what would happen if the situation was left to go through the usual process. The vision in resolving this particular problem centred on protecting the BancABC brand and that was really the guide. Executives

had to be imaginative in dealing with the media so as to avoid further exposure of BancABC, and thus only a few options of what to do were generated, taking into account that there was a time limitation, even if they had wanted further internal discussion or engagement.

Refer to Table 4 which summarises the strategic thinking as an art characteristics demonstrated in responding to the critical incident “Legal Challenges”; this is based on the interview guide presented in section 3.7. The responses from executives regarding alignment of the “strategic thinking as an art” characteristics to the critical incident in this section were consistent, 3 executives responded.

Responses to the following incidents were seen as demonstrating strategic thinking as an art:

<b>Response representing strategy as an art</b>	<b>Critical Incident where characteristic was demonstrated</b>	<b>Number of executives that aligned the strategic thinking perspective to critical incident</b>
3.1 To understand strategic issues, executives had to depend heavily on their intuitive capabilities.	Incident 6: Responding to Legal challenges	3
3.2 Formulating strategies required strong creative thinking.		3
3.3 Executives evaluated what should be seen as opportunities and threats based on their subjective judgment.		Not applicable – executives believed this did not apply as there was insufficient time to make any evaluation subjective or otherwise.
3.4 Strategic decision-making was based on insights generated through experience.		1
3.5 Executives creatively generated a few options and picked the one they felt was most attractive.		Not applicable – executives believed this did not apply as there was insufficient time to make any evaluation subjective or otherwise.
3.6 Having a clear vision was significantly more important than knowing the cold facts.		1
3.7 Strategising required imagination.		3

<b>Response representing strategy as an art</b>	<b>Critical Incident where characteristic was demonstrated</b>	<b>Number of executives that aligned the strategic thinking perspective to critical incident</b>
3.8 Time available to solve the problem / make the strategic decision was limited		3

Table 4: Characteristics of strategic thinking as an art; Source: Researcher's own construction based in part on Meyer, 2008

### **1.8 Time and information: Drivers of strategic thinking perspectives**

Using the critical incident technique was valuable to this study as it emphasised the dimension of context within the strategic thinking process. Meyer, 2008; Louw and Venter 2010; and Sloan 2011 focused on characteristics and activities of executives during strategic thinking and this remains pertinent. Understanding the drivers of these characteristics and activities became important as it brought to the fore some fundamental parameters which are dynamic during periods of macro environmental turbulence - specifically time and the availability of relevant information.

A common thread of discussion with the executives interviewed when asked what they believed drove which strategic thinking perspective was most dominant (even in situations when strategic thinking was integrated) was time and availability of relevant information required to make decisions. In the end it was a response to the extent to which the critical incident impacted the time and information available to solve the strategic problem.

When information was complete and available, and there was no urgency or time pressure related to resolution of the problem, strategic thinking as a science was dominant. On the other end of the spectrum where a strategic problem needed to be resolved urgently and there was insufficient to no information available to understand or analyse the problem, strategic thinking became an art. Refer to figure 2 below which illustrates the impact of time and information on the strategic thinking perspective demonstrated by executives.



Figure 2: Impact of time and information on strategic thinking perspective; Source: Researcher’s own construction (based in part on Meyer, 2008 and Sloan, 2011).

In Meyer’s model (Meyer, 2008), he identifies incomplete information as a hindrance in the rational strategic thinking process as decisions are based on calculation. Limited or vague information presents an opportunity for intuition to prevail. This was consistent in the findings of the study as represented in figure 2 above. The pressure of having to make decisions in a short space of time influences the extent to which executives can go through the four cognitive processes logically and is an extension to this model. Sloan (2011) identifies time as an influencer of the strategic thinking perspective used by executives; noting that when there is time pressure executives are more inclined to use intuition to solve strategic problems.

## **1.9 Reflecting on the Outcomes**

At the time of the study BancABC was in what they referred to as a “consolidation phase”, and as part of this the executives were already in the process of reflecting the organisation's strategies and performance noting that there were some wins reflected in the growth of the business in a particularly trying environment. They attributed these wins to having a good balance in their management body of scientific and creative strategic thinkers. There are some issues that they are cleaning up now, which occurred as a result of decisions made predominantly by intuition. One of the executives lamented that their biggest learning point was that ‘numbers don’t lie’, and that there were instances where they perhaps should have followed a more analytical approach, especially where there was tension between the two perspectives at the time of resolving the problem.

## **1.10 Summary**

During turbulence where the rate of change in the macro environment is high, and sometimes the rate at which relevant information available is low, tension exists between strategic thinking as a science and strategic thinking as an art – an integrated strategic thinking approach is required (Sloan, 2011), and; Kiliko, Atandi and Awino (2012). The way that BancABC executives responded to the critical incidents that impacted their strategic decisions shows that they oscillated between strategic thinking as an art and strategic thinking as a science in order to solve the majority of the strategic problems they experienced during the period 2009 to 2013. During this period intuition alone was not sufficient to address the prevailing problems; this was due to the limited experience of executives in dealing with similar types of problems while operating in such a dynamic environment.

In contrast, rational thinking alone would also not have resolved the problem due to limited, incomplete or inaccurate information. A multi-perspective approach to strategic thinking led predominantly by intuition became the demonstrated approach to solving strategic problems in response to macro-environmental turbulence.

## **1.11 Recommendations**

The researcher recommends that future studies focus on understanding the effectiveness of strategic perspectives during turbulent times. This will add insight into which strategic thinking perspectives contribute to the success of a business operating in an environment experiencing macro-environmental instability. This may also enhance strategic thinking frameworks for effective strategic responses during uncertainty.

Further study regarding the effect of the personalities of executives in relation to strategic thinking perspectives would be valuable research. This will contribute to understanding how much executives' own biases influence the strategic thinking perspective that they are likely to follow.

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## **Section 2**

### **2.1: Section overview**

Strategic thinking is a cognitive process that has continued to be topical in modern business, effectively being used by business leaders to navigate strategic issues facing their organisations (Sloan, 2011). This chapter discusses what strategic thinking is, and explores key strategic thinking perspectives. The characteristics of each strategic thinking perspective will be discussed, as well as an assessment of whether the defined strategic thinking perspectives can be combined to enable more effective problem solving in an environment where there are dynamic changes that influence the decisions making process.

### **2.2: The Strategic Thinking Process**

#### **2.2.1 Defining Strategic Thinking**

Strategic thinking has evolved from being defined broadly as any processes related to strategy or being used interchangeably with strategic planning (Ansoff et al, 1979; Morrison and Lee, 1979; Ramanujun and Venkatraman, 1987) to strategic thinking as a conceptual process focusing on the strategist's thought processes (Mintzberg, 1994; Thakur and Calingo 1992; Heracleous, 1998; Cravens et al, 2009). The purpose of strategic thinking according to McGhaughry (1990) is to enable organisations to understand the environments in which they operate, and, to anticipate changes in order to remain competitive. Thus thought and the reasoning process may result in the organisation's future success. It is important to note that strategic thinking focuses specifically at the reasoning process at an individual level by executives in organisations leading to the formulation and implementation of strategies (Meyer, 2007). Strategic thinking involves recognising trends and challenging assumptions while maintaining a global view of situations and an ability to embrace change. O'Shannassy (2002) defines strategy as a problem solving process which consists of the combination of individual and organisational rational and generative thought processes.

