

**Strategic Effectiveness:
How Corporate Strategists Create Value**

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List of Abbreviations

CEO	Chief Executive Officer
cf.	confer (compare)
CFA	Confirmatory Factor Analysis
CSO	Chief Strategy Officer
EFA	Exploratory Factor Analysis
e.g.	exempli gratia (for example)
et al.	et alii (and others)
HR	Human Resources
i.e.	id est (that is)
M&A	Mergers and Acquisitions
R&D	Research and Development
S.D.	Standard Deviation

Summary (English)

Despite the prevalence of strategy departments in large and most medium-sized firms, there is limited empirical evidence with regard to their usefulness. The strategy department, as a typical staff function, is subject to challenges about the value it supposedly adds to the organization. Thus, strategists need to legitimize their existence by proving their value to the firm.

The questions of what constitutes the department's effective contribution and how it can be realized and measured, however, remain largely unexplored.

This dissertation addresses these gaps. As the nature of the strategy department's effectiveness remains underspecified, it first inducts a mid-range theory on strategists' effective value contribution from an in-depth single case study. How strategists create value for the firm is described and explained by utilizing the strategy department's constituencies as respondents to their effectiveness evaluation and adopting an activity theoretical lens. The findings suggest that the strategy department's effectiveness is a multidimensional construct: it consists of a relational, cognitive and functional dimension; these dimensions all represent complementary elements of effectiveness. The extent to which the strategy department exploits its relational, cognitive and functional potential is reflected in four independent effectiveness states. Furthermore, the dissertation proposes five effectiveness enablers that all offer levers for the strategists to exploit their effectiveness potential. Based on these findings, the study proposes an initial measurement instrument to assess the strategy department's effectiveness.

Summary (German)

Die meisten Grossunternehmen verfügen heute über eine mehr oder weniger aufwändig dotierte Strategieabteilung. Ihr Beitrag an der Wertschöpfung ist aber unzureichend erforscht und kaum messbar. Als typische zentrale Unternehmensfunktion muss die Strategieabteilung nachweisen können, welchen Wertbeitrag sie für das Unternehmen leistet. Der Nachweis eines entsprechenden Beitrages zur Wertschöpfung stellt eine unanfechtbare Legitimation für das Festhalten an der Strategieabteilung dar. In der Forschung sind Fragen nach dem effektiven Wertbeitrag der Strategieabteilung und wie dieser greifbar und messbar gemacht werden kann, weitgehend unerforscht.

Die vorliegende Dissertation hat zum Ziel, diese Forschungslücken zu verringern. Die Effektivität der Strategieabteilung wird in der Literatur unzureichend beschrieben. In dieser Arbeit wird der effektive Wertbeitrag der Strategen in einer eingehenden Einzelfallstudie erforscht. Basierend auf der Annahme, dass die Stakeholder der Strategieabteilung geeignete Gutachter sind, um den Wertbeitrag der Strategen zu beurteilen, beschreibt und erklärt diese Arbeit wie Strategen einen Wertbeitrag für das Unternehmen leisten. Durch eine aktivitätstheoretische Perspektive werden die Interaktionen und Aktivitäten der Strategen im Strategieprozess analysiert. Die Ergebnisse der Untersuchung zeigen, dass die Effektivität der Strategieabteilung ein mehrdimensionales Konstrukt ist, welches aus einer relationalen, kognitiven und funktionalen Dimension besteht. Diese Dimensionen stellen komplementäre Elemente der Effektivität dar. Das Ausmass, wie stark die Strategieabteilung ihr relationales, kognitives und funktionales Potenzial ausschöpft, kann vier unabhängigen Zuständen strategischer Wertschöpfung zugeordnet werden. In der Dissertation werden fünf Stellhebel identifiziert, welche die Strategen dabei unterstützen, ihren Beitrag zur Wertschöpfung zu steigern. Basierend auf diesen Ergebnissen präsentiert die Arbeit ein Messinstrument, das den Wertbeitrag der Strategieabteilung messbar macht.

1 Introduction

Since the mid-1960s, strategy departments started to become common organizational functions in both large and most medium-sized firms (Grant, 2008).¹ In general, a strategy department is responsible for company-wide strategizing. Nonetheless, strategists not only design the organization's strategy, but support, coordinate, and collaborate with other organizational units to ensure the realization of the firm's strategic objectives (e.g., Angwin, Paroutis, & Mitson, 2009; Johnson, Scholes, & Whittington, 2008; Paroutis & Pettigrew, 2007). As a typical corporate staff function, the strategy department is subject to challenges about the value it supposedly adds to the organization (Kleine, 1999). Thus, the strategy function needs to legitimize its existence by proving its value to the firm.

Despite its prevalence, research on the strategy department's effective contribution is limited. Existing research in this vein provides valuable generic and descriptive insights into the department's effectiveness (e.g., Houlden, 1995; Javidan, 1985; Lorange, 1980). Little is known, however, about how strategists' day-to-day activities create value. Even though scholars recently started examining what strategists actually do (e.g., Angwin et al., 2009; Breene, Nunes, & Shill, 2007; Paroutis & Pettigrew, 2007), their effectiveness remains mostly unaddressed. In particular, research lacks insight into how to evaluate strategists' effectiveness comprehensively.

In this dissertation, we address this research gap and explore the corporate strategy department's effectiveness, which, in the following writings, we simply refer to as strategic effectiveness. Our conceptualization of strategic effectiveness underlies two assumptions:

First, we assume that the strategy department's constituencies represent qualified respondents to evaluate the effectiveness of the strategists. In line with other studies evaluating corporate function's effectiveness (e.g., Guest & Conway, 2011; Guest & Peccei, 1994; Tsui, 1990), we argue that an accurate assessment of the strategy department's effectiveness requires judgments and perceptions of internal constituencies.

Second, we apply an activity theoretical lens to explore strategic effectiveness. This lens helps to contextualize the strategy department's effectiveness within the strategiz-

¹ The terms corporate strategy function/department/unit and strategy function/department/unit as well as corporate strategist and strategist are used synonymously in this dissertation. Thereby we do not focus on the individual actor, but rather on the collective of strategists on the corporate level.

ing process by encompassing the strategists' interactions with constituencies involved in the pursuit of strategic activities.

Serving as an introduction to our dissertation, this chapter proceeds as follows: We provide an overview of our research intent, including the existing research gaps, and the research questions that this study addresses (1.1). We then describe this study's research foundation (1.2) and delineate this dissertation's relevance and its contributions to theory and practice (1.3). Finally, we illustrate the outline of the overall dissertation (1.4).

1.1 Research Objectives and Research Questions

This dissertation pursues two different objectives related to the strategy department's effectiveness: exploring the nature of strategic effectiveness and developing a measurement scale for its evaluation.

Nature of Strategic Effectiveness. Scholars recently started investigating strategists' roles, activities and capabilities to shed light on their effective value contribution to the firm. Most research focuses on strategy executives, and specifically on the position of the chief strategy officer (CSO; e.g., Angwin et al., 2009; Breene et al., 2007; Delmar, 2003; Dye, 2008). Only a few studies examine the contributions of the strategy department or strategy teams (e.g., Brunsman, DeVore, & Houston, 2011; Grant, 2003; Paroutis & Pettigrew, 2007). While the existing research offers rich insights into the strategy department's role, it remains largely descriptive. Research on the question of whether and how the strategy department creates value to the firm, however, is still limited. In particular, the extant literature focuses on what strategists do, but there are fewer insights into whether they are doing the right things, i.e. their effectiveness is largely unexplored (cf. Drucker, 1974). This study addresses this gap in the literature. It aims to extend the literature on strategists' value creation by exploring the nature of the strategy department's effectiveness. It seeks to answer our first research question:

(1) *Construct of strategic effectiveness*: What constitutes strategic effectiveness and how does it emerge?

Hence, an objective of this dissertation is to provide a more detailed and profound understanding of the strategy department's effective contribution to the firm. In particular, we attempt to reveal how the strategists create value in their interactions with business and functional units by examining the day-to-day activities that lead to their effectiveness.

Evaluation of Strategic Effectiveness. While our first research question empirically grounds strategic effectiveness, a further focus of this dissertation is the development of a measurement instrument to assess the strategy department's effectiveness. Prior research has neglected the evaluation of the strategists' contribution.

The academic view on the effectiveness evaluation of the corporate strategy department remains mostly dependent on research dating back two decades or more. Most of the studies provide descriptions and/or descriptive analyses of survey data resulting in lists of prescriptions for effective strategy departments (e.g., Burnett, Yeskey, & Richardson, 1984; Houlden, 1995; Javidan, 1985; Lorange, 1980; Quinn, 1980).

The few scholars who provide assessment criteria to evaluate the department's effectiveness highlight the need for a multidimensional approach to measurement (e.g., Javidan, 1987; King, 1983; Ramanujam, Venkatraman, & Camillus, 1986). Nonetheless, the extant literature on the evaluation of the strategy department's effectiveness predominantly conceptualizes effectiveness in terms of generic attributes such as: goal fulfillment, resource allocation, or staff performance (e.g., Javidan, 1987; King, 1983; Phillips & Moutinho, 2000; Ramanujam et al., 1986). Such effectiveness measures do not allow capture of the nuances in strategizing that lead to the department's effectiveness. Thus, we only have limited empirical insights into the assessment of the strategy department's effectiveness. This dissertation addresses this research gap by focusing on how the strategy department can realize and measure its effectiveness. Hence, the second research question that this study explores is:

(2) *Measurability of strategic effectiveness*: How can strategic effectiveness be realized and measured?

By answering this question, we aim to provide insights into the evaluation of strategic effectiveness. More specifically, we intend to develop a measurement scale based on the activities that lead to strategists' effectiveness. Therefore, this study attempts to extend scholarly thinking beyond examining generic aspects of the strategy department and to offer a contemporary view on its effectiveness.

In summary, this dissertation aims at developing a mid-range theory on strategic effectiveness.² We seek to make the strategy department's value contribution tangible by developing a measurement instrument that captures its effectiveness. In this regard, we first empirically elaborate on what constitutes strategic effectiveness. Drawing upon

² Mid-range theories are composed of concepts that are close to managerial practice and can be empirically tested. They are less abstract, more focused, more practically oriented than grand theories (Merton, 1968).

activity theory, we investigate strategists' interactions and activities with business units and functions in the strategizing process. Thereby, we intend to explore how the strategy department generates value for them. Based on these findings, we subsequently develop a measurement instrument that assesses the strategy department's effectiveness.

1.2 Research Foundation

The conceptual point of departure for this dissertation was the organizational energy concept developed at the Institute for Leadership and Human Resource Management at the University of St. Gallen. Following discussions with Prof. Dr. Heike Bruch, Director of the Institute for Leadership and Human Resource Management and founder and Research Director of the Organizational Energy Program, we realized that the logic of the organizational energy concept tends to be a suitable conceptual starting point for answering our research questions.

Organizational energy is defined as “the extent to which an organization, division or team has mobilized its emotional, cognitive, and behavioral potential to pursue its goals” (Bruch & Vogel, 2011: 1). The concept is characterized by three attributes: First, organizational energy is characterized as a collective concept by assuming that social processes such as social interactions among members of an organization will engender a shared understanding among individuals. Second, organizational energy is a multidimensional construct consisting of an emotional, cognitive and behavioral dimension. Third, organizational energy is malleable; it reflects the current state of an organization rather than a static condition.

At the heart of the organizational energy concept lies the energy matrix. It captures the status quo of energy within an organization (or division or team) with four independent energy *states* (Bruch & Vogel, 2009, 2011). The Organizational Energy Questionnaire measures and analyzes an organization's energy profile and assesses the key *drivers* (or *enablers*) of organizational energy. The questionnaire is a standardized survey instrument consisting of preset questions for each energy state along the energy *dimensions* to capture the different energy facets of those energy states (Bruch & Vogel, 2011).

Our conceptualization of strategic effectiveness draws on the organizational energy concept. Similarly, we assume that three attributes delineate the construct: First, strategic effectiveness represents a collective construct by assuming that the collective actions and interactions of strategists with their constituencies will engender effective-

ness. Second, strategic effectiveness is a complex multifaceted construct. The existing strategy literature reveals that strategists are involved in a plethora of activities across multiple organizational levels; this requires different capabilities and skills to enable effective contribution to the organization (e.g., Angwin et al., 2009; Paroutis & Pettigrew, 2007). Third, strategic effectiveness is manageable; it reflects the current state of the strategy department's effectiveness, which strategists can change and influence through their actions.

Inspired by the organizational energy concept, we decided to build on it and apply its logic in terms of dimensions, states, and enablers as a guiding framework from which to comprehensively investigate strategists' effective contribution. In other words, we assume that it is useful to identify dimensions, states and enablers of strategic effectiveness in order to develop an initial measurement instrument for evaluating strategists' value contribution. Drawing on this established logic provides a methodological baseline for our measurement instrument development.

