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MANAGEMENT: A METHODOLOGICAL
DISCUSSION**

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**THE STUDY OF NATIONAL STRATEGIC MANAGEMENT:
A METHODOLOGICAL DISCUSSION**

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Abstract

In this paper we propose that like business strategies, national strategies can be studied. National strategies are actually developed, and the problem for researchers is to be able to identify and specify what they are. We tackle more specifically the methodological issues related to this type of research. In a first section, we discuss why it is legitimate to undertake studies of such complex systems as that of a nation. In particular, the conceptual framework that has been used to collect the data is presented. Then, the methodology used in our studies is described. The case of Taiwan (Daleu-Daibé & Hafsi, 1993) is presented as an illustration in section three. Finally, in section four we discuss some of the methodological issues that have been identified. In conclusion, a few comments and recommendations for research are offered.

ملخص

في هذه الورقة نقترح امكانية دراسة الاستراتيجيات الوطنية مثلما تدرس استراتيجيات الأعمال. وتكمن المشكلة بالنسبة للباحثين في امكانية تحديد الاستراتيجيات الوطنية التي يتم صياغتها بالفعل وفي تحديد مضمونها. ونعالج هنا بمزيد من التركيز الموضوعات المنهجية المتعلقة بهذا النوع من البحوث. فنناقش في الجزء الأول شرعية القيام بدراسات حول نظم تتميز بالتعقيد كنظام الدولة. ونقدم بوجه خاص الاطار المنهجي المستخدم لجمع البيانات، ثم نشرح المنهج المستخدم في دراستنا. وفي الجزء الثالث، نعرض حالة تايوان (داليو-دايبي وحفصي، ١٩٩٣) كمثال للتوضيح. ثم نناقش في الجزء الرابع بعض الموضوعات المنهجية التي تم تحديدها. وتختتم الورقة بخلاصة تتضمن تعليقات وتوصيات للبحث.

INTRODUCTION

For most strategic management scholars, national strategic management is very much like witches: it doesn't exist, and if it does, no one has ever seen one. Lack of enthusiasm notwithstanding, the increasing globalization of markets has motivated scholars to produce literature dealing with strategy at the national level. Among many others, Quinn (1992) indirectly, and Ohmae (1985) more openly, suggested the importance of being part of the world that counts, the "Triad"; Reich (1989) and Magaziner & Patinkin (1989) show that governments, on behalf of societies, do contribute to achieve prosperity in a "silent war" among firms and nations; Prahalad & Doz (1987) show that a sound multinational strategy is the result of understanding the dynamics of government policy and global competition. On the same vein, Porter's (1990) admits that " (...) my theory, and the evidence from our research, does not support the view (that governments are powerless). Government policy does affect national advantage, both positively and negatively..."; finally, Rugman (1990) and Francis (1992) argue with Porter on the mechanics of government influence, but not on its importance.

The influence of government on firm behavior and on firm profitability, is ubiquitous in our societies, yet our journals and conferences often disregard the dynamics of government as an important object of study. The reasons are sound: we do not know how to study the behavior of large complex systems, without much simplification which could defeat the purpose. A country is furthermore a web of intertwined complex systems. Is it possible to study the concatenation of a multitude of factors on a system's behavior?

We have "jumped into the dark" few years ago with an extensive study of seventeen country strategies. We started with the assumption that the dynamics of strategy at the national level need not be, in essence, different from strategy for a large complex firm. Then, we proceeded to study countries in the same way scholars have been studying complex firms' behavior for decades: through monographs.

In this paper, we tackle the methodological issues related to this type of research. In a first section we discuss why it is legitimate to undertake studies of such complex systems as that of a nation. In particular, the conceptual framework that has been used to collect the data is presented. Then, the methodology used in our studies is described. The case of Taiwan (Daleu-Daibé & Hafsi, 1993), is presented as an illustration in section three. Finally, we discuss in section four some of the methodological issues that have been identified. In the conclusion, a few comments and recommendations for research are offered.

THE STUDY OF NATIONAL STRATEGY

Several questions come to mind when one addresses the issue of national strategy. Can one study the behavior of a state and find coherent patterns that would reveal its strategy? Second, is it appropriate to use the State's strategy as a proxy for national strategy? If so, what exactly is to be taken as the State? Third, is it methodologically feasible to study the strategy of the State? If so,

what does strategy mean in such a case or, said otherwise, how would the researcher conceptualize the idea of strategy to make it relevant for the study of such a complex organization? Finally, assuming that we are able to come up with a strategy for the State, how useful would that be?