As strategic thinking has evolved, it has become important to define this process more specifically in order for executives to execute this more effectively within their business contexts (Namaki, 2014). Louw and Venter, (2010) describe strategic thinking as a strategic reasoning process consisting of two cognitive activities, identifying and diagnosing. These activities are necessary to appropriately define strategic problems. Furthermore, Louw and Venter (2010) suggest that conceiving and realising activities are also important with regard

to solving strategic problems (Kutshera and Ryan, 2009: 15) offered a broader definition of strategic thinking, terming it a

“boundary-spanning activity that cuts across any discipline that involves decision making...Strategic thinking in its proper context provides an avenue for examining managerial problems that ties quite nicely with what managers try to do and good managers do successfully... a synthesizing process, utilizing intuition and creativity, whose outcome is 'an integrated perspective of the enterprise”

The group of activities in the strategic thinking process are what distinguishes successful organisations from their competitors, according to Morrison and Lee (1979). Strategic thinking involves recognising trends and challenging assumptions while maintaining a global view of situations and an ability to embrace change. (Escan, 2011)

A strategic thinker therefore, is one who creates and acts with an interpretation of his or her corporate surroundings. Based on research performed by Crouch and Basch (1997), the dynamics of events that surround leaders' daily lives can be described as the 'flow'. People give meaning to events occurring inside and outside their organisation by observing cues in their environment and extracting and analysing signals from the 'flow' to make sense of their organisational world.

The purpose of strategic thinking according to McGhaughry (1990) is to enable organisations to understand the environments in which they operate, and, to anticipate changes in order to remain competitive. Thus thought and the reasoning process may result in the organisation's future success. Strategic thinking involves recognising trends and challenging assumptions, while maintaining a global view of situations and an ability to embrace change. Strategic thinkers ask what can and will be done to move forward, not how a project will be executed (Escan, 2011). This view is very closely aligned to Mintzberg's (2000) claim that “strategic thinking is about synthesis”, his view was that the strategic thinking process relates to intuition and creativity rather than the computation of targets or numbers for planning purposes; the outcome therefore of this process would be a more integrated perspective of the organisation or entity versus a well-documented vision of the direction. The successful strategic thinker, is also directed by a clear business concept based on a thorough understanding of the economics of his/her business and success factors in his/her respective industry (Morrison and Lee, 1979).

O'Shannessy (2002) defines strategy as a problem solving process which consists of the combination of individual and organisational rational and generative thought processes. There is no single formula for strategic thinking for the individual or organisation and it is evident from the evolution of strategy.

Various authors agree that strategy concerns the organisation and its environment (Morrison and Lee, 1979; McGhaughry 1990:1; Thakur and Calingo 1992); Tovstiga (2013; Namaki (2014); effective strategies are important to value creation for all stakeholders and above average earnings for the organisation; strategy sets direction; focuses effort and provides consistency.

The most important objective of strategic management is to achieve a competitive advantage for the organisation, because above average returns or superior profitability will follow. Volatility, reinvention, and fundamental changes in markets present unprecedented challenges to researchers and executives.

“Unfortunately, too often traditional conceptual models and theories fail to provide adequate insight for coping with this new and rapidly changing business environment. Traditional market perspectives and conceptual logic may even blind researchers and strategic decision makers to the real threats present in the changing competitive landscape and new market space, and to opportunities for added value which can be uncovered and exploited” (Cravens Piercy, Balauf, 2009: 32).

The notion that volatility, reinvention and fundamental changes in markets present unprecedented changes presents opportunities for researchers to develop strategic thinking frameworks and models to guide the strategic thinking process in turbulent macroeconomic environments based on existing literature and historical experiences.

### **2.2.2 Strategic Thinking process**

Meyer (2007) describes four cognitive elements that are key to the strategic thinking process:

**Identifying** is the first cognitive activity which relates to identifying what the problem is (De Wit and Meyer 2010); this process is consistent with what was termed by Crouch and Basch

(1997) as sense making. By using the model during the strategising process, the organisation's leaders can anticipate what needs to be changed in the organisation in order for the strategy to work.

Secondly, De Wit and Meyer (2010) suggest **diagnosing** as the next cognitive activity of the strategic reasoning process. This activity poses the question "what is the nature of the problem?" to the executive, triggering the need to understand the structure and fundamental causes of the problem. Executives are unable to make effective decisions about their business in isolation, and must integrate information from the broader economy, industry, and market while considering the internal context of their business (Duhaime, Stimpert, Chesley, 2012). Performing a swot analysis at this point would be useful in terms of understanding the organisation's position in the external environment as well as the internal strengths and weaknesses it has to get it to the desired position (Meyer, 2007). Strategic thinkers are rarely in doubt as to which of their businesses should be absorbing funds and which should be managed to provide funds. Since competitive advantage is the theme of strategic thinking the resource allocation process must be geared to the measurement of competitive advantage (Morrison and Lee, 1979).

The third phase of the reasoning process is **conceiving**, which represents the process of figuring out how the problem should be addressed? Normally this would involve coming up with various scenarios or options in order to select which would be the best fit (De Wit and Meyer, 2010). An effective executive will attempt to do more than just achieve and retain competitive advantage over time; he will also try to control the initiative by striving to dominate the *nature* of the competition - that is, to choose the ground on which the competitive battle will be fought. The advantages are obvious: if the leader's position is threatened he can deflect the threat by changing tack in a direction that he hopes his competitor will find hard to follow. The strategic thinker is therefore always searching for new ways to compete - that is, for more and different strategic degrees of freedom. The more degrees of freedom he has relative to his competitors the likelier he is to win (Morrison and Lee, 1979).

The "**Realising**" phase is the point at which specific actions are taken based on information from the preceding stages of the decision making process. This is ultimately the phase where the strategic solutions are implemented (Meyer, 2007).

### **2.3 Strategic Thinking Perspectives**

The four cognitive activities noted above can be performed from two perspectives – a rational reasoning perspective and the generative reasoning perspective (Meyer, 2007). Meyer argues that the rational reasoning perspective follows a predominantly logical thought process, and is more formal and structured in approach. This is in sequential steps of identifying a problem, generating potential solutions, selecting the optimal solution, implementing it and finally evaluating the outcomes. This perspective relies on being able to remain objective by focusing on the analysis of facts and figures and making decisions consistent with this (Kutschera and Ryan 2009; Meyer, 2007; O’Shannassy 2003).

The rational reasoning perspective works well when there is adequate information available to anticipate what is likely to happen in the future based on past events that have occurred, by analysing various historical trends, which can be a difficult task considering the unpredictability (De Wit and Meyer, 2010) of the future especially when trends become distorted during macroeconomic instability. This perspective leaves no room for emotions, creativity, and intuition (Meyer, 2007).