Our empirical approach is thus twofold: We *deductively* orient our conceptualization of strategic effectiveness according to the logic of the organizational energy concept. This framework helps us to *inductively* explore and allow strategic effectiveness to evolve, based on grounded theory, in order to gain a thorough understanding of the strategy department's effectiveness.

1.3 Relevance and Contributions

With its focus on the strategy department's value contribution and effectiveness, this dissertation attempts to contribute to both the literature of corporate strategy and strategic performance measurement.

Our dissertation makes three primary contributions to research on *corporate strategy* and in particular on the value creating role of the corporate strategy function. First, this dissertation provides new insights into the role of the corporate strategy department by deconstructing the strategy department's effectiveness. Our conceptualization advances existing research on the strategy department's effectiveness (e.g., Javidan, 1987; Ramanujam et al., 1986) by addressing strategists' concrete everyday activities that create an added value for the organization. While most existing research offers prevailing descriptive generic lists of attributes for an effective strategy department (e.g., Burnett et al., 1984; Grant, 2003; Lorange, 1980; Ramanujam et al., 1986), our study takes this a step forward by shifting the analytical focus on a fine-grained activity level; this enables a more differentiated view on the strategy department's effectiveness.

Second, this dissertation offers valid insights into the quality of strategy work by illustrating the implications of strategists' practices on strategizing outcomes (e.g., Johnson, Melin, & Whittington, 2003; Vaara & Whittington, 2012). Third, our findings contribute to research on the relationship between the corporate center and business units. Prior research examines the nature of strategy making within and between corporate center and business units, but it remains purely descriptive in terms of strategists' activities during the strategy process (e.g., Paroutis & Pettigrew, 2007; Regnér, 2003). Our study contributes to this research path by linking the actions and interactions of corporate strategists to perceived effectiveness that potentially leads to the success or failure of strategizing.

Further, this dissertation contributes to research on *strategic performance measurement*. Complementing existing research in this regard, our study proposes a further intermediate measure in the form of strategic effectiveness in order to assess organizations' strategic performance (Chakravarthy, 1986).

In addition, this dissertation attempts to contribute to *managerial practice*. First, this study provides strategists with a pool of normative effective activities in the strategizing process. Second, the measurement scale of strategic effectiveness developed in this study supports the corporate strategy department in identifying the strategy work's strengths and weaknesses. In particular, it provides fact-based feedback including distinct and manageable indicators for the strategy department to increase its effectiveness. Third, by emphasizing and illustrating the value-adding role of the corporate strategy department, our findings support strategy executives and managers in selecting and developing their strategy staff. We identify criteria in terms of effectiveness enablers that seem to be important for strategists in order to perform successfully. Finally, our findings could serve as a diagnostic tool to inform management practice in education settings.

1.4 Outline of Dissertation

This dissertation is structured into six chapters. Framed by an introductory chapter and by an overall discussion, the main part consists of four chapters, comprising the theoretical background of the study (Chapter 2), the empirical approach (Chapter 3), the findings and insights from the data analysis and interpretation introducing the conceptual model of strategic effectiveness (Chapter 4), followed by the presentation of the measurement instrument that this dissertation has empirically developed (Chapter 5). Figure 1-1 illustrates the outline of the dissertation.

In the first chapter ('Introduction'), we present a general introduction and position this dissertation's theme in the strategic management field. We outline our research intent, including the identified research gaps, and derive the guiding research questions (1.1). We describe the conceptual foundation of the study (1.2). Further, we discuss the study's relevance and contributions to theory and practice (1.3). Finally, we conclude by presenting the dissertation's overall outline (1.4).

In the second chapter ('Theoretical Background'), to embed our research problem, we review the existing research on evaluating the effectiveness of staff functions, focusing on the strategy, marketing and human resources (HR) functions (2.1). We then introduce the construct of strategic effectiveness by defining it, distinguishing strategic effectiveness from related constructs and explaining the selection of activity theory as a meaningful theoretical lens to conceptualize the construct (2.2). Finally, we conclude with a summary of the most important theoretical insights regarding our research intent (2.3).

In the third chapter ('Empirical Approach'), we carefully outline our empirical approach, indicating how we intend to explore our research questions. We propose grounded theory as the methodological basis and a single case study as our research approach to investigate the strategy department's effectiveness (3.1). Subsequently, we describe the elements of our research design (3.2), and conclude this chapter by discussing the measures taken to ensure the validity and reliability of our research (3.3).

In the fourth chapter ('Toward a Conceptual Model of Strategic Effectiveness'), which lies at the heart of this dissertation, we present our empirical findings gained from the data analysis. We first describe and explain the three identified dimensions of strategic effectiveness (4.1). Then, we introduce and conceptualize the strategic effectiveness matrix, comprising the four derived effectiveness states. For each effectiveness state a detailed description is provided (4.2). Further, we describe and explain the five identified effectiveness enablers (4.3). Finally, we conclude this chapter by integrating the effectiveness elements into an initial conceptual model of strategic effectiveness (4.4).

In the fifth chapter ('Toward an Instrument Measuring Strategic Effectiveness'), we illustrate the measurement instrument, the strategic effectiveness questionnaire, which we inductively developed in this dissertation (5.1). Finally, we report on the results of the measurement instrument's pilot testing at our research site, AutoCorp (5.2).

We conclude the dissertation in the sixth chapter ('Conclusion'). Based upon a summary of our findings (6.1), we present the study's theoretical contributions (6.2) as

well as the practical implications (6.3). Subsequently, we refer to the limitations of the dissertation (6.4). Following the discussion of directions for future research (6.5), we provide a final conclusion (6.6).

1 Introduction

- Research Objectives and Research Questions
- Research Foundation
- Relevance and Contributions
- Outline of Dissertation

2 Theoretical Background

- Effectiveness of Corporate Functions
- Conceptualizing Strategic Effectiveness

3 Empirical Approach

- Methodology and Research Approach
- Research Design
- Research Quality

4 Toward a Conceptual Model of Strategic Effectiveness

- Effectiveness Dimensions: Strategic Effectiveness as Multidimensional Construct
- Effectiveness States: Four States of Strategic Effectiveness
- Effectiveness Enablers: Levers for Effectiveness Management

5 Toward an Instrument Measuring Strategic Effectiveness

- Strategic Effectiveness Questionnaire
- Preliminary Assessment of Measurement Instrument

6 Conclusion

- Discussion of Findings
- Implications for Theory and Managerial Practice
- Limitations of Dissertation and Directions for Future Research

Figure 1-1: Dissertation Outline

2 Theoretical Background

This chapter describes the theoretical foundations of the construct development of strategic effectiveness. It defines and explains the basic terminology of this dissertation and discusses the theoretical contributions that are relevant to the context of the study. First, we set the scene by briefly discussing the literature on evaluating the effectiveness of corporate functions (2.1). Subsequently, we explain the construct of strategic effectiveness, distinguishing it from related constructs, and selecting activity theory as a useful theoretical lens with which to explore strategic effectiveness (2.2). Finally, we conclude with a discussion of the described observations (2.3).

2.1 Setting the Scene: Effectiveness of Corporate Functions

The debate on the value created by staff functions, both in research and practice, ultimately demonstrates an increased interest in their legitimization and accountability (e.g., Juran, 1962). Most organizations simply cannot afford large, centralized staff groups that have high levels of expertise in particular areas. As Lawler and Galbraith (1993: 82) note “they particularly cannot afford them if the staff groups become isolated from the business, fail to look critically at the value they add to the business, and are not responsive to the business needs”. Consequently, corporate functions face the challenge of substantiating the value they add to the business (Kleine, 1999). Central aspects are thus: demonstrating how the achievement of the unit’s objectives contributes to the overarching firm’s objectives, and systematically evaluating the functions’ effectiveness (e.g., Davis, 1996).

With regard to our research intention to explore the strategy function’s effectiveness and to develop a construct to measure its value creation, we briefly review the existing literature on evaluating effectiveness in the field of strategy, marketing and HR research. Besides the strategy function, we focus on the marketing and HR function due to the high priority that merit assessment receives on their research agenda. The literature review therefore centers on effectiveness assessments of the organizational entities, and mostly excludes discussions on the influence of staff functions’ practices on firm performance. Thus, the intention is to show how corporate functions make effectiveness tangible.

2.1.1 Effectiveness of Strategy Functions

The prevalence of strategy functions in most large organizations has led researchers to evaluate their usefulness. In this vein, numerous empirical studies have examined the impact of strategic planning on firm performance (e.g., Kukalis, 1991; Pearce, Freeman, & Robinson, 1987). This ‘indirect’ effectiveness measurement reveals in various meta-analyses a modest, but positive relationship between strategic planning and firm performance (e.g., Boyd, 1991; Miller & Cardinal, 1994).

Most research endeavors, which discuss the value contribution of strategy functions, provide descriptive information and/or descriptive analyses of survey data on strategists’ roles and activities (e.g., Burnett et al., 1984; Javidan, 1985; Lorange, 1980; Mintzberg, 1994; Quinn, 1980). For example, Houlden (1995) offers a spectrum of roles such as: providing project-based service, internal consulting, coordinating strategic decision-making, or stimulating creative thinking. In his opinion, the evidence of value creation requires a regular review of the overall program of the unit’s work, with both the chief executive officer (CEO) and other executives. Lorange (1998) emphasizes the strategy unit’s role as ‘catalyst for growth’, which involves facilitating the implementation of strategic efforts and ensuring dynamic management process support for strategic initiatives. In fact, strategists have more of a coaching role: motivating the organization to pursue new business opportunities. The firm’s executives then review their progress and efforts, and assess in this way the value creation of the strategy function. More recently, Grant (2003) shows, in his study on strategic planning in oil majors, that firms value the communication and knowledge sharing role of strategy units. This is reflected in promoting dialog between businesses and corporate executives on fundamental strategic issues. The emphasis on consensus building induces another role for the strategy function in terms of vertical and horizontal coordination. Grant (2003) concludes that strategic planning, and thus the strategy unit, creates value by providing a mechanism for coordinating decentralized strategy formulation within a structure which demands performance targets and corporate guidelines. Similarly, Kaplan and Norton (2005) argue that the strategy function, among others, must ensure that corporate strategic priorities are aligned within the organization, that corporate strategy is communicated, and that strategic initiatives are executed.

Aside from the studies on the strategy function’s roles providing useful information on the department’s value creation, they offer limited evidence on the effectiveness of that function. Only few scholars provide assessment criteria to evaluate the strategy department’s effectiveness (e.g., Javidan, 1987; King, 1983; Phillips & Moutinho,

2000; Ramanujam & Venkatraman, 1987; Ramanujam et al., 1986). King (1983), for example, proposes an assessment framework consisting of 12 different elements such as: performance of strategic plans, adequacy of resources, or appropriateness of planning goals in order to evaluate the strategy department's effectiveness. Similarly, Ramanujam and Venkatraman (1987) suggest a multidimensional effectiveness measure encompassing: the extent of fulfillment of planning objectives, the extent of improvement over time in creativity and control aspects of the planning system, and the performance relative to competition. Javidan (1987), in contrast to other studies, focuses on generic roles performed by strategy units to examine their effectiveness. In particular, he emphasizes the strategy function's role in corporate planning, in divisional planning, and in administering the planning system. Javidan (1987) conceptualizes strategy departments' effectiveness – based on existing literature on the rationale for established corporate strategy units – in terms of (1) their contribution to the firm's performance, (2) their impact on strategic decisions, (3) their impact on managerial innovativeness, and (4) the overall performance of the strategy staff. In keeping with prior research, effectiveness is defined as a multifaceted, multidimensional construct. In contrast to many prior studies using top line executives to describe the value creation of strategy functions (e.g., Burnett et al., 1984), Javidan (1987) uses executives in charge of planning units to evaluate the effectiveness of their own departments. The study provides evidence that the perceived effectiveness is the underlying variable of the four dependent variables, although it is measured more strongly by the strategy function's contribution to firm performance and its impact on strategic decisions. Thus, Javidan (1987) argues that effective strategy functions need to emphasize their role as sounding board and communication catalyst. This involves both providing substantive input in corporate and divisional planning and ensuring communication across the organization.

More recently, Brunsmann et al. (2011) have proposed a corporate strategy assessment framework based on their qualitative research on various corporate and business unit strategy functions. The framework states that the strategy function's effectiveness can be enhanced by increasing the complexity of the unit's contributions (e.g., from simple analysis to solution designs) or by increasing the scope of those contributions (e.g., from process support to solution implementation).

Despite the existing research on strategy functions' roles and activities, the evaluation of their effectiveness remains vague. Most studies have attempted to provide lists of prescriptions and guidelines for effective strategy units (e.g., Houlden, 1995; Lorange, 1980, 1998). The few empirical studies, which conceptualize the strategy function's

effectiveness, offer generic measurement criteria that do not allow for comprehension of the nuances in strategists' day-to-day activities that eventually lead to the department's effectiveness (e.g., Javidan, 1987; King, 1983; Ramanujam et al., 1986).