The State's Strategy

Strategy of a nation is an abstract and vague idea. The problem with a nation is that there are too many things happening and too many people involved, many more than anybody can track. The first task then, is to find some coherence in the myriad of actions taking place in a nation. The concept of strategy provides an useful tool.

Strategy, has been defined as the pattern of behavior or decisions in an organization that determines objectives, produces policies and plans and defines the activities the organization engages in and its contribution to shareholders. (Andrews, 1987, Mintzberg 1985). Therefore, strategy is the resulting effect of action, when such effect is not random or chaotic. When looking at past actions of a social actor, strategy can be observed on the patterns on the streams of actions that the actors have taken over time. (Mintzberg 1978, 1982, 1985)

It is important to be able to simplify and identify among the large number of actors those who are representative of the whole. A useful distinction is presented by Murtha and Lenway (1994), who differentiate between "states" and "governments". States are made of the various organizations that make "country-specific governance capabilities (...) Together with national factor endowments, influence the international economic strategies that governments can implement". Governments are the "groups of officials" that actuate the state organizations.

When looking for a meaningful and representative body at the national level, three main approaches have been utilized:

- i. One that looks only at the top executive levels of government (Neustadt, 1960; May, 1966; Ullman, 1968; Williamson, 1969; Allison & Halperin, 1971). The focus would then be on the formulation of strategy.
- ii. Another approach focuses on the government as a unified organization, with an executive group coordinating, integrating the activities of a number of departments or units each involved in conducting business in a different domain (Lindblom, 1955, 1959; Truman, 1951; Neustadt, 1960).
- iii. Finally, the government has been studied as a set of loosely coupled institutions with limited interactions or coordination among them (Lindblom & Braybrooke, 1963; Wildavsky, 1964; Sayer & Kaufman, 1960; Thompson, 1950; Simon, 1953).

The perspective adopted in this study is managerial; we are therefore interested in how an organization achieves results. What direction, what objectives are developed and how they are developed on the one hand, and to what degree they are realized and how they are realized on the other, are the questions of interest to us. The second option is the one that fits best with our purpose. The first option is incomplete and the third option is a negation of the very idea of strategy.

Government¹ appears to be a complex organization. Standards of desirability are unclear, power is dispersed and yet, it must function as a reasonably unified whole if any result is to be achieved. However, neither state organizations nor governments are omnipotent. They cannot, alone, generate the behavior that they prefer. At best, they can thrust it in the direction desired. This is clear in Johnson's (1982) useful taxonomy that distinguishes between "regulatory" and "developmental" states. The former have limited concern or capabilities to formulate economic strategies, and few policy or organizational tools with which to implement them. Developmental states have instruments to pursue "a strategic, or goal-oriented, approach to the economy". Johnson recognizes that most nations display both regulatory and developmental traits, and one has to look at dominant patterns.

As most nations are legally designed, governments have the power to define the rules of the various games occurring on the national territory. This power is significant enough to push every actor to try to influence the decisions of government in its own favor. As is the normal practice in business policy for the study of firms behavior, looking at what governments do or try to do over time will provide information not only on what that particular body is doing, but also on what the various actors are trying to do. Thus, the behavior of the government over a long period of time is a valid, and probably the best proxy of a nation's behavior.

A Concept of Strategy in Government

Even though the idea of strategy is the same for all kinds of organization, simple and complex, there are important differences between the strategy-making process in a simple organization and in a complex system. In essence, strategy starts with the formulation of goals, taking into account the organization's capabilities, and the environmental constraints or opportunities. Then, the implementation is managed through a systematic adjustment of resources, structural and human variables. (Christensen, Andrews and Bower 1978).

However, such a view implies that someone takes care of formulation and the others implement. However, it has been shown that as the organization becomes more complex, there is a new and unsuspected specialization of labor among managers. (Bower, 1970; Hafsi, 1984) In fact, the study of large complex organizations, both of the private sector (Bower, 1970; Gilmour, 1973; Schwartz, 1973; Hamermesh, 1976) and the public sector (Hafsi, 1981; 1984) shows that the organizations that

¹For the sake of simplicity, we shall refer in this article to "government" as being both the groups of officials and the organizations that are under their control.

appear to be performing reasonably well have put in place a system that helps them deal with the cognitive and power limitations that complexity generates for all. Such a system is the result of a vertical specialization among managers whereby:

Managers in contact with technology and markets are the ones who are generally better able to formulate "product and market" strategies;

Managers at the higher levels manage the context within which the decisions are made. They provide direction and choose the managers in charge of strategy and manage their behavior through changes in values, structure and incentives;

Managers in the middle, who understand better than the top the realities of the lower level managers, and better than the latter the requirements of the top.