Strategists who use the generative reasoning process are at opposite ends of the strategic thinking spectrum, taking the position that problems are not always easily and objectively defined, and can be interpreted from various angles (Meyer: 2007). As such, they explore cognitive activities in an imaginative manner with the aim of generating previously unknown solutions. The generative reasoning strategist may perform some analysis, however, and emphasis of the reasoning process will be more intuitive – activities are geared towards inventing and creating, rather than relying on calculations or analysis of facts and figures (Leidka, 1998).

The generative approach is less structured than the logical process in reference to the cognitive process; it is likely to follow an informal process of problem solving. Refer to table 5 which summarises the key differences between the rational reasoning and the generative perspective and represents how the different perspectives navigate the cognitive process.

	Rational Reasoning Perspective	Generative Reasoning Perspective
Emphasis on	Logic	Creativity
Dominant cognitive style	Analytical	Intuitive
Thinking follows	Formal	Informal, variable rules
Nature of thinking	Deductive/computational	Inductive and imaginative
Problem Defining seen as	Vertical	Lateral
Problem solving seen as	Recognising and analysing activities	Reflecting and making sense
Value placed on	Consistency and rigor	Unorthodoxy and innovativeness
Assumption about Reality	Objective	Subjective
Thinking hindered by	Incomplete information	Adherence to current cognitive map
Decisions based on	Calculation	Judgment
Metaphor	Strategy as science	Strategy as an art
Knowledge	Explicit	Tacit

Table 5: Summary of differences between rational reasoning and generative perspectives (Source: Meyer 2007).

While the reasoning perspectives as discussed above are a fundamental part of strategic thinking, this model would need to be expanded during times of macro-environmental turbulence to take cognisance of **intuitive** strategic thinking. Kutschera and Ryan (2009) define intuition as an unconscious process, and secondly, it is defined in contrast to rational thought processes. The latter does not imply that non rational intuition is irrational, rather; it comes from the gut rather than from deliberate thinking. Intuition is a way of 'knowing'

instinctively without the conscious use of logic or analytical reasoning. His point is not to discard the rational or reasoning process, however, to equip executives to be able to move between the more structured strategic reasoning process, and the ability to process information experientially/automatically (intuitively). (Kutschera and Ryan 2009).

During periods where organisations have to consider multiple variables and dynamic changes of these variables impacting their business environments, with little to no guiding information to perform effective analysis is when intuition becomes a key decision making tool. Kutschera and Ryan (2009), and Glassman, Zell, and Duron (2015) use the analogy of a battlefield where military leaders could scan the battlefield surrounded by confusion, chaos and destruction and “immediately discern the complex interaction between the various units, quickly determine the necessary moves to ensure final victory, and succinctly communicate the essentials of their plans to lower echelons. Where the average or even brilliant leader saw confusion; these strategic geniuses saw strategic patterns” (Kutschera and Ryan 2009).

An important observation made by Meyer (2007), and; Olsen, and Simerson (2015) is that strategists are generally unable to reason rationally and generatively simultaneously, thus it is important to evaluate the unique characteristics of each reasoning process. De Wit and Meyer (2010) recognised that strategic thinking processes are also influenced by an individual’s cognitive map, which is essentially a perception in that individual’s mind of how the world works; while cognitive maps are built over time, they help to direct any new information sought and observed (Meyer, 2007).

### **2.3.1 Strategy as a science**

The strategic rational reasoning (strategy as a science) or cognitive process is defined by Meyer (2007) as a logical thought process followed by executives.

Lafley, Rivkin, and Siggelkow. (2012) describe the notion that strategists view numbers and extensive analysis as being an unbiased and more objective way of driving more effective strategies for organisations. This process is seen as more “scientific” and hence has a strong basis from which successful strategies can be formulated. Bonn (2005) terms this “systems thinking” which is objective as it relies on structured analysis and understanding of internal and external dynamics of the organisation.

“Strategic Planners pride themselves on their rigor. Strategies are supposed to be driven by numbers and extensive analysis and uncontaminated by bias, judgement, or

opinion. The larger the spreadsheet, the more confident an organisation is in its process. All those numbers, all those analysis, feel scientific, and in the modern world, “scientific” equals “good” (Lafley, et al., 2012)

Strategy as a science can sometimes take the form of a traditional strategic thinking approach or model; Sloan (2013) suggests a six step approach which starts with analysing the problem, and then proceeds to identifying available alternatives. The process consists of evaluating alternatives, weighing each of the criteria and comparing results, with each of these steps performed sequentially. Kutschera and Ryan (2009) concur with this description of the rational reasoning process and go further to comment that this perspective assumes “perfect rationality” of the executive, and relies on complete information and a selection of the optimal alternative which is not always the case in reality. Logical thinking relies on explicit knowledge, and makes a clear distinction between facts and dreams (Dixit and Nalebuff, 2008). This is consistent with earlier writers (Morrison and Lee, 1979) who note that effective strategies are enhanced by understanding how business contexts will change over time, and being able to build in contingencies in advance of future outcomes.

The sequenced process of the rational reasoning process allows strategists to reason backwards in anticipation of what competitors’ objectives and strategies will be (Dixit and Nalebuff, 2008), in order to identify the possible solutions that are available to resolve the current situation or problem. Dixit and Nalebuff (2008), and Hill, Jones and Schilling (2013) use the analogy of game theory to highlight this point using a simplistic example of Charlie Brown. In the cartoon strip “Peanuts”, Charlie Brown is invited by Lucy to run and kick a football as she holds it to the ground. Charlie accepts the challenge and runs up to kick the ball, at the last moment Lucy takes the ball away leaving Charlie to kick the air as he falls on his back. The point that they make with this example is that Charlie should be able to anticipate where his decisions will ultimately lead, and use that information to calculate his best choice. This is consistent with the rational reasoning process in that it assumes that Charlie has all the information required to determine what possible action Lucy will decide on in the future. While he may not be familiar with this specific activity with her, he knows her character from previous dealings and can use that information to come up with possible outcomes. Dixit and Nalebuff (2008) further suggest the use of decision trees to enable Charlie to reason and come up with an effective solution – a very scientific approach to a simple problem.

Advocates of strategy as a science argue that the strength of the rational reasoning process is that it is an objective process which is not clouded by emotion and imagination. Meyer (2007) uses the analogy that the problem solving approach demonstrated is much like chess grand masters. Strategists relying on this perspective will try to be “comprehensive, consistent, and as rigorous as possible” (Meyer (2007) as they navigate towards a suitable solution. Critics of this perspective claim that the assumptions that complete information is readily available makes this perspective unrealistic and to a certain extent could be ineffective in formulating successful solutions (Bonn, 2005).

It is important to understand what the prevailing conditions or drivers for rational strategic thinking. To this end Sloan comments that

“When time and the necessary information are available, analysis can help cues and patterns as well as provide new points of focus for the creation of different patterns and reframing”.