2.1.2 Effectiveness of Marketing Functions

During past decades, the assessment of marketing merit has been a central research concern (e.g., Feder, 1965). While much work has gone into researching the efficiency of marketing in terms of input-output relations, a smaller body of literature has explored marketing effectiveness, resulting in limited conceptual measures of the construct (Bonoma & Clark, 1988).

However, Kotler (1977) argues that a unit's marketing effectiveness is primarily a function of its ability to combine five activities: customer philosophy, integrated marketing organization, adequate marketing information, strategic orientation, and operational efficiency. In this regard, the marketing unit should be able to recognize the priority of studying the market (customer philosophy); to carry out marketing analysis, planning, implementation, and control (integrated marketing organization); to receive adequate information to conduct effective marketing (adequate marketing information); to generate innovative strategies for long-term growth and profitability (strategic orientation); and finally to implement marketing plans cost-efficiently (operational efficiency). To evaluate marketing effectiveness, Kotler (1977) provides three questions per activity, resulting in a score – which tells where the unit falls – on a scale ranging from no marketing effectiveness to superior marketing effectiveness. These questions have been adapted into Likert-style statements and incorporated into rigorous empirical studies of marketing effectiveness (e.g., Norburn, Birley, & Dunn, 1985; Payne, 1988). For example, Dunn, Norburn & Birley (1994) demonstrate that firms with superior marketing effectiveness also have distinguished value profiles and goal orientations.

In parallel, Kotler, Gregor & Rodgers (1977) redefine the concept of marketing audits to evaluate marketing effectiveness. They sharpen the definition of the marketing audit into a comprehensive, systematic, independent, and periodic examination of a company or business unit's marketing environment, objectives, strategies, and activities. They also recommend actions that improve marketing effectiveness. In this regard, Kotler et al. (1977) provide a framework for conducting the audit, including six major components: (1) marketing environment audit, consisting of macro environment and task environment analyses; (2) marketing strategy audit, assessing the consistency of

marketing strategy with environmental opportunities and threats; (3) marketing organization audit, assessing the interactions between the marketing and the sales organization; (4) marketing system audit, evaluating procedures used to gather information, plan and control marketing operations; (5) marketing productivity audit, examining key accounting data to determine optimal profit sources and cost savings; and (6) marketing function audit, reviewing key marketing functions based on prior audit findings. Hence, the primary purpose of the marketing audit is to identify the perceived level of effectiveness of the marketing function, both on a strategic and tactical level (Bonoma & Clark, 1988; Brownlie, 1996).

Even though several authors have since contributed to the development and refinement of the marketing audit (see Rothe, Harvey, & Jackson, 1997 for an extensive review), the literature reflects anecdotal evidence without empirical validation of the usefulness of the audit concept (Kahn & Myers, 2005; Taghian & Shaw, 2008). Thus, the marketing audit remains primarily a subjective qualitative checklist (Kahn & Myers, 2005; Morgan, Clark, & Gooner, 2002).

The literature review on marketing effectiveness indicates that most studies have been predominantly outcome focused. In line with the tenets of marketing, which require marketing units to be goal-oriented (e.g., Dunn et al., 1994), marketing effectiveness has been traditionally defined as the marketing function's ability to attain its intended goals (e.g., Bonoma & Clark, 1988). Such traditional studies have typically employed a single item or set of items querying respondents on the overall effectiveness of their unit (Kahn & Myers, 2005).

2.1.3 Effectiveness of Human Resources Functions

Similarly to the marketing discipline, attempts to demonstrate the value of the HR function have a long tradition in the research field. While exploring the impact of HR management on firm performance has become the dominant research issue in the field (e.g., Becker & Gerhart, 1996; Guest, 1997, 2011), several efforts have also been made to examine the notion of HR effectiveness, primarily focusing on which HR practices are most critical for an organization (e.g., Ulrich, 1989).

In their review, Guest and Peccei (1994) identify four common approaches for evaluating HR effectiveness: the use of surrogates from organizational effectiveness theory, the use of specified goal attainment, the use of quantitative workforce-related measures, or the use of a political perspective toward evaluation.

Using organizational performance as surrogates for HR effectiveness provides a rudimentary approach toward effectiveness evaluation, but it largely simplifies the nature of HR effectiveness. Studies using such surrogates therefore often suggest that economic outcomes should be the criterion of HR effectiveness. For example, Cheek (1973) proposes cost-benefit analysis for evaluating HR programs in terms of cost effectiveness and operational feasibility.

Evaluation studies that focus on the HR function's goal attainment usually assess HR units on their ability to meet business needs. In this regard, evaluating HR units in terms of goal attainment seems plausible if consensus can be reached on the objectives and the method of measuring levels of goal achievement (Guest & Peccei, 1994). Several studies have advocated an audit method to assess the HR unit's achievement (e.g., Heiser, 1968; Milkovich & Glueck, 1985; Ulrich, 1997). However, considerable variation exists in the assessment criteria (Florkowski & Schuler, 1994). For example, Devanna, Fombrun and Tichy (1981) take an overall organizational perspective, focusing on the HR function as service unit of the organization. Others utilize outcome measures in the auditing process. Heiser (1968) reviews ground-level statistics before developing an interview guide for management. Gomez-Mejia (1985) combines values from attitudes surveys, executive rankings and archival records to generate composite personnel-audit scores.

While the audit checklist may be beneficial for practitioners, research provides limited empirical evidence on its usefulness. An exception is the study by Gomez-Mejia (1985) who tests the measurement properties of the audit instrument. His findings indicate nine reliable audit dimensions, which predict executive perceptions of the overall effectiveness of the HR function.

The use of specific quantitative measures intends to quantify the economic utility of the HR function. Rabe (1967), for example, offers over 60 indices that may be used to define effectiveness, all translating HR activities into financials. Similarly, Fitz-enz (1980, 1995) argues that, contrary to past beliefs, it is possible to evaluate HR functions quantitatively. He provides extensive research efforts in gathering effectiveness indicators for numerous HR practices. While the use of quantitative metrics may be useful for distinguishing successful from less successful HR practices, they may not on their own be convincing measures of HR effectiveness (Guest & Peccei, 1994; Ulrich, 1989). Guest and Peccei (1994), for instance, criticize the degree of difficulty of interpreting these measures. Measures such as productivity, employee satisfaction or turno-

ver, for example, may be determined largely by factors on which the HR function has limited direct influence (Pfeffer, 1997).

Finally, defining effectiveness from a political view relates to the perceptions of constituencies of the HR function. In her seminal study, Tsui (1984) suggests a tripartite model to evaluate the effectiveness of HR functions. The model describes how departmental activities, evaluation criteria and constituencies may be related to the HR function's overall reputation for being effective. In this sense, the unit's effectiveness is defined from the perspective of the constituencies, who also determine the function's activities and its evaluation criteria. Thus, HR functions may be effective by satisfying the demands of critical constituencies. In follow-up studies Tsui (1987, 1990) empirically tested the multiple constituency approach to assess HR effectiveness. In the initial study, the author obtained preliminary empirical evidence on the efficacy of the multiple constituency approach as a conceptual basis for defining important activities performed by the HR function, and for developing meaningful criteria to evaluate its effectiveness. The identified criteria represent rather general measures; they focus on operational, short-term, and personal needs. The subsequent study supports the theoretical efficacy of the model. It further reveals that the unit's effectiveness is influenced by its adaptive responses to constituency expectations and the nature of its task environment.

To summarize, the literature on evaluating the effectiveness of the HR function offers varied approaches. While numerous measurement criteria have been proposed, their comprehensiveness has made them subject to criticism. For example, Pfeffer (1997) questions the usefulness of assessment systems entailing multiple measures of multiple indicators. Similarly, Tsui (1984) criticizes the failure of existing measurement criteria to properly gauge effectiveness. Thus, it seems important to gather actual data on a valid set of criteria for evaluating effectiveness (Wright, McMahan, Snell, & Gerhart, 1998). In fact, when reviewing the empirical literature exploring outcomes of HR effectiveness, it reveals that several recent studies have adopted a multiple constituency perspective (e.g., Guest & Conway, 2011; Wright et al., 1998). This perspective recognizes the importance of multiple views on HR effectiveness (Tsui, 1987). Scholars have thus called for various respondents as a means of increasing the reliability of responses (Guest & Conway, 2011). In this way, the constituency perspective allows for the interpretation of, and attribution to, the various outcomes subsumed under the alternative approaches of effectiveness (Guest & Conway, 2011; Guest & Peccei, 1994).

2.1.4 Conclusion

The literature review reveals that prior research on corporate functions' effectiveness offers an array of evaluation approaches reaching from quantitative measures to more comprehensive audit concepts. While these approaches may provide diagnostic assistance, they describe effectiveness on a rather generic level. Evidence on their empirical validation remains limited.

In particular, the evaluation of the strategy function's effectiveness has not received much research attention. Even though many research endeavors discuss the various roles and activities of the strategy department (e.g., Burnett et al., 1984; Grant, 2003; Javidan, 1985; Kaplan & Norton, 2005; Lorange, 1998), they remain largely descriptive. The few existing empirical studies conceptualizing strategic effectiveness offer initial normative information, but they provide rather generic aspects for its evaluation (e.g., Javidan, 1987; Ramanujam & Venkatraman, 1987). This dissertation therefore seeks to extend scholarly thinking beyond investigating generic effectiveness aspects and to offer a contemporary view on strategists' effective day-to-day activities. In this way, we empirically explore the construct of strategic effectiveness to gain an understanding of what actually makes strategy functions effective. In order to frame our empirical study theoretically, we first attempt to define the construct of strategic effectiveness. Our intention is not, however, to deliver a flawless theoretical definition of the construct, but to provide a framework in which strategic effectiveness can be empirically studied.

2.2 Conceptualizing Strategic Effectiveness

2.2.1 The Construct of Strategic Effectiveness

The emergent construct of 'strategic effectiveness' follows Whittington's (1996) idea of determining an effective strategy practitioner. In this context, effectiveness refers to the mobilization of strategic practices to master the praxis of strategy (Jarzabkowski & Whittington, 2008). Our understanding of strategic effectiveness adheres to this reference.³ We attempt to establish a link between strategists' practices and outcomes; we explain how strategists create value for the organization. Thus, in this dissertation, we

³ In strategy research, the terms effectiveness and performance are often used interchangeably (e.g., Cameron & Whetten, 1983; Chakravarthy, 1986; Venkatraman & Ramanujam, 1986). In this dissertation, we adhere to the term effectiveness. Furthermore, we understand effectiveness in line with Drucker (1974: 45), who makes a nice summary statement to distinguish effectiveness and efficiency: Effectiveness is the foundation of success – efficiency is the minimum condition for survival after success has been achieved. Efficiency is concerned with doing things right. Effectiveness is doing the right things.

define strategic effectiveness as *perceived added value of the corporate strategy function* for the organization.⁴ This definition emphasizes value creation as the ultimate objective of the staff function. Moreover, the definition clarifies that strategic effectiveness is directed to the corporate strategy function. We understand the corporate strategy function as the organizational unit within the corporate center with full-time direct strategy responsibility (e.g., Angwin et al., 2009). Corporate strategists, in turn, are members of the corporate strategy function professionally engaged with organizational strategy work (e.g., Whittington, Cailluet, & Yakis-Douglas, 2011).

In order to develop an understanding of strategic effectiveness, we need to discuss what exactly is meant by the term *added value*. A literature review reveals that value or value creation is a subjective term and has multiple meanings in strategic management research. Usually, the basic intention in its use refers to financial or economic value (e.g., Rappaport, 1986). This view is different from perspectives incorporating industry-level and firm-level elements (e.g., Brandenburger & Stuart, 1996). The central focus therefore is on value capture rather than creation, i.e. the distribution of the total industry value among the various players. Alternatively, value and its creation can be conceptualized in terms of perceived benefits to external constituencies such as consumers or end users (e.g., Drnevich & Shanley, 2005). This perspective departs from a firm-specific view of profit to one focusing on the interactions between firms and constituencies (Brandenburger & Stuart, 1996; Drnevich & Shanley, 2005).

Our understanding of value adheres to the latter meaning. The strategy department within a large, complex organization interacts with a variety of constituencies such as corporate, business and operational management.⁵ Consequently, the added value of the strategy function refers to creating internal value; organizational members need to perceive that the strategists' activities create value and deliver results in order to enhance the firm's strategic management efforts (cf. Kleine, 1999). In fact, our understanding of the strategy department's effectiveness includes primarily the qualitative benefits of value creation and neglects the criterion of costs (e.g., personnel, resources).

⁴ Since the term value added already has a precise – and different – meaning in accounting, we prefer to use a distinct term in the context of strategy (cf. Brandenburger & Stuart, 1996).

⁵ While we acknowledge the importance of external constituencies in strategy making (e.g., clients, consultants), we focus in this study exclusively on internal constituencies due to confidentiality issues.