These three layers of management are the system through which decisions are processed so that the organization as a whole keeps humming and moving with a purpose. Strategy, in terms of product/market competitive capacity is the result of the functioning of such a system, and the strategy-making process is the functioning of the system. The process is actually a process of reconciliation between three logic: the business strategy logic of manager at the bottom, the organizational logic of the top, and the political or interpersonal logic of the middle.

When using such a model, the traditional formulation-implementation distinction is still valid with only one caveat: all three layers of management actually participate in both phases of the process (see table 1 for an illustration). The essence of the strategy-making process is the design and the operation of the system so that formulation and implementation are processed in such a way that the general objectives of the organization are met.

Table 1: The Strategy-Making Process

<u>LEVEL</u>	<u>FORMULATION</u>	<u>IMPLEMENTATION</u>
TOP	Vision, general objectives	structure, incentives, values, beliefs, resources
MIDDLE	consensus building, portfolio analysis, integration	design (structure, incentives, values) evaluation, sanction, integration, synergy
LOWER	Positioning, innovating, adapting	competitive moves; organization-building; commitment-building.

The strategy of government is thus the actual design and management of the process of strategy-making. What is important, then, is how to design the system so that the right strategies are chosen, however right may be defined.

Thus, the study of strategy at the national level should be the study of how the strategy-making system functions. The functioning of the system may be undertaken by looking at how strategies are formulated and how they are implemented. Since both formulation and implementation are influenced by the whole system, their study will reveal how the system works. The overall structure of the system should however recognize the vertical specialization of labor among key actors.

How useful is the study of strategy at the government level? For the moment let us emphasize the importance of revealing the patterns of influence that government has or may have on a nation's competitive advantage. The learning that may come out of studying national behavior over a very long period may help better design the systems leading to strategic behavior and thus to competitiveness.

II. METHODOLOGY FOR THE STUDY OF NATIONAL STRATEGY

When studying development, economists are generally interested in the types of strategies that succeed and the factors that appear to be linked to success. They are interested in the content of strategy. Political scientists, for their part, are generally concerned with the strategies that individuals and groups adopt to achieve or consolidate power and political positions.

Both perspectives are an inspiration to a study like ours. Yet, we are specifically interested in what shapes the implementation of a country's strategy. The gist of our conceptual framework comes from the study of complex organizations. (Hafsi and Demers, 1989) In that context, the direction that an organization wants to take is important; but clearly identifying this direction has become a minor problem in comparison to the tremendous challenges of managing the apparatus needed to move the organization in that direction. On the same vein, managing a country is always a complex undertaking, and the level of complexity increases as the government makes a greater effort to intervene. This effort increases the number of entities to be managed and their interactions, obscuring cause-and-effect relationships.

Knowledge about organizational strategy has been developed primarily through longitudinal, monographic studies on the process by which organizations function. These studies have generally led to case histories. The most famous of these cases are Chandler's (1962). We need to step back in history to appreciate patterns of behavior, finding homogeneous periods within the historical era studied; accumulating a wealth of information on each period, and checking the reliability and validity of the available information. (See Mintzberg and Waters 1982).

The periodization criteria used to study different countries were not necessarily the same for each one of them. What was constant however was the exercise of following the systematic and simultaneous variations in a series of major variables, and then to seek patterns in these variations. (Mintzberg and Waters 1982). Changes in economic policy, or in political leadership and direction were important, essentially to suggest or highlight a breaking point.

Our conceptual framework was used to structure the information collected in a very systematic way.(See Van de Ven and Poole, 1990). Therefore, it was decided early in the process to structure the information gathered in the same way for all periods and all countries.

Our final decision was to leave analysis to the end of data gathering. In particular, each of the periods was to be described in detail without any analysis, and a monograph covering all the periods for a given country would be written. So far 17 monographs have been written or drafted, covering in excess of 50 periods.

