STRATEGIC THINKING CONCEPT AMONG MIDDLE MANAGERS

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Abstrak

Pemikiran strategis secara umum didefinisikan sebagai suatu proses mental atau berpikir yang diterapkan oleh seorang individu dalam konteks mencapai keberhasilan dalam permainan atau usaha lainnya. Manajer tingkat menengah seringkali gagal untuk menerjemahkan strategi perusahaan pada tugas strategisnya. Artikel ini memberikan gambaran pendekatan konseptual pemikiran strategis manajer menengah dalam rangka untuk menerjemahkan arah perusahaan ke dalam bentuk strategi operasional. Konsep *Strength, Weakness, Opportunity and Threat* (SWOT) dan *Value, Rarity, Imitability, and Organization* (VRIO) dianggap dapat membantu manajer tingkat menengah untuk menerjemahkan strategi perusahaan dengan menggunakan peran sumber daya yang dimiliki dan tingkat kemampuannya dalam bidang kewenangannya.

Kata kunci: Pemikiran strategis, manajer tingkat menengah, SWOT, VRIO.

Introduction

Strategic thinking defined as a mental or thinking process applied by an individual to achieve success on their jobs or other endeavor. It involved the generation and application of unique business insights and opportunities intended to create competitive advantage for a firm or organization. Strategic thinking included finding and developing a strategic foresight capacity for an organization, by exploring all possible organizational futures, and challenging conventional thinking to foster decision making today (Mintzberg, 1994). However, middle managers frequently fail to translate the corporate strategy into their strategic task. Scholars found managers have less ability to distinct between strategic concept means and its' implementation (Paroutis, & Heracleous, 2013). They often felt confuse in managing their strategic and technical content. Hence, the translation of strategic directions from top managers might found in inconsistent (Ghorbani, & Fattahi, 2013; Ouakouak, Ouedraogo, & Mbengue, 2013). According to importance of strategic thinking for middle managers, this research provide the solutions for encouraging their knowledge on the function of their task and strengthening their strategic thinking to translate corporate strategy into their strategic task.

Scholars found that a debate of the relevance of management theories to practitioners is a challenge within strategic management, which remains a fragmented and contested field (Paroutis, & Heracleous, 2013). Examination of the strategy concept at field and exploring strategists' own conceptions of strategy is found a gap in understanding of its concept and practice. Managers might acknowledge the corporate strategy as in their own perceptions. It might help to explain the relationship between managerial cognitions and managerial practices for middle managers. Middle managers' involvement and their knowledge has paid a lot of attention in the running of innovative organizations (Ouakouak, Ouedraogo, & Mbengue, 2013). It is suggested that the involvement of middle managers adds value to the implementation of strategy. Hence, middle managers are sometimes involved in strategy making. In order for organizations success, middle managers need to fully understand the corporate strategy, and possess their knowledge and ability to convert these strategic general concepts into practical and understandable ideas to employees (Paroutis, & Heracleous, 2013). This article studies the concept of strategic thinking among middle managers in order to translate the corporate direction into the operational needed in practices.

Corporate Strategy

Strategy is defined as "a plan, method, or series of maneuvers or stratagems for obtaining a specific goal or result". In business, strategy began to become a key issue in the 1960s. At the time, companies were managed as if they were composed of different individual functions like marketing, production and finance. Andrews, & David, (1987) note that the literature on business strategy consolidated definitively with the contributions of Michael Porter (Porter & Montgomery 1991, Porter 1998, and Porter Shaw, and Brown 2002). These works defined strategy in terms of consolidating an offensive or defensive action in order to create or maintain a defensible position in an industry, cope successfully with the five competitive forces or and yield a superior return on investment of the firm.

According to Pearce & Robinson (2003), the hierarchy of strategy comprises three levels: the corporate strategy at the top, the business strategy in the middle and the functional level strategy at the bottom of the hierarchy. Corporate strategy directs the businesses should be in, and how these businesses create synergy and/or add to the competitive advantage of the corporation as a whole. The corporate strategy decides what type of business the organization should be in and how the overall group of activities should be structured and managed (Analoui & Karami, 2003). Business strategy is the corporate strategy of single firm or a strategic business unit (SBU) in a diversified corporation. Business level strategies determine how the business will compete in the selected market arena in which it chooses to operate (Pearce & Robinson, 2003). Functional strategies are specific to a functional area, such as marketing, product development, human resources, finance, legal, supply-chain and information technology. The emphasis is on short and medium term plans. Functional strategies are derived from and must comply with broader corporate strategies.