Therefore there is a direct impact and influence of the availability of reliable information to executives during the strategic thinking process. This is key in that these dimensions (time and information) are continuously fluctuating during times of turbulence and therefore are a significant variable (Sloan 2011: 164). This is consistent with Meyer’s model which shows that logical thinking is hindered by the availability of information, as it relies on calculations.

### **2.3.2 Strategy as an art**

Strategy as an art is less prescriptive than the “scientific” perspective and relates to the use of intuition and creativity during the strategic decision making process, this includes the ability to link activities or items that appear to have no connection (Bonn, 2005).

Intuition, in contrast to logic is not necessarily preceded by conscious reflective thought, and therefore is an immediate apprehension by the mind without the intervention of reasoning (Evans, 2010). The basis of intuition, however, is built up over time through experience, this is what then triggers the immediate knowing (Kutshera and Ryan, 2009). Thinking creatively allows the executive to build on one idea from another without motivating why there is (or isn’t) a relationship between the ideas – it is about creating new understanding with little focus on evidence that supports the notion (Meyer, 2007). Strategic thinking as an art essentially goes beyond the bounds of analysis and the assumption that there is complete information, and that there are a specific number of options or solutions that strategists must

choose from (Meyer, 2007). The generative reasoning process is about breaking out of conventional frameworks with the emphasis on innovativeness in terms of the reasoning process, as well as the solutions (Meyer, 2007).

Strategy as an art seems a contemporary strategic thinking perspective in that it enables executives to come up with solutions in periods of great uncertainty and volatility. This is also true in situations that have not previously occurred, when there is limited information about a problem or its context, as well as when there are multiple alternatives (Kutshera and Ryan, 2009). Creativity and intuition in strategic thinking can sometimes be at odds, typically because intuition is based on past experience, while creativity is not linked to past experiences. In order to be effective, Sloan (2011) suggests that an intuitive approach to creativity should rely on past experience, as well as go beyond that experience by understanding the dynamics and processes within the context in which the organisation is operating. McKeown (2012), remarks that executives will tend to employ a more creative strategic thinking perspective in dynamic environments in order to improve business objectives. Furthermore strategic thinking as an art implies an “unbounded” approach to problem solving where possibilities are limitless and executives are encouraged to open interpretation of problem statements and to think outside the box for effective solutions (Meyer, 2007).

The orientation of the generative reasoning process towards creating and inventing is cited as its key strength from a strategic thinking perspective, and becomes what enables an organisation to build its competitive advantage (Bonn, 2005). Critics of this perspective argue that creative thinking drives executives to abandon rules and standards that govern decision making and draw conclusions that may not be justifiable or necessarily make sense and this is a drawback because decisions may be made out of context and may not be the right fit. This could increase the time taken to solve problems as subsequent iteration may be followed before the right conclusion or solution is reached (Meyer, 2007).

In contrast to strategic thinking as a science, the generative strategic thinking perspective thrives when the situation is constantly changing, when there is extreme pressure on time or when goals are vague – in these instances executives must go with “what they know” (Sloan 2011: 165)

### **2.3.3 Multi-perspective strategic thinking**

Meyer (2007) makes a clear distinction that art and science cannot be used simultaneously by strategists due to the extreme differences in the two strategic thinking perspectives, specifically with regard to the cognitive skills required to demonstrate each. Practically, it is difficult to effectively demonstrate these contradicting perspectives. It is however, worthwhile exploring what alternative models exist to support a multi-perspective strategic thinking approach. Sloan (2011) acknowledges that the characteristics of rational and generative strategic thinking perspectives are vastly different, however, and can be used to complement each other in the decision making process. She argues that executives can use the dominant cognitive styles “intuition” and “analysis” to integrate rational and generative strategic thinking perspectives.

Intuition in the realm of strategic thinking must be “balanced” with analysis. Intuition can actually be used to support tools for “number crunching” as it were. Kutshera and Ryan (2009) support this theory, and note that overreliance on numbers either numbers or intuition in isolation can be counter-productive and ineffective. The ability to balance the dynamic variables enables strategists to see the “wood from the trees” (Linkov, 1999). The integration of intuition and rationality are important at various aspects of the decision making process. During the assessment of the circumstance; intuition can be used to identify any underlying “red flags” that the executives need to pay attention to. From a rational perspective, this is the point at which ordered facts can also be used to make sense of the current situation.

Rational thinking enables analysis of the problem against established frameworks, standards, internal or external objectives, theories as well as models to identify the most appropriate (logical) fit based on available data. At this point the role of intuition would be to establish the causes of the problem which may not be immediately apparent. During final decision making, the “hunch” about the direction to follow is informed by structured processes and information. Thus strategic thinking as an art and as a science cannot be considered mutually exclusive Sloan, (2011). Indeed the integration of the two approaches thoughtfully applied would lead to more effective decision making. Kutshera and Ryan (2009) note that decision makers currently combine the two perspectives all the time and unconsciously move between the two, and they further suggest that this could be improved by applying a measure of refined analytical skills as well as some gut thinking as part of strategic thinking.

## **2.4 The macro-environment**

“The macro-environment is the broad condition operating outside and organisations’ industry and markets. The macro-environment tends to exert forces from outside the organisations sphere of influence and the forces are usually beyond its control. However, it has a major influence on the industry environment in which the organisation operates” (Louw & Venter: 2010: 81)

Changes in the macro-environment are of significant important to organisations, and have an impact on how executives make decisions and direct strategy. These changes tend to impact all organisations within an industry and sometimes also within the markets served by the industry. The broad macro-environmental context provides opportunities and threats which organisations can take advantage of or minimize depending on the strategy it chooses to implement (Meyer, 2008). Macro-environmental forces influence long term decision and results of organisations. The forces include socio-cultural, technological, economic, ecological, and political-legal factors (Cravens et al, 2009) and; (Louw & Venter: 2010).

It is therefore important that executives are vigilant regarding the observation and identification of changes in the macro environment, and adjusting their strategic thinking or decision making appropriately. This is especially crucial to the business where there is volatility in the macro-environment (Cravens et al, 2009) and; (Louw & Venter: 2010).

## **2.5 Strategic thinking during turbulence**

While it is acknowledged that there are various macro-environmental forces other than macro-economic impacting business strategy such as socio-cultural, technological, political, and ecological (Louw & Venter: 2010) this paper focuses solely on the strategic thinking process followed by executives in response to macro-environmental forces.

Developing a strategic management framework to guide strategic thinking in changing markets and industries is increasingly vital for researchers and executives in dealing with the complex and rapidly changing global business environment. Conventional training and practices have at times led strategy researchers and executives to assume a level of consistency and/or gradual changes around existing businesses, not recognising the effects of radical and increasingly disruptive change on markets and competitive space. Cravens et al. (2009) suggest that contemporary strategic thinking processes require a theoretical framework to guide obtaining information, insightful analysis of strategic issues and developments, and decisions with regard to selecting the appropriate strategic initiative. This

process begins by defining the “market-based strategic capabilities needed to identify the nature and scope of determinants of market changes” (Cravens et al, 2009). The writers, go on to suggest that these changes must be identified, driven by new competition, new business models, and creativity and innovation. Understanding fast changing markets requires identifying new market space, conducting strategic segmentation analysis, and determining customer value requirements. Finally, this knowledge guides strategic vision and formulation and implementation of market-driven strategies for changing markets (Cravens et al., 2009)

Cravens et al. (2009) further acknowledge that volatility, reinvention, and fundamental changes in markets pose unprecedented challenges to researchers and executives. Highlighting that often traditional conceptual models and theories fail to provide adequate insight for coping with this new and rapidly changing business environment. In some situations changes in markets may be difficult to predict and strategy initiatives may require trial and adjustments guided by market responses. The danger is not proactively responding to the threats and requirements of fast changing markets.