III. THE TAIWANESE EXAMPLE

Towards 1630, the Mandchou dynasty from China recovered Taiwan from the Dutch, and for the following two centuries, Taiwan was Chinese. Since possession of the island was useful for military purposes, the Japanese took it from a vanquished China in 1895. The Japanese colonized it systematically, putting in place a highly sophisticated administration, a good infrastructure and a thriving agriculture. Much later, after the second world war, the Postdam declaration (1945) gave Taiwan back to China.

At the time, Chiang Kai-shek, who had replaced the nationalist figurehead Sun Yat Sen, was in trouble in a China which was crumbling under corruption and mismanagement. In 1945, he named the general Chen Yi to administer Taiwan. Chen Yi conducted a severe repression and decimated the local elite to suppress opposition. The modern new country of Taiwan emerged when Chiang Kai-shek, kicked out of China, moved to Taiwan with a million refugees.

In 1950, while an attack of Taiwan by communist China appeared imminent, the invasion of South Korea by communist North Korea - heavily supported by China and the USSR- pushed the United States to reinforce its military presence in the region and gave Taiwan the support it needed to resist continental troops. The modern economic history of Taiwan was on a roll.

Several strategies, generally explicit, were progressively implemented to ensure the economic development of the new country. These strategies can be regrouped into four major periods starting in 1895, 1949, 1960 and 1975.

We decided to start the study in 1895 with the Japanese colonization. The export traditions, its elites, the balanced interventions of the state, the alliance between the industrial and the political elites and the authoritarian traditions, could not be well understood without reference to the Japanese colonization.

1949 marked the arrival of Chiang Kai-shek, with a generalized decline of macro-economic indicators, and the adoption of a new economic policy: protectionism for industrialization.

1960 was another break in the history of Taiwan. New economic policy, major monetary reforms, open policy for foreign investment, and dramatic changes in the macro-economic indicators, all pointing toward the important growth of the economy, were implemented.

1975 corresponded to the death of Chiang Kai-shek and the beginning of an economic slowdown and a major change in planning policy. The last period was still going on in 1991 at the end of the study.

- i. From 1895 to 1949, Japan systematically colonized the island of Taiwan. Besides the usual political and cultural repression, the whole period was devoted to the development of basic infrastructure, physical, educational, social (health in particular), and administrative.
- ii. From 1949 to 1960, at the height of the Cold War, Taiwan discovered stability. The American support also included assistance for economic development. Under the military umbrella of the USA, the government adopted a strategy of import substitution, with a major restructuring of agriculture and of rural life. The main objective was to use agriculture to create the basic industrial infrastructure.
- iii. 1960 to 1975, were the golden years of Taiwan's economic development. However, many diplomatic setbacks occurred as China replaced Taiwan in the United Nations organization. The strategy focused on increasing the volume of exports, and opening the country to foreign investment and technology. Socially, the policy of equity started in the previous period gathered steam and Taiwan became a very equitable society. In terms of leadership, Chiang Ching-Kuo, the President's son and Minister of defense, emerged as a strong leader, and a possible successor, despite strong competition from Prime minister Cheng Cheng. The period ended with the death of Chiang Kai-shek.
- iv. From 1978 to 1990, the authoritarian style of Chiang Kai-shek was slowly replaced by a style more compatible with the aspiration of Taiwanese to democracy. First, Chiang Ching-Kuo had a more sober demeanor than his father, then his successor Lee Teng-Hui, a Taiwanese of local origin, put the tension and the "war" against China to rest, and allowed a much greater political democracy. Economically, the emphasis was more on heavy industry and on technology-based manufacturing.

The strategy-making process was dominated by a number of elements: The values of the dominant coalition were essentially a return to Confucian traditions, after the mistakes of the past in mainland China; integrity, and fight against corruption; economic development as a competitive tool against communist China; modernism based on education and science, search for consensus and legitimacy through effective reform and a management of the economy that emphasizes equity ; a privatization program, where the state was to be the instrument of economic development, but the unit of development would be the private sector, essentially small and medium-sized firms; emphasis on exports; priority to human resource development.

The key to implementing these ideas was the planning process. Planning was not, however, bureaucratic or domination of the top level over productive units. It was simply a mechanism through which the various levels of management, strategic (lower levels), intermediate and institutional (at the top), could interact and define policy or tackle the implementation problems.

The private sector was developed by the state. First, Japanese firms were bought back from their owners and transferred to Taiwanese private entrepreneurs. Similarly, the government did not exclude creating State-Owned Enterprises (SOEs), but included the need to privatize all those that could be managed by private entrepreneurs. Each SOE status was reviewed at the outset of each plan. Finally, encouragement and support were provided to ensure a smooth and strong development of the private sector, and a fruitful collaboration between both.

