

Adaptive Strategy-Making: A Model of Integrative and Innovative Processes

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ABSTRACT

There is general consensus that integration is needed to coordinate activities and achieve economic efficiencies while involvement and decentralization are essential to create innovative responses that may enable the corporation to adapt under changing environmental conditions. Accordingly, we adopt strategic management and organization theoretical rationales to outline a model that combines elements of central planning activities, participatory decisions, and autonomous experimentation in the strategy formation process. The performance of this combined integrative and innovative strategy-making model is analyzed on a sample of 185 business entities operating across different manufacturing industries. The results from structural equation analyses indicate that superior performance outcomes are associated with efficiencies achieved from strategic planning and effectiveness achieved through innovative behavior driven by participation and decentralization. The study enhances our understanding of the complex strategy formation process as a combination of strategy-making modes that can balance the dual needs for efficiency and adaptability.