Current literature offers a good basis for the development of a strategic thinking framework during macroeconomic volatility. Through a review of the literature (Morrison and Lee 1979); (Liedtka, 1998); (Eisenhardt and Martin, 2000); (Eisenhardt and Brown 1999); and (Mintzberg, 2000), it is clear that these researchers have to a great extent explored the cognitive process of strategic thinking, they make the assumption that executives have sufficient time to go through the relevant problem solving processes in order to strategically respond to their environments. There is an adoption of long term planning in respect of strategic thinking. Good strategic thinking also implies an understanding of how situations will change over time. Business strategy, like military strategy, is a matter of manoeuvring for superior position and anticipating how competitors will respond, and with what measure of success (Kiliko, et al., 2012). Successful strategists aim to keep always one step ahead of the main competitor. They plan their moves well in advance and have contingency plans for the most likely outcomes (Morrison and Lee, 1979). Kutschera and Ryan (2009) acknowledge the school of thought that adopts the “rational decision model” which assumes perfect rationality of the decision maker, complete access of information and selection of the optimal alternative, to be somewhat unrealistic.

Furthermore, there is also an assumption that there is adequate information available to anticipate what is likely to happen in the future based on past events that have occurred, by analysing various historical trends, which can be a difficult task considering the unpredictability (De Wit and Meyer, 2010) of the future, especially when trends become distorted during macroeconomic instability. There is a need therefore to develop a strategic thinking framework that enables organisations to be responsive in relation to unpredictable and dynamic macroeconomic changes. (Weber, 1984). Managers face two types of uncertainty. They can be uncertain about the gaps between what they want to achieve and what they have or expect to achieve, and they can be uncertain about what action to take in order to address the gaps.

The researcher believes that the strategic reasoning framework developed by De Wit and Meyer which suggests that the strategic thinking process comprises four elements of cognitive activities (De Wit and Meyer, 2010) is relevant during turbulence, and is likely to vary is the dominant strategic thinking perspective used, as well as the sequence of the process that is followed based on the information available during the decision making process.

## **2.6 Summary**

The section defined the strategic thinking concept as the cognitive process undertaken by executives in relation to problem solving in the business context. Proceeding to explore specific strategic thinking perspectives, this included two key opposing perspectives. The traditional rational strategic thinking perspective has been the most accepted and well used by executives; the prescriptive, structured nature of this approach makes it a less complex strategic thinking perspective for executives to adopt.

In contrast, strategy as an art invokes contradicting competencies for the contemporary strategist in that it does not bind the strategist to any specific steps or process. In a way, it is representative of the dynamic changes and challenges that executives are faced with in modern business. This perspective allows the strategist to think outside the box and be more creative about solving strategic problems. In addition, the chapter explored how the two perspectives can be used to complement each other and provide a much more robust strategic thinking framework for executives if the right balance between analysis, intuition and creativity is used to create new frameworks and innovative solutions in the context of strategic thinking.

Lastly, the chapter discussed strategic thinking during times of macro-economic turbulence, noting that the frameworks established for problem solving remain relevant; however, it is the executives' prerogative to understand which strategic thinking perspective is appropriate for their situation based on available information.

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## **Section 3**

### **3.1 Section Overview**

This section provides a discussion of the methodology adopted to achieve the research aims of this paper. The research aims, research design, data collection procedures, and data analysis techniques are presented; specifically outlining the critical incident technique used to create the context for the study. Finally, the chapter concludes by addressing issues of quality and ethics specific to this research.

### **3.2 Research Aims and Objectives**

The goal of this research is to understand the strategic thinking process during a period of macro environmental turbulence. The research will also contribute to the body of knowledge with regard to strategic thinking frameworks during macro environmental turbulence. The following are the specific objectives that will be explored and described:

- How the BancABC executives responded to the critical macro environmental incidents identified, both at an individual and team level, and;
- Whether the rational reasoning or generative reasoning perspective was dominant during the period of turbulence.

### **3.3 Research Design**

This research is a qualitative research study in the form of a case study which presents an effective research strategy (Yin, 2003; Siggelkow, 2007) to document the historical analysis of the research organisation BancABC was performed by retrospectively by analysing their executives' strategic thinking process during macro environmental turbulence in Zimbabwe. The focus period of review was 2008 to 2013 through the use of a well-established research tool called the critical incident technique (FitzGerald, 2007). Qualitative research enables the researcher to observe people's behaviour (McGloin, 2008). In order for the subject matter to have been comprehensively explored, a qualitative approach was perceived by the researcher to be most appropriate to use than to try to interpret or reduce findings to coded numbers (Yilmaz: 2013) as the former provides a greater opportunity to describe the results of the research objectives.

“Qualitative research is a situated activity that locates the observer in the world.

It consists of a set of interpretive, material practices that makes the world visible...”  
(Ritchie, Lewis, and Elam, 2003).

The research paradigm of this teaching case study was deemed to be constructivism (or interpretivist) and was characterised as assuming multiple, intangible conceptual constructions which are socially and experientially based (Guba and Lincoln 1994: 111; Ponterotto, 2005: 129). This was assessed based on possible responses – a product of the interviewees’ recollection of events (perceived realities) that took place during the period under review. MacKenzie, and Knipe (2006) suggest that researchers using the interpretivist approach rely on participants views of the situation. Given the unique circumstances during the period under review, the research organisation’s behaviour, particularly the behaviour of key executives involved in the strategy process was assessed based on feedback on how they responded to specific events; this was framed by using established strategic thinking models to establish which of the strategic thinking perspectives defined by Meyer (2007) was more dominant). Interview questions were formulated based on this model.

### **3.4 The Critical Incident Technique**

The critical incident technique has been used in various observation activities with input into developing theoretical concepts such as measuring typical performance, training, measuring proficiency, selecting and classifying personnel, designing jobs, creating operating procedures, designing equipment, determining motivation and leadership attitudes, and counselling and psychotherapy (Flannegan, 1954). Anderson and Nelson (1964) define the critical incident technique as a procedure that can be used to collect and analyse incidents in which the holder of a position in a certain occupation has acted in a way which, according to some criterion, has been of decisive significance for his success or failure in a task, Roos (2002), Butterfield, Amundson, and Maglio (2005), in their respective research papers agreed with this definition.