Formulation of strategy in Taiwan was considered to be the first step of its implementation. Planning was also the framework through which decisions were debated and consistency maintained among them. This ensured both commitment to the plan and the identification ahead of time of major inconsistencies that could bog its implementation.

Finally, the other major success was the creation of a public sector entirely devoted to promoting national development and to accepting the prime role of the private sector in the production of wealth. In fact, Taiwan's leadership has not simply imposed a structure on the strategy formulation and implementation processes. (See Hafsi, 1994) It has put in place a sort of "meta-strategy" which includes: (1) the expression of grand objectives or vision; (2) the expression of quantitative goals; (3) the development of a structural cadre within which behavior was evaluated and rewarded where appropriate; (4) general rules and procedures to ensure the smooth functioning of the system.

This meta-strategy helped manage the emergence of strategies at the activity (or firm) level. Yet, it had to be maintained precise to be helpful; that was a key task among the leading coalition members. The other important task was to maintain the coalition united while all this was taking place. Because the Taiwanese leaders have succeeded in maintaining the coalition united and the meta-strategy precise enough, they have been successful at generating the product/market strategies that have brought success to Taiwanese businesses in their competition in fast changing global industries.

The Taiwanese may be perceived as an exceptional example. Everything that we expect successful large firms to do, was done by the Taiwanese government. In fact, they are among a large group, generally of Asian countries, South Korea, Malaysia, Singapore, Hong Kong, in particular, that have had a great success at this "corporate management" of a country.

In another sense, that is not quite the case. In all the cases studied where strategy-making was conducted without taking into account the complexity of the system with, on the part of government, an emphasis on choosing strategies rather than managing their emergence, success was hard to achieve and, more frequently, hard to maintain. Rules of the game tended to become hazy,

generating resistance, in-fighting and division, even among the ruling coalition; creating political instability and as a consequence little or no growth. So our proposition that strategy-making in situations of complexity has to be different, is confirmed by those cases too.

VI. DISCUSSION

The research underlying this discussion has generated some important issues. In this paper, we focus mainly on the methodological issues and on their consequences for research. Since methodological and substantive issues are frequently intertwined and it is difficult to separate them neatly; we shall proceed as best we can to highlight the problems of studying such a large and complex organization.

In this discussion we address five questions. First, the characteristics of complexity and their compatibility with the study of strategy at the level of a country. Second, having used extensively the strategy process framework as a research tool; we discuss the problems and limits related to that use. The third issue is related to the problems of quality and amount of data. The fourth issue discusses the appropriateness of the data collected for the study at hand. Finally, the nature and challenges of analysis are taken up.

Complexity and Nation

What is the difference between a "simple" organization and a "complex" one? What are the dimensions that foster complexity in organizational life? A leading essay on Organization Theory (Perrow, 1986) suggests some important tracks: organizations are complex because they have multiple, conflicting goals, because human beings are intrinsically complex; because our ability to understand reality is limited, as well as our knowledge about cause and effect relations. All that renders planning and controlling difficult, and as a consequence, unexpected things happen. As well, organizational complexity is fostered by the norms, values, roles, symbols and cultural dimensions of human actions and the meaning systems created, perpetuated and modified by the organization's members. (Daft and Weick, 1984)

Two elements appear central to complexity in organizations: (1) The difficulty to fully understand reality because of cognitive limitations (Simon, 1957), interpretation (Weick 1979) or enactment of reality by the individual and the group (Smircich and Stubbart, 1985), and (2) uncertainty about cause-effect relationships, so that the consequences of one's actions are uncertain, and sometimes counter-intuitive (Schelling, 1978; Boudon, 1982, Forrester 1970).

These two elements have remarkable consequences in organizational life: (1) nobody fully understands what is going on in the organization as a whole, cause-effect relationships may be expressed only in probability terms; (2) wishes or objectives that are appropriate for the whole organization are hard to express, (3) power is dispersed and people at the top have to share it with many others, which reduces their ability to affect the system. These three characteristics constitute our definition of complexity.

How does one manage properly when one does not understand cause and effect relations, does not even know how to express goals properly, and has limited power to act? A tentative answer can be found in the General Systems Theory, which shows why it is acceptable not to worry about every detail of a large complex system's operations, to be able to understand its overall dynamics.