Pearce & Robinson, (2003) note that a business that practices strategic management adopts one or more generic the business's orientation in the marketplace. The three generic strategies are the cost leadership strategy, the differentiation strategy, and the focus strategy (Dess, Lumpkin, & Eisner, 2010). Scholars defined characteristics of corporate strategy included relatedness of product/market, international orientation, strategic mobility of resources deployment, long term resources accumulation, head on competition, risk taking of new product/market development, cost efficiency, analytical strategy formulation, extensiveness of information, and orientation toward social responsibility (Kagono, Nonaka, Okumura, Sakahibara, Komatsu, & Sakashita, 1984).

Characteristics of Middle Managers

There is increasing attention has been paid to explore the performance strategy implementation. Hence, scholars introduce various approaches such as strategic performance measurement systems, tableaux-de-bord model, Balanced Scorecards and Performance Prisms (Gimbert, Bisbe, & Mendoza, 2010). They have focused on their role regarding the translation of strategy into action. In this matter, middle managers are argued to have potential role to generate quality actions based strategy. For example, scholars sought that strategic adaptation within the multi-business firm not only calls for change in the mind-set of business unit managers to force an emphasis on long range issues, competitors, and initiatives, but also requires corporate-level attention to problems and opportunities that emerge from the product market. Accordingly, middle managers have to focus on short-term financial performance, markets, and technological issues with those that focus on strategic planning and corporate agendas (Joseph, & Ocasio, 2012).

Middle managers and top managers have critical collaborations to enhance corporate success. Middle managers have important role in ensuring successful strategy implementation, whereas top managers to provide adequate support to their middle managers. Geisler (1993) look at middle managers as particularly those in such functional areas as management science/operations research, R&D, and engineering. Geisler defines middle managers broadly, which they are organizational members who supervise other organizational members, have authority over an organizational unit, have discretion over resources, and are not members of the executive group reporting directly to the chief executive officer of the organization. In new traditional organization, middle managers were mostly linking mechanisms between superiors and subordinates with the clear mandate for control, monitoring, and reporting. In the new amorphous organization, the middle managers are again in the middle of affairs. This time they function less as linking mechanisms in a vertical flow and more as central focuses for multidirectional interfaces with internal as well as external stakeholders, such as clients and suppliers. Middle managers are also translators of information flowing throughout the organization. They translate strategic directions from senior management to nonsupervisory personnel and relay information about their impact from nonsupervisory personnel to senior management. This function is essential to both the traditional and amorphous forms of organization.

Many characteristics of middle managers in the changing organization forms are very similar to the attributes of entrepreneurs identified in the literature (Geisler, 1993). Middle managers are confronted with an operational environment of high risk, ambiguity, and uncertainty. The successful completion of their tasks depends on their abilities to tolerate ambiguity and to exhibit behavior that produces creative and non-routine solutions to problems (Qi, 2005). The outcome of their effort is not new ventures but innovative solutions to traditional problems and new and imaginative means to deal with changes in their environment. Hence, organization system must support and facilitate middle managers to implement the strategy. Programs might support middle managers at work included identify the middle managers role clearly, promote their learning and development in the work environment, enhance their teamwork and communication skills, and address the demands of work-life balance. Examining how leading organizations support middle managers, Booth and Farquhar (2003) have identified five challenges that middle managers face executing strategy and delivering results, leading, motivating, and inspiring people to perform exceptionally, managing, developing, and retaining key talent, building relationships and influencing others, and building, leading, and participating in teams.

Conceptual Role of Strategic Thinking Concept among Middle Managers

Middle managers translate the corporate strategy is always banded by using a role of resources they have and level of its' capability and coverage within their area of authority. They have to firstly analyze and scan their resources within their area of authority. Previous scholars and practitioners believe that by using traditional scanning tools such as strength, weakness, opportunity and threat (SWOT) analysis, middle manager can easily maps the position advantages among competitors. The advantage of SWOT analysis or the TOWS matrix is its attempt to connect internal and external factors to stimulate new strategies (Dyson, 2004). Dyson expressed SWOT analysis is aimed to identify the strengths and weaknesses of an organization and the opportunities and threats in the environment. Having identified these factors strategies are developed which may build on the strengths, eliminate the weaknesses, exploit the opportunities or counter the threats.

However Barney (1991, 2002) argued that SWOT has less enough to design a strategy. The value, rarity, imitability, and organization (VRIO) framework is then to be believed more significant analyzing the role of middle managers strategic tasks (Pesic, Milic, & Stankovic, 2013). VRIO is an acronym for the four question framework asks about a resource or capability to determine its competitive potential: value, rarity, imitability, and organization (Barney, & Hesterly, 2010). Hence Barney (1991) promoted VRIO framework to bridge the result of positioning analysis to strategic building in the level of middle management.