The advantage of using the critical incident technique (CIT) is that information and focus is from the research subject’s perspective without a preconceived context of the prevailing situation or what is important from the researcher’s perspective. CIT reflects the research subject’s or organisation’s thoughts and behaviours and responses. In addition, this method of research does not restrict the subject to a limited sample of incidents to be observed; this will

enable more thorough examination of a particular subject (Gremler, 2004; Butterfield, et al., 2005).

The weakness of CIT is that it relies on the ability of the interviewees to recall past events accurately which may be prone to inconsistencies due to memory lapses. This will be the case in terms of this study. Another disadvantage noted for CIT is when incidents may have taken place sometime prior to the study therefore the interviewee may “reinterpret” the incident differently from how it actually took place at the time. The process may have a low response rate due to the time required to comprehensively address questions in sufficient detail (Gremler, 2004; Butterfield, et al., 2005).

Based on guidance provided by Flannegan (1954), and further developed by Butterfield et al. (2005), and Urquhart et al. (2003) the following procedures will be performed with regard to the critical incident technique:

### **3.5 Define the aim of the research**

Butterfield et al. (2005) recommend setting out the aim of the study as the first key activity which was to explore and describe firstly

- 1) How the BancABC executives responded to the critical macro environmental incidents identified, at a management or executive team perspective, and;
- 2) Whether the rational reasoning or generative reasoning perspective was dominant during the period of turbulence.

The purpose of defining the aim as the first activity was adopted for purposes of this study and captured in the section “Research aims and objectives” earlier in this section. The context of the study was also provided to executives of the organisation that formed the basis of the research in which the executives identified the critical incidents which the study will focus on. The aim of the research has been defined as understanding the strategic thinking perspective of executives of the research organisation BancABC during a period of macro-economic turbulence.

### **3.6 Making plans and setting specifications**

Due to the lengthy period that was being assessed, it was necessary to identify critical incidents from the perspective of key strategists of BancABC. These would typically be the

directors and senior management team that were in the organisation for the period under review who provided input into the strategy process. Butterfield, et al. (2005) emphasise that in a CIT study, the sample size is not determined by the number of participants, but rather by the number of critical incidents reported and whether these represent sufficient coverage of the activity being studied. For the purposes of this research, the number of critical incidents that were included for observation was determined by feedback from the participants in the initial interview process.

Individual meetings were held with the Chief Executive Officer who had been the CEO of the bank during the period under review and had held various executive level positions at BancABC Zimbabwe including Executive Director of Banking Services and Head of Treasury during the period to be reviewed. The initial meeting with the MD was to establish key participants from a strategy formulation perspective, and therefore identify the sample of people to be interviewed as part of this research.

Based on the 2014 BancABC Zimbabwe organogram obtained from the Head of Risk as part of the planning and preparation process it was expected that the following should also be interviewed: the Managing Director, the Head of the following departments – Investment Banking, Finance, Risk, Operations, Retail and Micro Finance; the Group Economist were also interviewed (Refer to figure 2 for the organogram as at 2013). In total seven executives were interviewed.

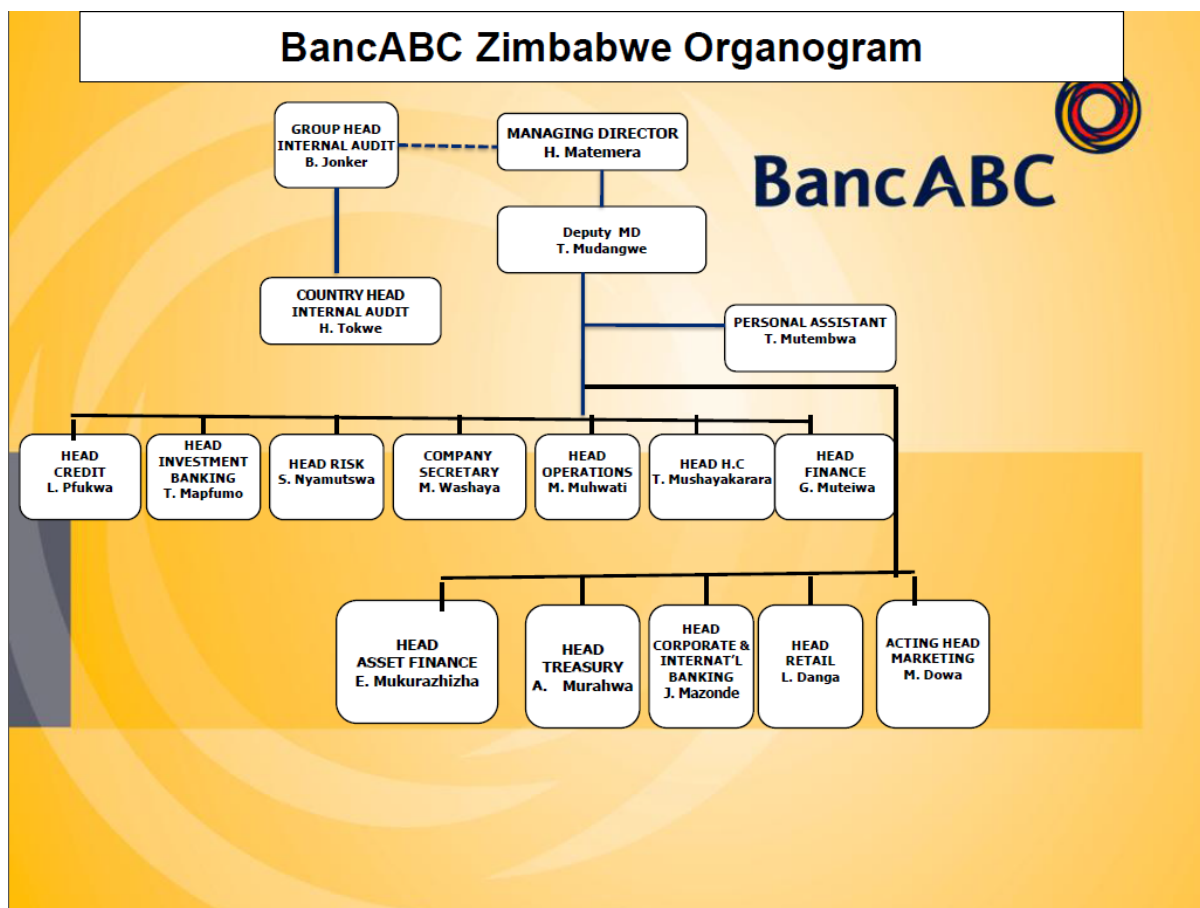


Figure 3: BancABC Organogram (Source: BancABC Zimbabwe, 2013)

Based on the number of incidents identified through the initial interviews with BancABC executives; the researcher focused on key themes coming out of the critical incidents relevant to the research in order to define the types of situations which were further interrogated for the purposes of the research. As part of this process particular attention was given to ensuring that the critical incidents that were observed were aligned to the key objectives of the research and are consistent with the research aim.

### 3.7 Data Collection

Personal interviews constituted the key data collection method, with a review of some documentation where available, for example financial reports, as appropriate. Babbie (2011) describes qualitative interviews as being based on a set of topics specifically around the research aim discussed in depth.

