

# How Strategy helps Sustain Competitive Advantages

**Dr. Loizos Heracleous has recently won the inaugural "Best Action Research Paper Award" presented by the Academy of Management Organization Development and Change Division. His paper "Organizational discourse (OD) as situated symbolic action: application through an OD intervention", co-authored with Professor Robert J. Marshak of American University in Washington, was picked from 133 accepted papers in the 2004 Meeting. This is the second time Dr Heracleous' research has won him an award from the Academy of Management. He also won the Best Paper Award of the Academy of Management Organizational Communication and Information Systems Division in 1999.**



DR. LOIZOS HERACLEOUS

F R O M T H E P R O F E S S O R S

Strategy is one of the most commonly used words in management. It is, however, not well known to all how corporate strategy can create value for a firm and its shareholders. Associate Professor Loizos Heracleous will share with us some of the theories and applications of strategy in the business world.

Strategy as a term can be traced back to 508-7 BC, when Athenians used it in the military field. In the original sense, "strategy" is "the art of leading the army." Parallel developments in Asia included Sun Tzu's Art of War, dated to around the 5th century BC in China. Sun Tzu emphasized meticulous planning, the ideal of vanquishing the enemy indirectly without the need to fight, the qualities of effective generals, advice on managing the troops, and general principles and tactics of engaging with the enemy.

Since 1960s strategy has been introduced into the business world. Strategy is commonly defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for achieving these goals. Research has shown that a firm's strategy is the most important determinant of its performance. Some companies in very tough industries con-

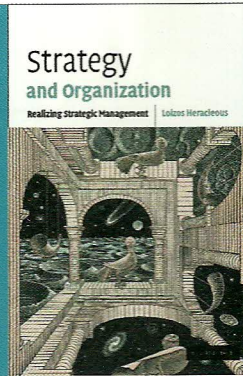
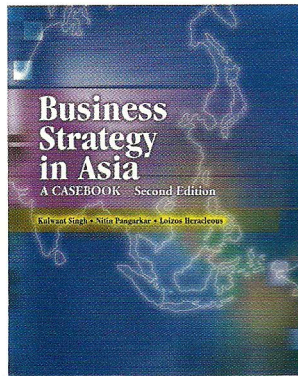
sistently deliver higher performance than their competitors, and this is because of the particular strategies they adopt at the global, corporate, business and functional levels.

According to Dr. Heracleous, corporate strategy is an applied discipline based on sound understanding of internal and external environment of an organization. The concept of strategy by nature involves action through analyzing multiple dimensions, such as organizational resources, capabilities and competencies as well as various levels of the environment (macro-level, industry level, competitor level). These dimensions are dynamic and influence the decision of what would be appropriate strategies at different times.

Dr. Heracleous outlined the following features of winning strategies:

- Strategies that are different from competitors' strategies along key dimensions;
- Strategies that are supported by unique or rare internal organization;
- Strategies that entail tough choices about product/market scope;
- Strategies that focus on industry profit pools, and are flexible enough to track these pools;





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- Strategies that focus not simply on market share, but on opportunity share;
  - Strategies that focus on developing and sustaining core competencies;
- Such winning strategies can in turn result in sustainable competitive advantage, which is a rare achievement in competitive markets.

With regard to Asian markets in particular (which are also internally diverse), corporate strategy still conforms to the broader principles of strategic management, but is also influenced by features of the institutional environment, for example the soundness of legal systems, levels of corruption, robustness of accounting and auditing systems, level of development of financial markets, and national culture. For instance, when building a brand in emerging economies in Asia rather than in developed markets, different emphasis may be placed on building an effective distribution system, incorporating local knowledge in the unique selling proposition, and understanding the effects of the political system and culture on business practices. These are different emphases influenced by context however, rather than demonstrating something unique about strategy in Asia.

Dr Heracleous' recently awarded paper "Organizational discourse as situated symbolic action: application through an OD intervention" relates to the internal environment of an organization, particularly communication as a manifestation of organizational ways of thinking. "Discourses" are collections of communicative actions, both verbal and textual, that are patterned and underlain by certain structural features, and that are constructive of social and organizational reality.

In recent years, the field of organizational discourse has emerged as a novel way to conceptualize organizational life. This field in essence conceptualizes organizational action as interrelated with, and influenced by, linguistic phenomena such as conversations, metaphors, texts, narratives, stories and so forth.

The concept of discourse is developed in the paper to contribute to the theory of the field, and also to improve organizational development interventions. The paper illustrates the conceptualization of organizational discourse as situated symbolic action through analysis of a meeting of senior managers of an IT organization in discussing a new business model. The paper suggests that under-

standing communication in its organizational context helps managers and OD practitioners make appropriate interventions.

According to the paper, the view of discourse as situated symbolic action is offered as an additional perspective or lens in the emerging field of organizational discourse that will help to sustain the field's vibrancy and promise, and at the same time help it address some of its fundamental challenges. This perspective can help organizational actors and organization development practitioners "read" organizational talk and take action in a manner going beyond what is literally said, in a contextually sensitive, symbolic way, and thus improve their ability to take responsive actions and make appropriate interventions. ♦

### About the Professor:

**Dr Loizos Heracleous** is Associate Professor of Corporate Strategy at NUS Business School. He is senior editor of *Organization Studies*, International Consulting Editor of the *Journal of Applied Behavioral Science*, and editorial board member of the *Journal of Management Studies* and the *Asia Pacific Journal of Management*.