2.2.2 Distinction of Strategic Effectiveness from Related Constructs

To conceptualize the construct of strategic effectiveness, we compile linkages to related constructs in organizational research. The analysis of similarities and distinctions demonstrates the specifics of the construct of strategic effectiveness, which substantiate our research endeavors. Furthermore, conceptual or methodological analogies provide evidence for a logical, stringent and useful definition of strategic effectiveness (Nunnally & Bernstein, 1994; Schwab, 1980).

Organizational Effectiveness. Most research on the effectiveness of organizational units draws upon the literature on organizational effectiveness. Given its importance in managerial research, it is noteworthy that no consensus exists regarding the definition or measurement of organizational effectiveness (Hitt, Ireland, Keats, & Vianna, 1983). Organization theory has produced a plethora of models exploring organizational effectiveness (e.g., Cameron & Whetten, 1983). In general, the effectiveness literature distinguishes: the goal model, the system resource model, the internal process model, and the multiple constituency model (e.g., Cameron, 1980; Lewin & Minton, 1986). The goal model assumes that organizations hold definable purposes or goals, so that the organizational effectiveness can be represented by the attainment of, or progress toward, these purposes (Scott, 1977; Seashore, 1983). The system resource model, introduced by Yuchtman & Seashore (1967), emphasizes the interdependence of the organization with its environment. This reflects what may be referred to as the ‘bargaining position’ of an organization in relation to resources. Thus, organizational effectiveness refers to the “ability of the organization, in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources” (Yuchtman & Seashore, 1967: 898). The notion that organizations develop distinctive modes for employing information resources in the service of systemic integrity and goal attainment, underlies the internal process model (Pfeffer, 1977; Seashore, 1983). In this context, organizational effectiveness is associated with internal attributes such as internal functioning, trust, and information flow (Cameron, 1980). Finally, the multiple constituency model views organizations as “intersections of particular influence loops, each embracing a constituency biased toward assessment of the organization’s activities in terms of its own exchange within the loop” (Connolly, Conlon, & Deutsch, 1980: 215).⁶ In this regard, unlike the goal and system resource approaches, the model derives criteria for assessing organizational effectiveness from the preferences of multiple constituencies, both internal and external to the organization (Zammuto, 1984).

⁶ The term constituencies is identical to the notion of stakeholders (Tsui, 1987).

While several variants of the multiple constituency model exist (e.g., Connolly et al., 1980; Pfeffer & Salancik, 1978), the central tenet across all variants is that an organization is effective to the extent that it satisfies the interests of one or more constituencies of that organization (Tsui, 1990).

The constituency-oriented definition of effectiveness also adheres implicitly to the notions of change, value, and conflict (Cameron, 1986; Quinn & Cameron, 1983). More specifically, the competing values approach of effectiveness proposed by Quinn and Rohrbaugh (1983) tries to integrate the relevant literature. The results of their study identify an implicit theoretical framework, which reflects a balanced set of effectiveness indicators as perceived by organizational theorists. The framework consists of three value dimensions that are orthogonal to each other and relate to organizational structure (stability/flexibility), organizational focus (internal/external), and organizational means and ends (processes/outcomes). Thus, the competing values approach recognizes the notions of value choices and contradictions in analyzing organizational effectiveness.

Research efforts on the effectiveness of organizational units predominantly propose the multiple constituency model for effectiveness evaluations (Hitt, 1988; Kanter & Brinkerhoff, 1981). Empirical results demonstrate the model's utility in analyzing a unit's effectiveness (e.g., Guest & Peccei, 1994; Hitt et al., 1983; Hitt & Middlemist, 1979; Tsui, 1987, 1990). In this context, the constituency model emphasizes the high degree of complexities in the task environment of organizational units (Tsui, 1987). The evaluation of the unit's effectiveness is based on the "unit's ability to meet the expectations of other units with which it is interdependent" (Thompson, 1967: 95). Different constituencies may have different expectations, but they may also use different criteria for evaluating the unit's effectiveness. Thus, the conceptual issue underlying the constituency analysis is how the unit adapts or changes to fit the environment requirements (Tsui, 1987).

The multiple constituency model of the construct of organizational effectiveness reveals conceptual similarities to strategic effectiveness. Both constructs focus on constituencies and their expectations to assess the effectiveness of an organizational unit. Furthermore, the constructs imply that the evaluation of effectiveness includes considerations of the potential the unit holds, supplementary to its outcomes (Cameron & Whetten, 1983). Consequently, we apply the multiple constituency perspective to evaluate the strategy department's effectiveness. Opposed to the rather general appli-

cation areas of organizational effectiveness, however, our conceptualization of strategic effectiveness focuses solely on the corporate strategy unit.

Group Effectiveness. In general, group effectiveness (also known as team effectiveness) indicates the adequacy of group activities' outcomes (e.g., Guzzo, 1986). The conceptualization of group effectiveness is based on the logic of an input-process-output heuristic formulated by McGrath (1964). In this framework, inputs refer to environmental factors outside group member interactions, e.g., task design, and group structure (Prussia & Kinicki, 1996). Processes describe interpersonal actions occurring within the group, thus mediating the translation of inputs to outcomes (Kozlowski & Ilgen, 2006). Outputs refer to the tangible and intangible results, services or ideas produced by the group for internal or external constituencies (Tesluk & Mathieu, 1999).

In this regard, existing research efforts highlight an interrelated task dimension and social or relational dimension as important aspects of group effectiveness (Cohen & Bailey, 1997; Gladstein, 1984; Guzzo & Dickson, 1996; Kozlowski & Ilgen, 2006). The task dimension refers to the group's productivity, while the relational dimension points to the cohesiveness of the group members (Oetzel, 1999). For example, Hackman (1990), in this context, proposes following dimensions of group effectiveness: first, the degree to which the group's productive output meets the standards of the group's clients; second, the degree to which the group's processes enhances the members' capability of working together independently in the future; and third, the degree to which the group experience contributes positively to the learning and well-being of individual group members.

Our understanding of strategic effectiveness tends to have some conceptual intersections with the construct of group effectiveness. In order to create value, the strategy department needs to perform its task effectively, reflecting the task dimension. In this sense, the quality of the strategy work would conform to the standards of constituencies. Similarly, we assume that relational elements are decisive for the emergence of strategic effectiveness. However, our understanding of the relational dimension rather includes an inter-group focus on the interpersonal relations of the strategy department with its constituencies than a within-group focus of the group effectiveness construct. In other words, opposed to the group effectiveness construct, we determine 'group' as the collective of strategists and constituencies working on strategic issues and not the strategy department by itself.

Consequently, the related constructs of organizational effectiveness and group effectiveness represent elements of strategic effectiveness. In this way, organizational effec-

tiveness offers the most similarities with strategic effectiveness and therefore provides essential links for its conceptualization and operationalization. Notably, we select the multiple constituency approach for assessing the strategy function's effectiveness. Group effectiveness provides further conceptual links to outline our construct. The construct represents, in part, the context or environment in which strategy making typically occurs, i.e. strategy making involves various actors at different organizational levels (e.g., Floyd & Wooldridge, 1992). Effectiveness in group settings thus offers insights into describing the notion of strategic effectiveness.

2.2.3 Theoretical Perspective for Exploring Strategic Effectiveness

To conceptualize strategic effectiveness, it is important to explain the theoretical perspective that demarcates the underlying mechanisms of the construct. We select a practice-based ontology, and more specifically activity theory, as the theoretical lens to develop explanations that help us understand the phenomenon of strategic effectiveness.

Activity theory has its historical origins in the classical philosophy of Kant and Hegel, which emphasized the historical development of ideas and the active and constructive role of humans. This philosophy provided the foundation of the more contemporary philosophy of Marx and the Soviet Russian cultural-historical psychology of Vygotsky, Leontiev and Luria, which together build the basis of activity theory (e.g., Engeström, 1999a).⁷

Activity theory premises that psychological development is a social process arising from an individual's interactions within particular historical and cultural contexts (Vygotsky, 1978). Interaction provides an interpretative basis from which individuals attribute meaning to their own and others' actions (Davydov, 1999). This interaction is located within activity (Leontiev, 1978). In activity theory, 'activity' is understood as social practice oriented at an object (Engeström, 1999b). The object of an activity refers to the higher order motive at which activity is directed (Engeström & Blackler, 2005). Activity theory emphasizes that activity is mediated through psychological and technical artifacts that individuals draw upon to interact (Wertsch, 1985). For example, Vygotsky (1981: 137) emphasized psychological artifacts such as language, various systems for counting, algebraic symbol systems, writing, schemes, and diagrams through which actors invoke meaning and which mediate between their own subjective

⁷ For a detailed discussion of activity theory, please refer for examples to Engeström, Miettinen and Punamäki (1999) or Kaptelinin and Nardi (2006).

consciousness and the activity they perform in a community. Thus, the general structure of an activity is usually characterized as subject-object relation mediated by artifacts (e.g., Kaptelinin & Nardi, 2006).

Engeström's (1987) work on activity theory shifted the analytical focus from individual activity to entire activity systems within which an activity occurs. The activity system embeds the subject-object relation that was the main focus of prior activity theorists' analysis into an extended model, describing activity as a collective phenomenon (Kaptelinin & Nardi, 2006). In this context, Engeström (1987; 1999a,b) understands activities as collective, both with respect to their object (as directed toward an object shared by a community) and with respect to their form (as carried out collectively rather than individually). Thus, he introduced the third component – community – in the subject-object interaction. Introducing this component resulted in a model describing a three-way interaction between subjects, objects, and community. Engeström (1987) elaborated this model by proposing different types of mediators for the interactions: mediating artifacts, rules, and division of labor. In particular, mediating artifacts (tools and signs) mediate the relation between subject and the object, division of labor mediates the relation between community members and their activity, and rules mediate the relation between subjects and the community (e.g., Blackler, 1993; Kaptelinin & Nardi, 2006).

In summary, activity theory examines the nature of practical activities, their social origins, and the nature of the activity systems within which individuals interact (Blackler, 1993). It is a social theory of human consciousness, construing consciousness as the product of an individual's interaction with human beings and artifacts in the context of practical activity (Kaptelinin & Nardi, 2006: 8). Activity theory does not represent, however, a specific theory of a particular domain, offering ready-made techniques and procedures. It is a general, cross-disciplinary approach, providing conceptual tools and methodological principles, which have to be concretized according to the particular nature of the object under study (Engeström, 1996: 97).

Consequently, activity theory offers some theoretical concepts that are useful to explore the emergent construct of strategic effectiveness. In particular, activity theory's notion of activity systems provides a conceptual framework for placing boundaries around the focal actors, collectives and activities in sets of interactions to study strategic effectiveness. In this regard, the strategizing process comprises an activity system with interaction occurring between the strategists, the collective of organizational members involved, and the activity of strategizing. We look at this activity through the

lens of involved constituencies, examining how the strategy department creates value for them during strategizing.

Furthermore, the concept of mediation in activity theory draws our attention toward studying the mediating artifacts used in strategizing. Using the right artifacts might contribute to the overall effectiveness of the strategy unit. Thus, it seems important to understand how these mediating artifacts are used, and in particular how constituencies perceive their usefulness for achieving the objects of strategizing.

Finally, activity theory incorporates intentionality into the actor (Kaptelinin & Nardi, 2006). While individuals act, they have motives and desires that influence their own actions (Leontiev, 1978). Intention is thus inherent in action, even when it may be rather latent to the actor. The concept of intent is particularly useful for studying strategic effectiveness. It indicates a focus on the diverse intents of strategists and constituencies in strategy activities. In particular, it enables us to examine and compare different expectations and to understand effectiveness from different actors' positions. For example, Regnér (2003) identified a strategy-making dichotomy, including different types of strategy activities in the center (corporate, divisions) and the periphery (functions, subsidiaries), rooted in different intentions. Analyzing the different intentions provides a basis for identifying effectiveness criteria that different constituencies apply, which may explain variation in the perception of strategic effectiveness.

2.3 Conclusion

Despite the prominence of the construct of effectiveness in various organizational research disciplines, confusion and ambiguity characterize scholarly writings. Problems of definition, circumscription, and criteria identification plague most research endeavors (e.g., Cameron, 1986; Goodman & Pennings, 1977; Lewin & Minton, 1986). The divergent views on effectiveness impede the conceptualization of the construct. Thus, consensus regarding the operationalization of effectiveness is impossible to obtain. Judgments of effectiveness are based on the values and preferences of individuals. Cameron (1986) therefore argues that different models of effectiveness are useful for research in different circumstances. Their usefulness depends on the purpose and constraints placed on the effectiveness investigation. In this regard, researchers mostly agree that flexibility and discretion must characterize the selection of models as long as it is rationally bounded and justified (e.g., Kanter & Brinkerhoff, 1981; Quinn & Rohrbaugh, 1983).