“A qualitative interview is an interaction between an interviewer and a respondent in which the interviewer has a general plan of inquiry including the topics to be covered....the interviewer establishes a general direction for the conversation” Babbie (2011:312)

To this end, the researcher prepared an interview guide (Refer to table 1) with the objective of setting direction for the discussion around the strategic thinking perspectives as discussed in the literature review in chapter 1. King (2004) suggests careful planning and consideration of interview questions as these will have a significant influence on how useful the information and responses obtained will be. Fitzgerald (2007) describes the critical incident interview as a

“qualitative procedure, which facilitates the investigation of significant occurrences (events, incidents, processes or issues) identified by the respondent, the way they are managed and the outcomes in terms of perceived effects. The objective is to gain an understanding of the incident from the perspective of the individual, taking into account cognitive, affective and behavioural elements”

The interview questions were open ended, with the aim of capturing the target individuals’ report from memory about the extreme incidents during the period under review (Butterfield, et al., 2005). The interviews were structured into two distinct sections; the first section sought to establish the critical incident during the period of turbulence from the perspective of each executive interviewed, while the second part specifically addressed the strategic thinking processes based on expected characteristics of strategic thinking as an art versus as a science followed in response to these activities.

Strategic thinking as an art purports that executives rely on intuition and creativity to solve strategic issues. Generally the strategic thinking process is unstructured and is based on judgement and subjectivity. Strategic thinking as a science relies on logical thinking and deals with facts and figures as part of the analytical process in order to solve strategic problems (Sloan, 2011). Follow up interviews were required to explore the specific strategic thinking activities which were used by the executives in order to formulate and implement strategies during a time when it was difficult to predict future events based on historical data or trend analysis, and specifically focused on the critical incidents identified above.

The participants that were interviewed were selected purposively. The researcher selected a judgemental sampling method for interviewees based on a review of the organisation’s organogram, considering that the “C-suite” executives, as well as the MD at BancABC were responsible for driving strategic thinking for the organisation. This sampling method evolved, as the structure of the situation became clearer during the research (Babbie, 2011). Additional information was reviewed, to validate the information being provided by the interviews given

that the executives had to recall incidents that happened up to six years previously. Reports such as financial reports that were recorded/ documented as these events were unfolding contributed to the credibility of the subjects' historical account (Urquhart, 2003; Butterfield et al, 2005). The interview questions that sought to establish the strategic thinking perspective followed by executives was based on a model established by Meyer (2007). Further guidance was adopted from Green et al.'s (2007) Critical incident practice learning tool for students and practitioners.

## **Interview Guide**

### **Introduction and Background**

The Researcher introduced the interview by introducing the research topic, outlining the aims of the research and defining the objectives of the interview. This was to set the context for which the interview questions will then be asked. The period relevant to the study was clearly stated to the interviewees.

### **Section 1: Identifying the Critical Incidents**

1. Describe your role in the organisation and your responsibility from a strategic perspective.
2. Discuss the critical incidents that had an impact on your organisation from a strategic perspective, include how the organisation was impacted.
  - a. What happened, where and when; who was involved?
  - b. What was the context of this incident, e.g. previous involvement of yourself or others from this agency with this client/client group?
  - c. What was the impact of the incident?
  - d. How did the organisation respond?

### **Section 2: Exploring Strategic Thinking responses to the critical incidents identified**

1. To understand strategic issues (critical incidents described above) did you depend heavily on your analytical capabilities or intuitive capabilities? Describe some of your experiences.

2. Within the context of the critical incidents you believe the organisation had to respond to, did formulating strategies require strong logical thinking or creative thinking?
3. Did you identify opportunities and threats in an objective (rely on facts and figures) way or did you evaluate what should be seen as opportunities and threats based on your subjective (rely on opinion, or perceptions) judgment.
4. To what extent did you and, in your observation, other executives rely on rational thinking in developing strategy?
5. To what extent was strategic decision-making based on insights generated through scientific research methods vs those generated through experience?
6. Did you review all possible options and calculate which one is most attractive or did you creatively generate a few options and pick the one you felt was most attractive? Give examples.
7. Were strategies based on facts, not on intuition? Was it more important for you to have a clear vision than knowing the cold facts?
8. Describe the tension if any built between taking bold strategic action without extensive market analysis vs the view that bold new strategic ideas could be easily be killed by colleagues wanting more analysis.
9. Did you find the generation of new strategic options easy, but evaluating which will be successful hard. To what extent did you find that strategising required imagination? – Please share specific experiences.
10. What did you find to be biggest problem in understanding a new strategic issue? E.g. lack of relevant information or people's existing opinions about the problem.
11. Do you believe that you moved between intuition and analysis easily to address

strategic issues faced? Can you share examples of how you did this?

**Outcomes**

1. What were the outcomes of this incident for the various participants?
3. Are there ways in which these incidents have led (or might lead to) changes in your strategic thinking process?
4. What are your thoughts and feelings now about this incident?

\*Direct questions required explanation in order to substantiate the rationale of the response.

Table 6: Interview guide Source: Researcher's own construction based in part on Meyer, 2008

All the interviews were individually recorded with permission from each interviewee. This was to enable the researcher to be more focussed on the interview and discussion with interviewees, rather than spend time trying to take down notes as well as guide the discussion simultaneously. Notes to summarise key themes of the discussions were written manually directly after each interview to ensure that important themes were identified timeously in the process. These also highlighted areas of improvement, or for further follow up and discussion. Each interview recording was transcribed. Further follow up interviews were conducted in order to follow up on key themes.

**3.8 Data Analysis**

This includes the frame of reference, or what the underlying purpose or purposes might be and may be subjective, however it will be aligned to the literature review and the model developed by the researcher as part of the literature review. The findings in respect of information gathered by the researcher in the data collection process were benchmarked against these frameworks in order to draw conclusions on whether the case study findings present any new learning perspectives for future investigation (Roos, 2002). Specifically an interpretive approach was employed wherein the researcher categorised the responses from the executives interviewed. Using Meyer's (2007) model for measuring strategic perspectives, the researcher determined for each incident identified whether a rational or generative strategic thinking perspective was dominant in responding to a critical incident, based on the nature of the subjects' responses.

### **3.9 Interpreting the data and reporting**

As recommended by Butterfield et al. (2003), the researcher started by examining the procedures 1-4 in order to identify what biases have been introduced by these procedures, and the decisions made due to these. The limitations of the research were discussed, and the nature of judgements explicitly documented. Lastly, the credibility and value of the final results presented were also discussed as part data interpretation and reporting process. Meyrick (2006), purports that this process involves the researcher clarifying meaning from the displayed data presented in the descriptive frameworks. Miles and Huberman (2002) suggest that as soon as the researcher commences data collection, he or she should be systematically scrutinising the data as it is being collected. As noted above, this was done by ensuring that key notes and themes were noted directly after each interview for further investigation.