Value is to determine the resources and capabilities enable corporate to react to risks and opportunities or the resource or capability valuable to the focal firm. In this case, the definition of value is whether or not the resource or capability works to exploit an opportunity or mitigate a threat in the marketplace. If it does do one of those two things, it can be considered strength of the company. However if it does not work to exploit an opportunity or mitigate a threat, it is a weakness. Occasionally, some resources or capabilities could be considered strengths in one industry and weaknesses in a different one. Middle managers have to define a common opportunities firms could attempt to exploit are technological change, demographic change, cultural change, economic climate, specific international events, and legal and political conditions (Barney, 1991). Furthermore, five threats that a resource or capability could mitigate are the threat of buyers, threat of suppliers, threat of entry, threat of rivalry, and threat of substitutes. Generally, this exploitation of opportunity or mitigation of threat will result in one of two more outcomes: an increase in revenues or a decrease in costs (or both). Middle managers define their strategy by determine the way of value they create. The strategy might contained the capability of resources exploit opportunity or mitigate a threat in the marketplace. Hence they can build their strategy based on the focus of the strength of their resources.

Rarity is a valuable resource or capability of a firm which is absolutely unique among a set of current and potential competitors. Having rarity in a firm can lead to competitive advantage. Middle managers have to define how their resource is rare and creates competitive advantage as parts of strategy. Resources and capabilities persist over time to be a source of sustained competitive advantage of strategy. Using imitability framework, middle manager can determine their area strategy by using their core resource or capability which are hard to imitate by other firms by duplication or substitution approaches. The last VRIO framework promotes the middle managers to make sure that all of their resources are organize-able. They can build strategy milestone of managing resources wining the games.

Heading to the short term financial performance, middle managers have to prepare the target of their work area gaining the increase financial objective. Different characteristic of work area have various effective and efficient financial objective. Human resource department, for example, should prepare productive employees within i.e., 1 to 3 years ahead. Hence such training and development program have to be prepared and applied effectively by using minimum to optimum cost needed. Whereas marketing department should to promote the products at optimum budget to make sure that the products are already well known in the market and winning the market among competitors. Accordingly, selling department will gain maximum revenue of the product sold. These challenges will promote middle managers to activate their limited resources within their maximum competencies to reach those each financial objective. Hence they can optimize their strength of the resources to exploit all of their work opportunities or eliminate the threats. Collaboration of top down and bottom up program such as a supervisory and assistant training approach by including limited resources may multiple competences of employees within a short term needed. These programs implemented with lessen budget compare to training or other development programs. Optimizing selling program such as selling new product may be more effective by incorporate them at the best seller products as a dual product. Incorporating the social media technologies may increase the process of cheap promotions. All of employees may contribute to this process. In a certain period they can use the profile and or picture of the new product as their profile picture. Hence, it may reduce the additional promotion budget for the new product and promote them more effective to enhance highest revenue at such selling period. Accordingly the resources they have become valuable.

Rarity is a valuable resource or capability of a firm which is absolutely unique among a set of current and potential competitors. Having rarity in a firm can lead to competitive advantage. Middle managers have to define how their resource is rare and creates competitive advantage as parts of strategy. Resources and capabilities persist over time to be a source of sustained competitive advantage of strategy. Human as a core resources in business play a significant competitive advantage in a strategic thinking. It can produce a unique outcome which has qualified and competitive more. Rareness of human resources can be produced by a long term education, experiences at work and their outwork relatedness such as family well-being. Accordingly, human resources managers cluster their employees into various different level of rareness. Hence they can promote various development programs and employee's model to strengthen their employee's rarity. Marketing managers have also to keep their products lead and well known. They should improve the product value and service, redefining market space, and redrawing their industry boundaries (Hamel, 1966).

Using imitability framework, middle manager can determine their area strategy by using their core resource or capability which are hard to imitate by other firms using duplication or substitution approaches. Competitors' imitation meaningless as it leaps or improves quality faster than its competitors can catch up (Qian, & Li, 2003). They suggested managers to make innovator position, market awareness, niche operation, and internationalization. Others (Teece, Pisano, & Shuen, 1997) suggested managers to increase the more tacit the firm's productive knowledge, that in turn the harder it is to replicate by the firm itself or its competitors. When the tacit component is high, imitation may well be impossible, absent the hiring away of key individuals and the transfers of key organization processes. The last VRIO framework promotes the middle managers to make sure that all of their resources are organize-able. They can build strategy milestone of managing resources wining the games.

Conclusion

Strategic thinking is needed to leaders included middle managers. They have their own area of authority. Middle managers have to scan their job environments and translate the corporate strategy become execution phase within their area of authority. Based on the concept of SWOT and VRIO, middle managers might translate the corporate strategy by using a role of resources they have and level of its' capability and coverage. Each of their resources capabilities and coverage has to be clearly defined within SWOT analysis. It would be strengthened by the value of strength on their area of authority. Advantages of various resources' capabilities have to be analyzed on how the able to exploit the opportunities and threat. By using VRIO analysis those advantages might be defined that in turn strategy can be stimulated.

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Figure
Strategic Thinking Concept among Middle Managers