It is the structuration of executive activities with a wide distribution of power that does the trick in large complex organizations. If the system is properly designed, everyone involved would have a stake in its good operation, and would be willing to cooperate to achieve it (Hafsi, 1984, 1985). The framework is not, however, without its problems to which we now turn.

Problems Related to the Conceptual Framework

Our decision to be guided, in the study of national strategies, by an explicit conceptual framework raises many of the important issues that have been highlighted by Popper (1959). It may be argued that the framework is tautological: our data do not prove that strategy-making takes place that way. On the contrary, we are postulating it and gathering data that can only confirm it. Our purpose in this paper is not to develop a model of the strategy-making process at the national level. Rather, based on existing research, we take this process for granted, and go on to understand the strategy-making behavior of governments.

The problem, however, is that the framework may be misleading, and it may lead the researcher to force the data into a framework that has nothing to do with reality. For example, in countries where the economy is still "simple", one could argue that the framework does not describe the strategy-making process. In fact, in all the countries that have been studied, there seems to be always an early period where the strategy-making process is not the "shared powers" process, which has been proposed, but the traditional top-down process of simpler organizations. In our opinion, this does not really invalidate the framework, even though the importance of interactions among the elite, and the role of intermediate managers may be exaggerated. The study of leaders, of their characteristics and their powers, generally attracts the researcher's attention soon enough to compensate for the bias.

What is also inaccurate or inadequate with the framework is that it rests on a strong assumption that organizational rationality dominate the actors' behavior (Thompson, 1967) Each of the key actors is assumed to behave so as to further the interest of the organization first and foremost. In some cases, however, individual rationality can and does displace organizational rationality.

Therefore, the framework is not really representative of all situations. It is generally representative, with a better fit in "corporate countries" of East Asia, a regular fit in most, so-called, stable countries, and a poor fit in disorderly, generally developing, countries.

For the purpose of the research, we were aware of the problems that some situations may generate, and have even realized that, in the history of a country, those situations do appear from time to time. Whenever they were diagnosed as potentially disorderly, we have put the emphasis on key individual

behavior, while keeping the framework as a guide of potential power positions in the operation of the system.

Problems Related to the Nature and Amount of Data

In studying countries one realizes soon that there are problems with the data available. Two broad categories of data have been found and used: statistical and aggregated data; and essays and analyses, generally partisan with limited expected objectivity.

In terms of quality, most of the statistics and quantitative data on countries pose no major problem. They are compiled by major international institutions, which ensures at the very least their external validity, reliability and consistency. The most significant problem encountered is that of missing data. When the series of figures available are incomplete or more recently compiled, comparison is much more difficult. In some countries, there are important periods for which no quantitative data are available.

The quality of qualitative data and analyses is more questionable since they are more difficult to evaluate. Most documented qualitative analyses are partisan positions or beliefs. Most of the perspectives are acceptable; rarely did we have a convincing reason to eliminate any of them. The question is how to reconcile widely diverging opinions? We have systematically triangulated our sources, and compared the information provided by any one source to other, sometimes contradictory, versions of the events described. This research process is based on the principle that the perspectives of individuals are all valid, but incomplete. Only the researcher, by combining many perspectives, is capable of approaching reality.

A few measures were adopted to make the task manageable and the results more reliable. First we have decided early enough in the process that, whenever possible, each country should be studied by a researcher who had a good understanding of the country background and current issues. When this was not possible, the researcher was encouraged to spend time to get acquainted with the country.

Second, the researcher was required to concentrate on description. Separating the analysis from description helps reduce the biases coming from the researcher's opinion. The analysis was kept, as much as possible, out of the first step of the study. The research proceeded systematically through three identifiable steps: a) acquaintance with the history of the country; b) development of the periodization. The various periods, once finalized, were presented and discussed within the research team; c) write up of each period description, using the structure provided by the conceptual framework. Only one element of analysis was allowed within the framework and that was the assessment of consistency in the formulation process, in the implementation process, and between them.

Third, the whole research was geared to building a data base, so that analysis could be systematically

conducted. Each period description and thus each monograph written up, has the same structure as any other. The data base was constructed with an emphasis on mentioning verifiable facts, and eventually obvious regularities in the data.

Finally, the conceptual framework was also a way out of bias and data glut. Looking through the sources of information, the researchers were looking at documenting the framework. So the latter became a kind of walking stick, a reference against which to decide how to use the data available.