In this dissertation, we follow the multiple constituency model to initially *conceptualize* the construct of strategic effectiveness. Put differently, we look at the strategists' value contribution through the lens of their internal constituencies. In line with Connolly et al. (1980: 213), we treat effectiveness not as a single statement, but as a set of several statements, each reflecting the evaluative criteria applied by the various constituencies. This reflects the high interdependence of the strategy function with other organizational units in strategy making. Hence, the evaluation of the strategy department's effectiveness and, in this sense, its value contribution, is a product of the perceptions of relevant constituencies. In our study, we consider business and functional unit managers as a relevant constituency. We focus on these parties because they represent central actors in strategy making (e.g., Floyd & Wooldridge, 1992). A major objective of business and functional unit managers is to manage their units in such a manner that they realize outputs aligned with the organization's strategy. In this way, they are often responsible for the implementation of organizational strategies (Wooldridge & Floyd, 1990). Conversely, business and functional unit managers also provide strategic input by signaling strategic priorities for their units. Therefore, the corporate strategy department needs to continuously interact and collaborate with businesses and functions to successfully realize the organization's strategic objectives. Consequently, we are interested in understanding the strategy department's effectiveness by analyzing how it creates value for business and functional units.

Moreover, we use an activity theoretical lens to *explore* the strategy function's effectiveness. Activity theory provides a structure for analyzing the constitution of strategic effectiveness. We use this structure to contextualize the construct of strategic effectiveness in the process of strategizing; it encompasses the interactions of strategists and business and functional units involved in the pursuit of strategic activities. In particular, the activity theoretical lens helps us to explain elements of strategic effectiveness by drawing on actual practices and outcomes.

3 Empirical Approach

In this chapter we discuss our empirical approach to developing a mid-range theory on strategic effectiveness. As mentioned in Section 1.2, our empirical approach is two-fold: deductive and inductive. The central elements of the organizational energy concept form the deductive basis for the empirical approach: dimensions, states and enablers (Bruch & Vogel, 2009, 2011). These elements frame the inductive data analysis in order to consolidate the identified categories and finally aggregate them in dimensions, states and enablers of strategic effectiveness. The interplay of our inductive procedure and the deductive basis is thus as follows: The elements of the organizational energy concept form the deductive basis for the data analysis to identify and constitute dimensions, states and enablers of strategic effectiveness. The data analysis is carried out inductively to allow strategic effectiveness to evolve, based on grounded theory. Figure 3-1 summarizes our two-fold empirical approach.

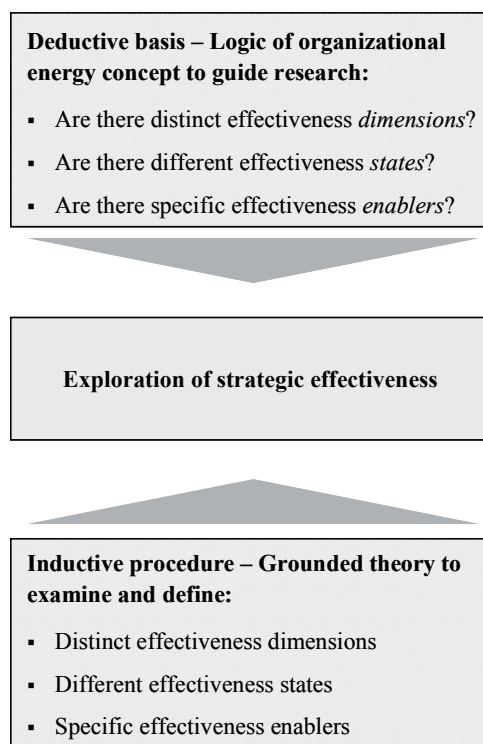


Figure 3-1: Empirical Approach

In this chapter we focus on the methodological issue; we address our research questions to exploring the nature of strategic effectiveness and developing an instrument, which evaluates the strategy department's effective contribution. We begin by discussing the methodology and research approach (3.1), which provides the basis for the research design (3.2). Finally, we close by outlining the steps taken to ensure the validity and reliability of the research (3.3).

3.1 Methodology and Research Approach

In this section, we describe the philosophical and methodological foundations underlying the study and an appropriate research approach.⁸

3.1.1 Methodological Basis

The methodological basis outlines the paradigmatic position of the dissertation and the rationale for adopting grounded theory as its research method.

Paradigmatic Positioning: Postpositivism

In social science research, the researcher's explicit and implicit assumptions about the nature of the social world influence the choice of the research method (Guba & Lincoln, 1994). The assumptions determine the rationale of valid research and the adequacy of research methods (Morgan & Smircich, 1980). Most important in this regard are the ontological, epistemological and methodological positions of the researcher. The *ontological position* states the assumptions regarding the nature of reality (Guba & Lincoln, 1994). The *epistemological position* states the assumptions on the grounds of knowledge about the social world (Morgan & Smircich, 1980). The *methodological position* states the assumptions on the ways of studying reality in order to gain knowledge (Burrell & Morgan, 1979; Guba & Lincoln, 1994).

Assumptions regarding the ontological, epistemological and methodological positions move along a continuum (Morgan & Smircich, 1980). However, three major paradigms can be distinguished (Guba & Lincoln, 1994):

Positivism. Positivists adopt the stance of realism and assume an objective reality that is mirrored by scientific data and theories (Gephart, 2004). Hence, positivists are predominantly concerned with theory testing and employ rather quantitative methods to gain a predictive understanding of phenomena (Guba & Lincoln, 1994).

⁸ Adapted from (Knoll, 2008)

Constructivism. Constructivists challenge the positivistic idea of any form of objective reality or knowledge. Instead, constructivism emphasizes the importance of understanding the processes through which human beings concretize their relationships with the social world (Morgan & Smircich, 1980). This rather subjective perspective implies that human perceptions of phenomena shape individual realities. Thus, the objective of the constructivist is to comprehend the actual production of meanings and concepts used by social actors in real settings (Gephart, 2004). Methodologies have a qualitative nature, aimed at rebuilding previously held constructions (Guba & Lincoln, 1994).

Postpositivism. Postpositivism assumes reality “to exist but to be only imperfectly comprehensible because of basically flawed human intellectual mechanisms and the fundamentally intractable nature of phenomena” (Guba & Lincoln, 1994: 110). Postpositivists regard scientific findings as temporary. They acknowledge findings as probably true until they have been proven false (Popper, 2002). Falsification is a very rigorous test to which scientific findings can be subjected. Falsified findings are considered invalid generally and must therefore either be revised or rejected (Flyvbjerg, 2006). Thus, postpositivism allows generalizations to theory and thereby recognizes that researchers are limited by their mental models (Guba, 1990). Postpositivistic research relies on multiple methods to capture as much of reality as possible (Denzin & Lincoln, 1994).

This dissertation employs a postpositivistic position. Postpositivism reflects best our beliefs regarding social science research. We agree that researchers can only imperfectly comprehend reality because their cognition and mental models limit them. However, we believe that knowledge is at least to some extent generalizable and that continuous building, testing and refinement of theory will enable us to improve our understanding of reality. Moreover, the underlying assumptions of postpositivism best suit the challenge of studying the novel complex phenomenon of strategic effectiveness. In this regard, postpositivism considers contextual variables in research projects, engages in aspects related to human behavior, and relies on empirically grounded data (Guba & Lincoln, 1994).

Research Method: Grounded Theory

The research method describes the overall strategy for generating empirically substantiated insights. We employ grounded theory – a qualitative method – in our exploration of strategic effectiveness, which suits our postpositivistic position on the nature of reality (Knoll, 2008; Schmid, 2005).

Grounded theory is a methodology for theory building by collecting and analyzing data in an iterative process (Glaser & Strauss, 1967). Theory evolves inductively during actual research through continuous interplay between data collection and analysis (Strauss & Corbin, 1994). Grounded theory centers on the generation and development of theory while recognizing the cognitive limitations of the researcher (Strauss & Corbin, 1998). In this sense, the methodology takes a postpositivistic stance and is suited to guide our study. Specifically, we chose grounded theory as our research method for the following reasons:⁹

The *theory building character* allows elaboration on the nature of strategic effectiveness. By grounding the construct of strategic effectiveness within the data sample, the theory derived from the study is “conceptually dense” (Strauss & Corbin, 1994: 278).

The *explorative character* of grounded theory is suitable for generating novel insights into the theoretically and empirically immature field of strategic value creation. Most insights into the field provide rich descriptions of actors and contextual influences in strategy making (e.g., Paroutis & Pettigrew, 2007; Regnér, 2003). As a result, research only provides limited theoretical insights into the effectiveness of strategy-making efforts (Whittington, 2003). The development of grounded theory may address this issue to enhance the empirical substantiation.

The *inductive character* of grounded theory allows direct and detailed examination of strategic practice, which advocates a realistic ascertainment of the investigated phenomenon (Schmid, 2005; Strauss & Corbin, 1994). The rather inductive procedure fosters empirical validation and traceability of the theoretical findings; the theory building process is intimately tied with evidence of the likelihood that the resulting theory will be consistent with empirical observation (Eisenhardt, 1989). Therefore, grounded theory offers an opportunity to gain practical rather than abstract insights into the effectiveness of strategy work, which are currently missing in the literature.

Grounded theory is divided into two schools, each subtly distinguished by its own ideographic procedures. Glaser (1992) stresses the interpretive, contextual and emergent nature of theory development, while Strauss and Corbin (1998) emphasize both systematic coding techniques (open, axial and selective coding) and techniques of comparison.¹⁰ In this dissertation, we follow the more systematic, analytical methodological suggestions of Strauss and Corbin (1998), which allow the researcher to bring in

⁹ See Knoll (2008) and Schmid (2005) for similar applications of grounded theory.

¹⁰ For further explanation about the distinction of the schools see Glaser (1992) or Stern (1994).

theoretical assumptions. These conceptual preliminary considerations may increase the theoretical sensitivity of the researcher as well as structure and inspire the empirical investigation (Schmid, 2005).

3.1.2 Research Approach

Given the limited theory on the phenomenon of strategic effectiveness, we pursue a case study approach for our investigation. It is an established approach in the management field to use case studies to explore complex phenomena with limited theoretical insights (Eisenhardt & Graebner, 2007). Case studies seek to study phenomena holistically within their real contexts (Yin, 2009). Their closeness to real-life situations and their multiple wealth of details are essential for the development of a nuanced view of reality (Flyvbjerg, 2006). The objective of case studies is “to expand and generalize theories (analytical generalization) and not to enumerate frequencies (statistical generalization)” (Yin, 2009: 15). The central notion is thus to develop theory inductively (Eisenhardt & Graebner, 2007). In this sense, the explorative and inductive character of the case study approach fits our postpositivistic research position and grounded theory (Knoll, 2008; Schmid, 2005).

Conducting case studies requires decisions on the *analytical level* (object and unit of analysis) and the *number of cases* to be studied (single or multiple cases). The analytical level guides the investigation by determining the scope of the case (Yin, 2009). A case is a “phenomenon of some sort occurring in a bounded context” (Miles & Huberman, 1994: 25). The phenomenon that we explore involves strategic effectiveness on corporate level. The *objective* of analysis is thus the corporate strategy department within the organization. Our *unit* of analysis is the value creation of corporate strategists for business and functional units.

There is a general distinction in design between single and multiple case studies (Yin, 2009). Single case studies typically exploit opportunities to investigate unexplored and complex phenomena (Eisenhardt & Graebner, 2007). Furthermore, single cases are supportive in confirming, challenging or extending theory (Stake, 1994). Thus, individual cases may represent a significant contribution to knowledge and theory building. In contrast, multiple cases may provide more robust findings, since the theoretical contribution is more deeply grounded in varied empirical evidence (Eisenhardt & Graebner, 2007; Yin, 2009).

For this research, we employed a *single-case study* approach.¹¹ We investigated the value creation of the corporate strategy department (unit of analysis) on corporate level (objective of analysis) within the automotive manufacturer AutoCorp. The decision to conduct a single case study was based on the following reasons:

It is a *unique research opportunity* to gain comprehensive firm access to a holistic investigation of strategic effectiveness within an organization; it enabled us to explore this very confidentially-sensitive phenomenon. In fact, this environment provided our study with a rich basis. Prior research provides *limited guiding theory* on the efficacy and effectiveness of strategy work. Thus, the early research stage and the explorative character of this study suggest the selection of a single-case approach to investigate the phenomenon (Yin, 2009). Moreover, Siggelkow (2007: 22) has emphasized such an approach for “getting closer to constructs and being able to illustrate causal relationships more directly”.

Finally, the case study approach provides an opportunity to explore holistic explanations within a single case and permits us to fully *capture the complexity and depth* of the strategists’ value creation (Pettigrew, 1997). Furthermore, single cases provide comprehensive research descriptions that increase the comprehensibility, thoroughness and practical utility of our research (Siggelkow, 2007; Weick, 2007).

3.2 Research Design

The research design describes the logical sequence connecting the empirical data to initial research questions and, ultimately, to the conclusions (Yin, 2009). Our research design’s development has been guided by the methodology (grounded theory) and research approach (in-depth single case study), which we have discussed in the previous section.