Miles and Huberman (1994) and Meyrick (2006) proposed that the drawing of preliminary conclusions is part of the analysis process and the verification of the drawn conclusions can occur as the detailed analysis continues. The three steps (sub-processes) proposed by Miles and Huberman (2002) should be seen as interdependent and part of the overall process of analysis. The sub-processes were presented in a cyclical manner, thereby ensuring that the researcher swiftly moved through the process of data reduction, display and conclusions during the collection of data.

Throughout the study the researcher revisited these sub-processes multiple times. The process was continuous as new data was continuously obtained which could change the data display configurations leading to new conclusions being drawn (Shenton, 2004). In the present study the sub-processes proposed by Miles and Huberman (2002) were adopted by the researcher. The researcher also adopted multiple sources of secondary data which were important in carrying out the study. For example, internet searches (references) were used to corroborate some of the events and incidents as described by the research subjects.

### **3.9 Trustworthiness of qualitative research**

Shenton (2004) acknowledges that qualitative research has sufficient guiding principles to ensure that the research is not compromised by misinterpreted and unsound conclusions. In order for qualitative research to be accepted as reliable, there are methods that can ensure that the research is credible, transferable, confirmable, and dependable which are the key

elements of confirming the validity and reliability of qualitative research (Reige, 2003; Onwuegbuzie, 2000).

Reige (2003) and Shenton (2004) suggest the assessment of these four criteria to mitigate the risks of invalidity and unreliability of qualitative research refer to table 7 for the summary of risks and associated mitigation:

### Credibility

Credibility refers to the extent to which the research findings have addressed the objectives of the research (Shenton, 2004). McGloin (2008) refers to this as the process of verifying the “truth value” of a study. Credibility deals with addressing how close to reality the research actually represents.

There were mitigating procedures that were performed to ensure that a study is credible. The mitigating activities that were relevant for this research were the following (these are summarised in table 7):

- a) Well defined research methods to ensure that the appropriate operational measures have been incorporated within the context of the study (Shenton, 2004).
- b) The researcher visited the research organisation and had various consultations with the Head of Risk and Compliance in order to get insights and gain familiarisation of the organisation prior to the initial data collection through interviews. The researcher also referred to articles about the research organisation on the internet, particularly those regarding the organisation's strategy and performance during the period under review. These activities align with Shenton's (2004) suggestion to develop an early familiarisation with the culture of the research organisation.
- c) Reflexivity (McGloin, 2008) was used to ensure that there was no researcher bias in the study. The researcher will disclose any personal beliefs, values and biases that may influence their inquiry. The expectation is that readers will be able to establish the researcher's position (Creswell and Miller, 2000).
- d) Triangulation was used as a means to include various means of observing the research subjects (McGloin, 2008; Shenton, 2004). While one on one interviews were predominantly used, the researcher also resorted to group interviews, particularly when exploring common themes of critical incidents. In addition, external sources

such as financial reports, and other reports prepared at the time of events described in the research were also used to validate the information provided by the interviews.

Transferability

Transferability is the extent to which the findings of the study can be applied to other scenarios (Lincoln and Guba, 1981; McGloin, 2008; and Shenton, 2004). It is important for researchers to include as much information as possible with regard to the context of the study, including any key assumptions to enable readers to take the findings of the study and apply this to their own set of circumstances (Shenton, 2004). This has been considered for the purposes of this particular case study.

Dependability

Dependability speaks to the extent to which if the research is repeated in the same context using the same method and participants, similar conclusions would be reached (Shenton, 2004; and Toma, 2000). A “prototype” model for conducting this research has been provided, with sufficient information in terms of the procedures applied to enable a third party to re-conduct the study and obtain the same results.

Conformability

McGloin (2008) refers to conformability as “neutrality” and defines it as the extent to which findings are the result of the research subjects in their context who are not influenced by other factors or viewpoints. The researcher will draw on triangulation as discussed above. Any biases which may have influenced certain decisions during the study were declared so that the researcher’s position is clear (Shenton, 2004, Tuckett, 2005).

<i>Quality criterion</i>	<i>Provision made by researcher</i>
Credibility	<ul style="list-style-type: none"> <li>• Adoption of appropriate, well recognised research methods</li> <li>• Development of early familiarity with the culture of participating organisations</li> <li>• Random sampling of individuals serving as informants</li> <li>• Triangulation via use of different</li> </ul>

	<p>methods, different types of informants and different</p> <ul style="list-style-type: none"> <li>• sites</li> <li>• Tactics to help ensure honesty in informants</li> <li>• Iterative questioning in data collection dialogues</li> <li>• Negative case analysis</li> <li>• Debriefing sessions between researcher and superiors</li> <li>• Peer scrutiny of project</li> <li>• Use of “reflective commentary”</li> <li>• Description of background, qualifications and experience of the researcher</li> <li>• Member checks of data collected and interpretations/theories formed</li> <li>• Thick description of phenomenon under scrutiny</li> <li>• Examination of previous research to frame findings</li> </ul>
<b>Transferability</b>	<ul style="list-style-type: none"> <li>• Provision of background data to establish context of study and detailed description of</li> <li>• phenomenon in question to allow comparisons to be made</li> </ul>
<b>Dependability</b>	<ul style="list-style-type: none"> <li>• Employment of “overlapping methods”</li> <li>• In-depth methodological description to allow study to be repeated</li> </ul>
<b>Conformability</b>	<ul style="list-style-type: none"> <li>• Triangulation to reduce effect of investigator bias</li> <li>• Admission of researcher’s beliefs and assumptions</li> </ul>

	<ul style="list-style-type: none"> <li>• Recognition of shortcomings in study’s methods and their potential effects</li> <li>• In-depth methodological description to allow integrity of research results to be</li> <li>• scrutinised</li> <li>• Use of diagrams to demonstrate “audit trail”</li> </ul>
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Table 7: Summary of Quality issues and proposed mitigation (Source: Shenton 2004)

### 3.10 Ethical Considerations

Ritchie, Lewis, and Elam (2003), comment that ethical issues for any social research must be considered. They (Lewis, 2003 and Guillemin and Gillam, 2004) go on to suggest specific types of ethical issues that should be noted, particularly relating to aspects regarding confidentiality of research data and results. The organisation may be concerned about revealing their strategic activities in the public domain, and individuals within the organisation were sensitive about their identity at an individual level being disclosed depending on the responses given during the interviews. Consent was obtained both at organisational level, as well as at an individual level for each participant through the Head of Risk and Compliance of BancABC Zimbabwe.

Given the use of the CIT which relies significantly on the subjects’ retrospective accounts of events that took place up to ten years ago, the reliability of the information provided may be questionable. The researcher used structured questions during interviews to probe responses from research subjects as well as to compare responses obtained from the interviewees who were interviewed separately. Furthermore, the researcher was mindful of the fact that subjects might be unwilling to be truthful when the situation was controversial Urquhart et al (2003). Mitigating procedures as discussed under trustworthiness of qualitative research earlier in the chapter were employed to address these issues.

BancABC was an audit client of the researcher’s employer and rotated off after completion of the December 2012 Audit due to regulatory requirements in Zimbabwe. As a result of this relationship professional independence and risk management were considered; in addition, the nature of the research did not directly impact or comment on the financial reporting of BancABC.

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