Problems Related to the Level of Observation

Some of the data available are heavily bent on explaining the country's fate by describing the behavior of individuals, generally those at the top. The analysis is therefore micro. Some other data are devoted to describing the system, with limited attention to the individuals involved. The analysis provided is therefore macro. The researcher's problem, for any one time period, is to decide which is the most important. In our case, we have decided to never leave aside one or the other level of analysis. The framework as designed offers both micro and macro data. But, given the familiarization period, we decided on a case by case basis to add more information on one level or the other.

Problems When Analyzing the Data

This phase is only in its infancy, so we are here only debating the issues as perceived rather than the issues as experienced. There are two major problems in the data analysis, one is related to the purpose of the analysis and the other related to the amount of data or information available.

There are two types of analysis. The first one looks at the quality of the strategy-making process. This has been integrated into the data collection and monograph write up, through an analysis of the consistency of and within the process. Consistency within the process looks at the elements of the strategy-making process and evaluate whether they are consistent. The questions are whether those goals or orientation are consistent with the strengths and limits of the country, with the general culture, with the constraints and opportunities offered by the international situation, and with the values and talents of the top leadership. Similarly, consistency among the elements of implementation, structure, rewards, leadership,..., is evaluated.

The consistency of the strategy-making process is a measure of the fit among the mechanisms developed to implement strategy and the goals as formulated. This test checks the characteristics of such elements as structure, rewards and punishments, measurements and control, management development and leadership styles, in regards with what is to be achieved.

Consistency is a central idea in strategy, and in our studies was usually associated with good economic performance of the country. A lively debate could be started with the question of causation. Was consistency the cause of good performance or was it the reverse? Unfortunately,

no convincing answer can be given here. In any event, consistency is constantly challenged by changing external and internal conditions, especially while breaking new paths, so it is important that fit be not so dominant as to stifle adaptation to changing conditions. Yet, it has to be sufficient to avoid disorienting the organization key members. That level of consistency or inconsistency is in fact a function of performance. The better performing organizations seem to stand more inconsistency than the others.

The second type of analysis has to do with the search for patterns among the situations described in the various periods of any one country and across countries. The purpose of the study was to discover the relationship between the strategy-making process and the social-economic performance of a country. Therefore the propositions that come to mind are those that relate the nature or characteristics of each of the elements of the strategy-making process to performance. But the most significant analyses are those that reveal the patterns of strategy-making and the relationship of these patterns with socio-economic performance (Miller and Friesen, 1984).

To conduct the analysis in a more systematic way, we have also decided to look at the monographs as a data bank, and design questionnaires to be used as a means of investigating systematically such a bank. This procedure is also intended to further reduce the biases that the monograph writers may introduce in the search for patterns, and increase the results credibility.

Finally, the search for patterns requires the use of appropriate clustering techniques. The recent use of neural net programming as a tool of pattern recognition appear to hold important promises for data that contain a large amount of qualitative assessments.

VII. CONCLUSION

The study of strategy at the national level poses important theoretical and methodological problems. The most important issue is modeling of the state as a complex organization to justify the use of a theoretical framework that has essentially been developed for describing the behavior of large, complex organizations.

Traditional scholars of the fields of political science and public administration may see in the attempt a heresy, a misguided delusion, because the nation or the state is either too complex or radically different to be compared to an organization. Our belief is that many such criticisms are proper and well taken. In particular, we may at times oversimplify the political process or the workings of the multiple bureaucracies of government. We may also assign a high organizational rationality to processes where individual rationality dominates.

Despite these shortcomings, we believe that the proposed conceptual framework is appropriate where overall, rather than specific, behavior is sought. We strongly suggest in this paper that the behavior of the large complex organizations of the private sector today are dominated by processes that are not dissimilar from those that take place in the large complex organizations of the public sector. In

both, the logic of economic, organizational, managerial and political processes is converging, and we hold that what may explain overall behavior in one, explains satisfactorily overall behavior in the other. It is this basic premise that has been at the outset of our research. We take comfort in the fact that the study of a large number of countries over long time periods has provided us with preliminary results that are consistent with the perceptions of the experts.

The more important challenges are elsewhere. They are in our ability to recognize patterns from a very large amount of data on a large number of variables. We do not know yet how to do it convincingly, even though more recent works on neural net programming hold good promises. We suggest that the efforts of scholars should focus more on the tools needed to conduct such complex analyses.

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