In the following section, we describe the industrial and organizational context of our single case study (3.2.1). Subsequently, we explain our case selection (3.2.2) and the nature and course of our research process (3.2.3). We will then discuss data collection (3.2.4) and data analysis (3.2.5). Finally, we report on the questionnaire development (3.2.6) and pilot measurement of the derived instrument for measuring strategic effectiveness (3.2.7).

¹¹ Grounded theorizing from single case studies has played an important role in strategic management research, e.g., Browning, Beyer & Shetler (1995), Burgelman (1994), Ghoshal & Bartlett (1994), Lovas & Ghoshal (2002), Paroutis & Pettigrew (2007), Regnér (2003).

3.2.1 Industrial and Organizational Context

Industrial Environment: Automotive Industry

The automotive industry has undergone unprecedented change since the mid-1980s. It has been shifting from a series of national industries to a more integrated global industry (Sturgeon, Van Biesebroeck, & Gereffi, 2008). The industry has globalized rapidly, typified by an increasing number of mergers and acquisitions, and a growing number of technology, research-and market-oriented international strategic alliances and cross-shareholdings among automobile producers. In addition, global automotive firms have been entering emerging markets to capture market growth in the course of economic liberalization (e.g., China, India or Russia), thus dealing with local policies and import regimes (Wells, 2010). During this period, the relentless competition within the industry forced producers to introduce aggressive procurement regimes, holistic purchasing strategies, and to maximize product and labor flexibility (Colovic & Mayrhofer, 2011; Wells, 2010). Furthermore, within globalization's progress, the industry has to face issues of the civilized world, involving responsibility in areas such as energy, resources, and environmental issues. To cope with future mobilization challenges, the industry needs to deal with technological changes and innovative mobility concepts.

The after-effects of the worldwide economic and financial crisis of the years 2007/2008 have altered the business landscape and challenged existing assumptions about operating and organizational structures. Automotive manufacturers are forced to rethink their business structure in order to eliminate complexity, which hinders competitiveness and innovation. To remain competitive, automotive firms are considering sharing development and innovation competence with suppliers or alliance partners and establishing flexible, cooperative business models (MacNeill & Chanaron, 2005).

These challenges highlight that the automotive industry is experiencing uncertain times. The economic and environmental challenges require integrated strategies and especially their realization of the need for continuity and profitable growth within the automotive industry. This calls for solid and sustainable strategy work, which translates strategies into practical and targeted action.

Research Site: AutoCorp

Company Overview. AutoCorp is a publicly listed, global automotive company operating in multiple businesses. It offers a comprehensive range of products, components

and services. The company comprises five moderately related business units, which combine similar competitive markets and technologies.¹²

Corporate Strategy. AutoCorp's primary corporate objective is to achieve sustainable profitable growth. Within this objective, the firm has defined four strategic growth areas for all businesses.¹³ The *strengthening of the core business* in traditional markets is a crucial prerequisite for profitable growth. In this regard, AutoCorp's efforts strive for new product launches. This portfolio expansion addresses the increasing differentiation within market and customer segments.

Developing new markets provides further growth opportunities with regionally adapted products and offerings. In the rapidly growing markets of China, India, Russia and Brazil, AutoCorp is intensifying its local activities by establishing and developing local production and sales operations.

The entire automotive industry has growth opportunities emerging from differing mobility demands and the resulting renewal of vehicle stocks in favour of economically and environmentally friendly vehicles. AutoCorp's ambition of *green technologies* comprises a portfolio of drive-system solutions ranging from the optimization of internal-combustion engines, to hybridization, to vehicles free of local emissions.

Finally, in both saturated and highly-saturated markets, global trends such as urbanization and individualization require innovative *mobility concepts*. In this regard, AutoCorp's aim is to promote both efficient and socially sound mobility by developing distinguished vehicle concepts, e.g., car-sharing or ride-sharing concepts, and contemporary communication technologies.

Realizing these four strategic growth objectives requires the capacity to grow internationally, to continuously improve cost efficiency, and to create a coherent forward view to shape the firm's strategic direction. Consequently, the corporate strategy department shapes the course of action to achieve the organization's long-term objectives.

Corporate Strategy Department. The strategy function is part of the corporate centre and reports directly to the CEO. It is organized in seven rather heterogeneous subunits structured along corporate, business, regional and functional themes.¹⁴ Whereas the

¹² Owing to the constraint not to disclose the case we cannot provide detailed facts and figures about AutoCorp and its businesses.

¹³ Document d-AC01

¹⁴ Document d-AC02

subunit AutoCorp Strategy generates the strategic scope of the overall organization, including the strategic planning process, the subunits Strategy Personal Cars, Strategy Commercial Vehicles and Strategy Financial Services, guide the strategic regional and functional themes of the corresponding business units. Asia Strategy accounts for AutoCorp's strategic activities mainly in China and delivers divisional and functional strategies to capitalize on market potentials. Part of the Innovation Strategy's responsibility includes coordinating the global monitoring process of the regulatory environment and thus developing corporate positions. Furthermore, the subunit endorses Research & Development by its innovation strategy. Lastly, Procurement Strategy provides market intelligence and strategies for AutoCorp's procurement units.

In 2008, the staff function Strategy Impact Management was introduced to facilitate effective and sustainable strategy work. The primary concern is hence to increase the visibility, efficacy and thus the success of strategic initiatives within the organization. Figure 3-2 provides an overview of the corporate strategy function at AutoCorp.

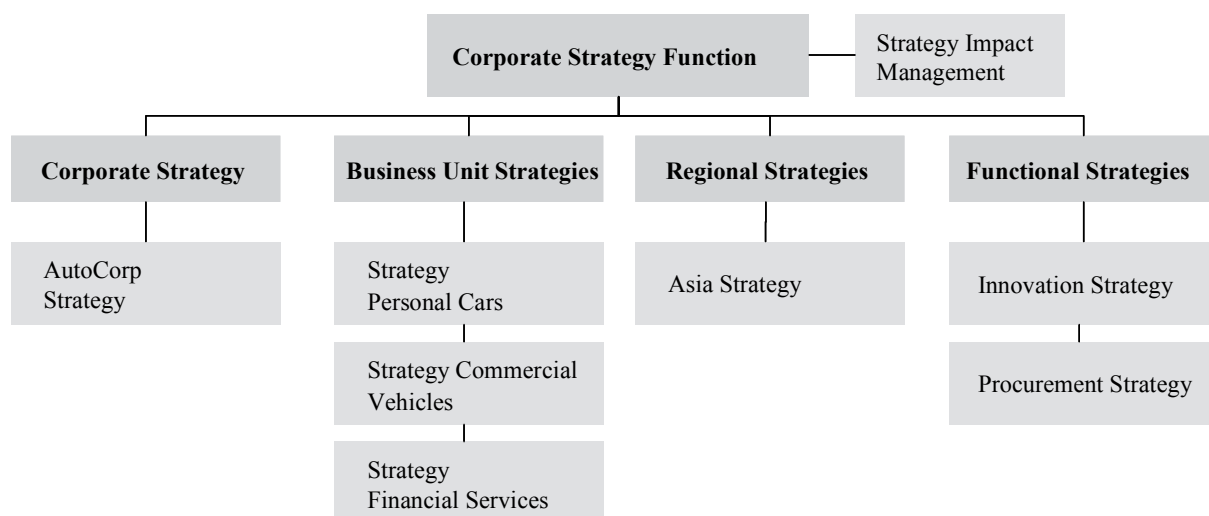


Figure 3-2: Organizational Design of AutoCorp's Strategy Function¹⁵

With about 90 corporate strategists, the strategy department acts as interface between operative business units, functions and the corporate group. It defines its responsibilities to develop strategies with businesses and functions, to identify and launch new business opportunities, to act as sparring partner by providing strategic background

¹⁵ Document d-AC03

information, and to ensure strategy implementation.¹⁶ Therefore, close collaboration of strategists, businesses, and functions is required in order to successfully drive and realize the strategic objectives of the organization.

Strategy Work at AutoCorp. AutoCorp's strategy work has altered considerably in recent years.¹⁷ First, an organizational restructuring of AutoCorp from 2006 to 2008 led to a centralization of the corporate strategy function. Besides reducing administrative expenses, this reorganization aimed at strengthening corporate functions in order to build an integrated, effective corporate group. The strategy function was rebuilt into nine subunits with defined responsibility assignments, which fosters transparency and internal coordination.¹⁸ Consequently, the centralization transformed the strategy unit into a pure corporate function without any direct link with the business units. This organizational disconnect illustrates the importance of an intensive exchange and collaboration with operational units in order to realize the strategic objectives of the organization.

Second, in 2007 AutoCorp introduced an interactive continuous strategy process. Whereas the previous strategic planning process represented an annual 'dog and pony show' of individual business units for the board, the new strategy process describes a dialogue-oriented approach. The process is dynamic and calendar-based, which allows continuous adaption of the strategic direction. An important role within the new planning process takes on a small executive team that consists of about 20 executives from various business units, functions and regions. This team, as steering authority, proactively challenges existing business strategies, and thus enhances internal transparency. However, the overall responsibility of the strategy process is still with the board, which provides guidance and takes final decisions. The corporate strategy function facilitates, in terms of moderating and coordinating activities, and further assists the business units with the realization of the strategic guidelines.

Third, AutoCorp systematically bundled strategy communication activities in order to create a shared understanding of the firm's strategy. Strategy communication was explicitly anchored within the corporate strategy department in close collaboration with corporate communication. Thereby communication activities encompass two directions: the direct dissemination of content concerning firm activities and the creation of

¹⁶ Document d-AC04

¹⁷ Document d-AC05

¹⁸ In 2009, both subunits Innovation & Technology Strategy and Business Environment Strategy were merged into Innovation Strategy. Furthermore in 2011, the subunit Think Tank was assigned to the Research & Development function of the organization.

transparency and connectivity within the strategy department and across the entire organization.

Accordingly, the changes in the strategy work of AutoCorp altered the positioning of the corporate strategy function. The function has attained vigor through centralization. However, these changes reveal that an intense involvement of business and functional units is inevitable in order to implement and realize the intended strategies.

3.2.2 Case Selection

The selection of an adequate case is an important aspect of providing valuable contributions for theory building (Eisenhardt & Graebner, 2007). Our selection of AutoCorp was guided by the following criteria to ensure that our research enables insights into the value creation of the corporate strategy function:

AutoCorp as a listed multi-business firm operates in diverse markets; this increases the *variety of strategic themes*. This diversity enabled us to capture the complexity and depth of strategic value creation comprehensively and thus facilitated the generation of meaningful theory.

Contrasted with other firms, AutoCorp's corporate strategy department has initiated a *dedicated focus on impact management* with the purpose of creating efficacious and influential strategy work. In this context, the function introduced several activities (e.g., strategy dialogs within the organization) and instruments (e.g., tailored training programs for strategists) to increase the visibility and efficacy of its strategy work. This focus fitted our research's objective of investigating value creation.

Furthermore, AutoCorp holds leading competitive positions in various markets within the automotive industry. Hence, this suggested that we should be able to observe a *professional and transparent approach* to strategy and strategy development.

Finally, an essential aspect in selecting AutoCorp was *holistic access*. In the context of a formal research agreement¹⁹, we gained unique access to the organization. Our research was advocated by the chief strategist; this enabled us to investigate the very confidential and sensitive phenomenon.

¹⁹ The author of this dissertation held a position as doctoral student with AutoCorp.

3.2.3 Research Process

Our research process followed Strauss and Corbin's (1998) suggestion for theory building. A highly iterative, mutually reinforcing process typically characterizes this procedure. We ensured the flexibility and openness demanded by grounded theory in particular by switching frequently between data collection and data analysis (cf. Knoll, 2008; Schmid, 2005). Our approach is divided into five phases.²⁰ Figure 3-3 provides an overview.

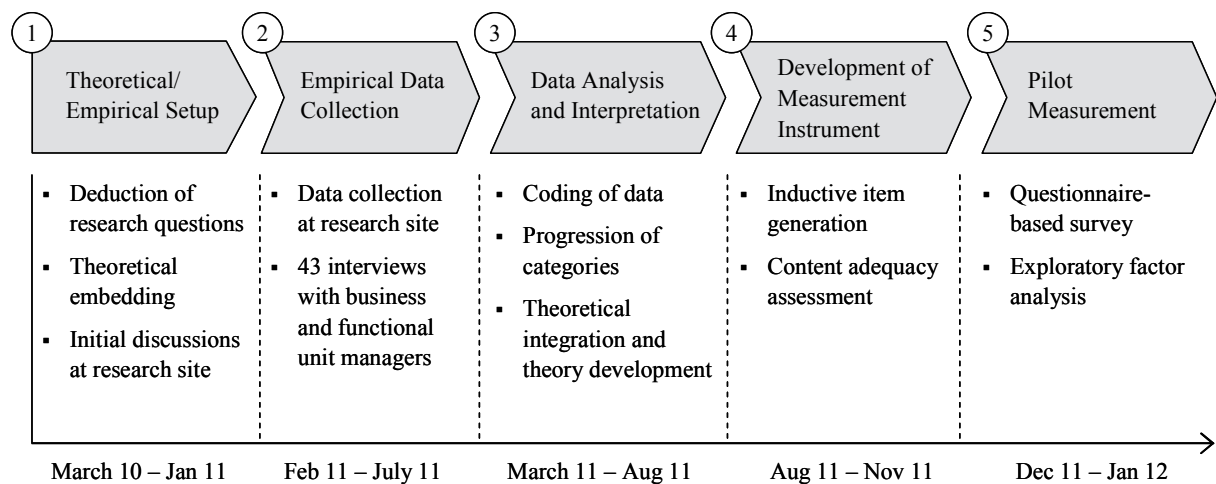


Figure 3-3: Research Process

(1) In a *first* 'explorative' phase, we studied the existing literature in the strategic management field extensively in order to specify and determine the research questions. Correspondingly, we adopted a corporate strategy perspective and selected an adequate research setting for the research goal. During this first phase, we gained access to the research site and some key informants. Thus, we were able to establish a profound understanding of the context and field of activity of corporate strategists.

(2) In the *second* phase, data was collected. In parallel, we collected and studied respective documentary data. From discussions with responsible parties at AutoCorp, we selected eight strategic initiatives as research context that provided a basis to explore the phenomenon of strategic effectiveness. The data collection was based on theoretical sampling, i.e. the selection of the 43 respondents was guided by their theoretical

²⁰ The linear presentation of the iterative research process was chosen for better understanding and transparency.

relevance rather than representativeness (Eisenhardt & Graebner, 2007; Strauss & Corbin, 1998).

(3) In the *third* phase, we analyzed and compared the data. The analysis process involved various coding techniques to examine and interpret data. Further, we applied the iterative techniques of abstracting and comparing (Strauss & Corbin, 1998), which lead to the building of higher order concepts, finally resulting in constructs grounded in theory (Punch, 2005).

(4) Based on the findings of our inductive study, in the *fourth* phase we developed the measurement instrument for strategic effectiveness following the Organizational Energy Questionnaire (Bruch & Vogel, 2011). Through a content analysis of the interview data, we inductively generated questionnaire items to measure the construct (Cole, Bruch, & Vogel, 2005, 2012; Hinkin, 1998). We then conducted a content adequacy assessment with a respondent from the research site and academia to judge whether the measurement construct contains a reasonable and comprehensible sample of items (Anderson & Gerbing, 1991).

(5) In the *final* phase, we applied the measurement instrument in a first quantitative pilot measurement at AutoCorp. To achieve reliable measurements, we performed exploratory factor analysis (EFA). The EFA served to refine and observe item-factor patterns of our measurement construct (Gerbing & Anderson, 1988).

3.2.4 Data Collection

Interviews. This study used interviews as the primary method of data collection. We conducted 43 semi-structured interviews applying the critical incident technique developed by Flanagan (1954).²¹ Incidents, in this regard, are characterized as ‘critical’ based on the justification, the significance, and the meaning given to them by respondents (Angelides, 2001). This interview technique serves the investigation of significant occurrences (e.g., situations or incidents), which allowed us to capture respondents’ frame of reference with respect to their interpretation of strategists’ value contributions. The interviews’ objectives were to identify incidents of strategists’ high and low effectiveness by generating detailed accounts of the individual respondent’s experience with the corporate strategy function. For this purpose, the respondents explained their collaboration with corporate strategists and portrayed the context, process and

²¹ The interview guide can be found in Appendix I.

outcomes of these interactions. Moreover, we asked the interview partners to assess the strategists' work and thus evaluate their effectiveness.

We selected eight strategic initiatives of significant importance for AutoCorp as research context for our study. The set of initiatives reflected largely the heterogeneous subunits of the corporate strategy function; furthermore, we considered that they dealt with diverse strategic themes such as strategic cooperation, new business development, regional strategy development, and strategic planning. Hence, these thematically heterogeneous initiatives enabled us to sample incidents in which strategists find themselves in 'representative' constituency engagements.

Before conducting the interviews, we held conversations with corporate strategists involved in the initiatives to establish a profound comprehension of the context and intention of these initiatives. We were able to create a first impression of the interactions of strategists with business units and functions by gaining an understanding of the intended roles, activities and encountered issues. Based on these discussions, we carefully selected the interview partners, business and functional unit managers on multiple levels (top, middle and business management), on the basis of their experience, relevance or position of power in interactions with the strategy function within the selected initiatives.²² Furthermore, we emphasized that the respondents represent a heterogeneous sample of mindsets, including both advocates and critics.

The interviews' duration ranged from half an hour to two hours, with an average of approximately one hour. With one exception, all interviews were recorded and transcribed.²³ Additional contextual information and relevant informal conversations were noted and used to corroborate the data obtained from the formal interviews. We concluded our data collection once theoretical saturation was reached, i.e. when further data produced no new theoretical development (Glaser & Strauss, 1967; Strauss & Corbin, 1998).

In the context of our formal research agreement, we spent substantial time on-site and were personally in contact with the organization's activities. This provided valuable context information and impressions of strategic actions to validate the information from the interviews.

Documentary Data. The retrieval and analysis of secondary data provided retrospective information, which contributed to our understanding of the industry, the history of

²² The list of interview partners can be found in Appendix II.

²³ If no permission was granted to record the interview, we used detailed interview protocols instead of transcripts.

the firm, and the significance of strategy within the organization. Documentary data consisted of internal and external publications, e.g., internal presentations, organizational guidelines, press releases, and financial reports. This secondary data complemented and validated the information from the interviews.

3.2.5 Data Analysis

The objective of the data analysis is the development of a grounded mid-range theory of strategic effectiveness. Merton (1968: 39) defines mid-range theories as those “that lie between the minor but necessary working hypotheses that evolve in abundance during day-to-day research and the all-inclusive systematic efforts to develop unified theory”. Thus, mid-range theories involve abstractions, but they are close enough to observed data, which permits empirical testing.

Our data analysis partially overlapped with data collection, which facilitated open and flexible theory building (Eisenhardt, 1989; Strauss & Corbin, 1998). In our analysis, we followed Strauss and Corbin’s (1998) principles of grounded theory. We started our analysis with *open coding*, which describes the process of breaking down data into different units of meaning.²⁴ We analyzed the interview transcripts line by line in order to identify key words or phrases, which connect the respondent’s account to the experience under investigation (Miles & Huberman, 1994). We then compared these items through an assessment of similarities and differences to infer overarching concepts. Early detailed open coding included over 300 codes, which were subsequently grouped into more abstract categories.

In a next step, we consolidated data that were fractured during open coding. This process of *axial coding* generates more precise and complete explanation of a phenomenon (Strauss & Corbin, 1998). We selected concepts and categories and investigated them for within-group similarities and differences (Eisenhardt, 1989). If similarities dominated over differences, i.e. a pattern could be identified, we aggregated the constructs. In fact, we built networks that document the relations between concepts and categories.²⁵ For example, we generated the concepts of ‘benchmarking’, ‘identification of corporate potentials’, ‘analyzing trends’ and while coding, we noted that they seem to represent activities directed toward the category ‘foresight’. Through subsequent iterations in the analytical process we realized the link among categories such as ‘foresight’, ‘guidance’, and ‘holistic view’ and thus further grouped them to the more

²⁴ The data analysis was performed with the software ATLAS.ti.

²⁵ The networks for the final categories can be found in Appendix V.

abstract category ‘entrepreneurial behavior’. This reduction of complexity through aggregation should reach a level where a maximum of explanatory power inheres in the categories (Corbin & Strauss, 1990). At this stage, we also returned to literature and compared the emerging theory with existing research. Hence, the focus was again to investigate similarities or differentiation. This tying to existing literature enhanced the internal validity, generalizability, and theoretical level of our study’s theory building (Eisenhardt, 1989).

In the process of *selective coding*, we further integrated and refined categories to form a larger scheme, which constitutes the form of theory (Strauss & Corbin, 1998). By unifying all categories to an explanatory whole, the core category represents the central phenomenon of the study (Corbin & Strauss, 1990). The theoretical concept of ‘strategic effectiveness’ was derived from the data. During selective coding we drew on our deductive basis in terms of the organizational energy concept to identify categories that describe effectiveness dimensions, states and enablers (Bruch & Vogel, 2009, 2011). More precisely, we further refined the generated categories and finally integrated them in dimensions, states and enablers of strategic effectiveness. For example, we realized that concepts such as ‘management commitment’, ‘bringing people together’, or ‘transmission between top management and business units’ represent a broader category that describes a relational effectiveness dimension. Other categories such as ‘entrepreneurial behavior’ or ‘expertise’ characterize effectiveness enablers, while ‘assuming responsibility’ or ‘driving content’ describe a state of seminal strategic effectiveness. In this way, the framing elements of the organizational energy concept guided the selective coding to constitute dimensions, states and enablers of strategic effectiveness. After establishing this structure, we compared and enriched the empirical findings with existing literature, which served as the basis for the development of the measurement instrument.

However, our analytical process was not constantly as linear as is outlined above. Some concepts were observable directly from interview data. Furthermore, categories are not homogeneous; some categories are more complex than others, even though they are on the same level of abstraction (cf. Knoll, 2008).

3.2.6 Development of Measurement Instrument

Based on the methodology and logic of the Organizational Energy Questionnaire (Bruch & Vogel, 2011), we developed the measurement instrument to evaluate the strategy department’s effectiveness. Thus, the measurement instrument comprises two

functions; we measure the effectiveness states and assess the effectiveness enablers. The analysis of a corporate strategy function's effectiveness state indicates the extent to which the effectiveness potential is exploited. Measuring the effectiveness enablers facilitates identifying levers for effectiveness management to fully exhaust the strategy department's effectiveness potential. Consequently, the measurement instrument offers an initial indication of the effectiveness situation and provides some levers for managing strategic effectiveness.

Measurement of Effectiveness States. The construct development of the measurement instrument was in accordance with established methods (Hinkin, 1998) and measures (Cole et al., 2005, 2012). Our data analysis indicated that strategic effectiveness consists of a 'relational', 'cognitive' and 'functional' dimension and that it can take the four different effectiveness states: 'seminal', 'lagging', 'routine' and 'rushed'. Specifically, we noted that the effectiveness states reflect the extent to which the potential of these dimensions is exploited. Furthermore, we found empirical evidence that the intersection of 'vigor' and 'quality' of the strategy work determines the effectiveness state, i.e. strategy functions might differ in their work's vigor and quality. The combination of these aspects defines the four states in a strategic effectiveness matrix.

Once we had established a thorough understanding of the theoretical foundation of strategic effectiveness, we inductively developed questionnaire items, which represent the abstract construct (Hinkin, 1998). The measure generating procedures comprised analyzing the interviews. We evaluated the interview data by systematically gathering quotations related to the identified effectiveness states. For all states, we searched for recurring statements concerning the relational, cognitive and functional effectiveness dimension. For example, for the state of seminal effectiveness, the item: 'the corporate strategy department builds a bridge linking the business and functional units within the organization' is connected to the relational dimension. The item: 'the corporate strategy department adopts a cross-divisional strategic perspective' relates to the cognitive dimension. The item: 'the corporate strategy department translates strategies into practical implementable plans' represents the functional dimension. Iterations between inductive reasoning from data and deductive checks, by applying our guiding framework (i.e. effectiveness states, effectiveness dimensions, and effectiveness enablers) helped avoid idiosyncratic biases and blind spots during item generation (Meynhardt & Bartholomes, 2011). This procedure resulted in a pool of 68 items for all effectiveness states. A partner from the research site and academia pre-tested the questionnaire in terms of comprehension and wording and consequently eliminated one item for the effectiveness state routine, reducing the item pool to 67 items with 24 items for the state

seminal, 14 items for the state lagging, 14 items for the state routine, and 15 items for the state rushed.²⁶ The items are assessed in a five-point Likert scale (e.g., ‘The corporate strategy function builds a bridge linking the business and functional units within the organization’: 1 = strongly disagree; 5 = strongly agree). The results for each effectiveness state are averaged and subtracted by one and then multiplied by 25 [(average of state -1) x 25]. This results in a percentile exploitation of each state. Since all three effectiveness dimensions underlie each state and each state is measured by attributively different measurement items, the states do not add up to 100 percent. They may co-exist to similar extents. This operationalization approach is in accordance with the organizational energy concept (Cole et al., 2012).

Measurement of Effectiveness Enablers. Our inductive data analysis further identified five effectiveness enablers, which influence the formation of strategic effectiveness. These enablers ‘network’, ‘leadership behavior’, ‘expertise’, ‘entrepreneurial behavior’ and ‘coordination’ present levers for effectiveness management.

We used measures from existing literature to operationalize the concepts to measure the effectiveness enablers. The use of established measures increased the reliability of these measures (e.g., Babbie, 1992). Furthermore, this procedure clearly distinguished the effectiveness enablers’ measures from those of the effectiveness states. In an extensive literature review we searched for scales, which adequately reflected the meaning of our inductively derived effectiveness enablers. All measures were assessed on five-point Likert-type scales and slightly modified to reflect the specific context of our study. In order to appraise content adequacy, a partner from the research site and academia were asked to judge the measurement items on wording to ensure logical coherence. Based on this assessment we reworded some items. Table 3-1 provides an overview of the measures.

We rely on tie strength to assess the impact enabler network. Network ties influence the access to parties for combining and exchanging knowledge and the anticipation of value through such exchange (Nahapiet & Ghoshal, 1998). We measured interaction frequency by using a single item adapted from previous studies (e.g., Hansen, 1999; Marsden & Campbell, 1984). Conventional network measures typically also include closeness as a further dimension underlying tie strength. We deliberately neglected this measure due to similarities to items used for measuring effectiveness states.

²⁶ The list of the measurement items for the effectiveness states can be found in Appendix IV.

Leadership behavior comprises the measures: conflict handling and joint problem solving. We assessed the engagement of the strategy function in conflict management processes based on a three-item measure. Two items were based on Jehn's (1995) conflict norms and one item was adapted from Quigley, Tekleab and Tesluk (2007). Our joint problem solving measure consists of three items based on Simsek, Veiga, Lubatkin and Dino's (2005) scale on information exchange quality. We performed an EFA to consider combining the measures conflict handling and joint problem solving into leadership behavior. Since the items did not load explicitly onto a single factor, we retained them separately. Cronbach's Alpha for conflict handling is 0.87 and 0.85 for joint problem solving.

The effectiveness enabler expertise measured the extent to which strategists were perceived as being skilful and reliable in performing their activities. We used Spreitzer's (1995) three-item competence scale. Cronbach's Alpha for the measure is 0.72.

Entrepreneurial behavior was operationally defined with the two subscales of innovative behavior and issue selling credibility. Innovative behavior was measured with three items from Scott and Bruce's (1994) individual innovation measure. For issue selling credibility, we used a single item of Parker and Collins' (2010) proactive strategic behavior measure. An EFA confirmed the combination of the subscales into the higher order construct of entrepreneurial behavior; all four items, loaded onto a single factor, explaining 71 percent of the variance. Cronbach's Alpha for the measure is 0.86.

Finally, the measurement scale for the effectiveness enabler coordination consisted of two items on the quality of harmonization and integration of contributions in the strategizing process. We adapted the items from Hoegl, Weinkauff and Gemuenden's (2004) teamwork quality measure. Cronbach's Alpha for the measure is 0.87.

Measure	Items	Scale	References
Network	How frequently does the corporate strategy department interact with your organizational unit?	1 = rarely, 5 = very frequently/daily	Hansen (1999) Marsden & Campbell (1984)
Leadership behavior			
<i>Conflict handling</i>	Conflict is dealt with openly in the collaboration with the corporate strategy department The corporate strategy department knows what to do when conflicts arise The corporate strategy department actively initiates steps to resolve the conflict	1 = strongly disagree, 5 = strongly agree	Jehn (1995) Quigley, Tekleab & Tesluk (2007)
<i>Joint problem solving</i>	The ideas that we exchange with the corporate strategy department are of high quality The solutions that we create with the corporate strategy department are of high quality The discussions among team members produce a high level of creativity and innovativeness	1 = strongly disagree, 5 = strongly agree	Simsek, Veiga, Lubatkin & Dino (2005)
Expertise	The corporate strategy department is confident about its ability to do its job The corporate strategy department is self-assured about its capabilities to perform its work activities The corporate strategy department masters the skills necessary for its job	1 = strongly disagree, 5 = strongly agree	Spreitzer (1995)
Entrepreneurial behavior			
<i>Innovative behavior</i>	The corporate strategy department generates creative ideas The corporate strategy department promotes and champions ideas to others The corporate strategy department is innovative	1 = not at all, 5 = very often	Scott & Bruce (1994)
<i>Issue selling credibility</i>	The corporate strategy department is known as a successful issue seller	1 = strongly disagree, 5 = strongly agree	Parker & Collins (2010)
Coordination	The corporate strategy department closely harmonizes the work done on subtasks Connected subtasks are well coordinated by the corporate strategy department	1 = strongly disagree, 5 = strongly agree	Hoegl, Weinkauff & Gemuenden (2004)

Table 3-1: List of Measurement Items for Effectiveness Enablers

3.2.7 Pilot Measurement

After developing the measurement instrument, we sought to apply the construct in an initial quantitative pilot measurement at AutoCorp. Data was collected between December 2011 and January 2012. We sent the questionnaire to the former interview partners with a reminder e-mail. As a result, we received 31 surveys (response rate: 72 percent).

The content driven item generation led to a congeneric model, in which every item represents the latent construct (Anderson & Gerbing, 1982). Since this latent factor influences the item with different weights and each item is influenced with (uncorrelated) measurement errors (Gerbing & Anderson, 1984), we conducted an EFA of the pilot test data to achieve the factors' reliable measurements.

A primary purpose of the EFA is to define the underlying factor structure of correlations among observed variables. EFA's objective is to arrive at a more parsimonious conceptual understanding of a set of measured variables by determining the number and nature of common factors required to account for the correlation pattern among the measured variables (Fabrigar, Wegener, MacCallum, & Strahan, 1999). EFA, in contrast to confirmatory factor analysis (CFA), is undertaken when the researcher has no strong a priori theories about the underlying factors (Mulaik, 2010). Thus, it is particularly suitable as a preliminary analysis in the absence of sufficiently detailed theory about the relations of the underlying construct's dimensions. Especially at early research stages, EFA demonstrates a useful technique for scale development (Gerbing & Anderson, 1988).

We conducted an EFA for each effectiveness state using principal components analysis as factor extraction method.²⁷ This method was applied to define a small number of factors that adequately represent the original set of variables (Backhaus, Erichson, Plinke, & Weiber, 2003). Before conducting the EFA procedure, we tested the sampling adequacy of the correlation matrices for factor analysis. The Kaiser-Meyer-Olkin criterion resulted in 0.462 for seminal, 0.803 for lagging, 0.641 for routine, and 0.836 for rushed effectiveness, which indicated the samples' adequacy, except for the sample for seminal effectiveness (Kaiser & Rice, 1974).²⁸ This inadequacy might be caused by the small sample size compared to the number of items, which could reduce the

²⁷ The data analysis was performed with the software SPSS 19.

²⁸ The Kaiser-Meyer-Olkin criterion takes on values between 0 and 1; it should be >0.5 in order to proceed with a factor analysis (Kaiser & Rice, 1974).

stability of the factor structure. Nevertheless, Bartlett's test of sphericity suggested strong relationships between the variables for all four effectiveness states, based on the observed significance levels after testing ($< .0001$). We used varimax rotation to achieve simplified factor structures for explorative interpretation of the factor loadings. The results of the EFA are presented in Chapter 5.

3.3 Research Quality

Findings based on qualitative research are especially vulnerable to incomplete and blurred perception of the researcher's reality. It is thus essential to assess the quality of our research on generic criteria to enable comparability to other research designs (Scandura & Williams, 2000). Methodological literature commonly denominates validity and reliability measures for assessing the rigor of qualitative research (Campbell, 1975; Gibbert, Ruigrok, & Wicki, 2008; Scandura & Williams, 2000).

3.3.1 Validity

The criterion of validity encompasses the aspects of *construct validity*, *internal validity* and *external validity*. Construct validity refers to the quality of conceptualization of the relevant concept (Gibbert et al., 2008). Internal validity concerns the established causal relationships' validity (Lamnek, 2005). The generalizability of the findings is described by the external validity (Scandura & Williams, 2000).

Construct Validity. Construct validity refers to the extent to which a research procedure leads to an accurate observation of reality, i.e. to the appropriate measurement of key constructs (Gibbert et al., 2008). We applied different tactics to ensure the validity of our constructs:

Multiple sources of evidence. We employed different methods of data collection to minimize potential perception bias. Furthermore, various persons with differing individual functions and levels of observation (corporate level, business level, project level) were interviewed to obtain evidence from multiple perspectives (Eisenhardt, 1989; Stake, 1994).

Chain of evidence from data to constructs. Through interview citations and clearly referenced interviews, we aimed to establish a chain of evidence that allows the reader to follow the derivation of the conclusions (Yin, 2009).

Review of results by key informants. We discussed the adequacy, meaningfulness and relevance of the constructs in an intensive feedback process with strategists of the case

company. This allowed the emerging constructs' comprehensiveness to be tested (Mayring, 2002).

Pilot measurement of constructs. Finally, to provide initial evidence of the construct validity, we conducted an EFA of the underlying factor structure. In doing so, we offered primary conceptual explication and clarity of the constructs (Cole et al., 2012; Nunnally & Bernstein, 1994).

Internal Validity. Internal validity relates to the internal logic of the research, i.e. assuring the validity of the established causal relationships (Lamnek, 2005). Hence, internal validity refers to the data analysis phase (Yin, 2009). We assured the actual discovery of the relationships and constructs of interest of this study by focusing on clearly defined research questions (Gibbert et al., 2008). We took the following measures to enhance internal validity:

Continuous abstracting and comparing. By applying the grounded theory techniques of abstracting and comparing, we improved the internal validity of causal relationships (Corbin & Strauss, 1990; Strauss & Corbin, 1998). As described in our data analysis section, we constantly compared data sets to build higher order constructs, preliminary results to emerging data to confirm or refine findings, and observed patterns with existing literature.

Explanation building. We documented our findings in a way that the reader can reconstruct the causal relationships by following a story line that connects the categories in the theoretical model (Corbin & Strauss, 1990; Creswell, 2007).

Reviews of causal relationships. We discussed our categories and proposed causal relationships with other researchers. The additional perspectives and experience in the field helped to validate the theoretical relevance of our arguments.

External Validity. External validity refers to the generalizability of findings. Generalizable results are essential for solid theory building (Weick, 1995). However, case studies do not allow for statistical generalization. The issues of generalizability from case studies are particularly severe for single cases (Eisenhardt & Graebner, 2007). Nevertheless, single cases are recognized as "valuable starting points" for theory emergence in fields with limited theoretical knowledge (Siggelkow, 2007: 21).

Although we admit that our case study can only be an initial small step toward a theory of managing strategic effectiveness, some facts indicate that our findings are at least to some extent generalizable:

Similarities with extant literature. Several of our constructs could be confirmed against similar terms and assertions in the extant literature, which strengthens the general theoretical relevance of our research (Eisenhardt, 1989).

Comparison of similarities and differences. The within-case comparison of concepts and categories across different investigated strategic initiatives increased the likelihood of generalizable results (cf. Knoll, 2008).

3.3.2 Reliability

The criterion of reliability refers to the absence of random error, enabling subsequent researchers to generate the same findings when conducting the same research (Gibbert et al., 2008). Owing to the fact that qualitative research is bounded to the context in which it is conducted, replication is difficult to achieve (Lamnek, 2005). Thus, reliability in qualitative research focuses on offering sufficient information that enables other researchers to draw independent conclusions (Yin, 2009). Reliability in our study was ensured by:

Documentation of research design. In the previous sections, we presented our research design transparently to allow for inter-subjective verification. This involved detailed descriptions of the research process, case selection criteria, methods for data collection and analysis, and the measurement instrument development procedure.

Insertion of empirical raw data. We inserted empirical raw data, i.e. original citations, which made key results plausible in the presentation of our findings to allow the reader to draw independent conclusions (Yin, 2009).

4 Toward a Conceptual Model of Strategic Effectiveness

This dissertation's empirical objective is to investigate the corporate strategy department's effectiveness at AutoCorp.²⁹ The findings of the in-depth data analysis presented in this chapter comprise descriptive and explanatory elements and correspond to the study's underlying research question on what constitutes strategic effectiveness. (Please see Section 1.1).

As mentioned in Section 1.2, the concept of organizational energy (Bruch & Vogel, 2009, 2011) deductively framed our research. Our inductive research findings are therefore presented within our guiding framework in this chapter. Section 4.1 reports on the dimensions of strategic effectiveness and how they account for the strategy department's effectiveness. Subsequently, we differentiate between states of effectiveness (4.2) and what influences their formation (4.3). We conclude by summarizing the findings and deriving an initial conceptual model of strategic effectiveness (4.4).

4.1 Effectiveness Dimensions: Strategic Effectiveness as Multidimensional Construct

During the data analysis we initially identified four effectiveness dimensions: structural, relational, cognitive and functional. In the course of the analysis we aggregated the structural dimension into the relational dimension due to similarities with regard to contents. The structural dimension referred to how strategists use their linkages within the organization; this is very similar to the relational dimension that reflects the strategists' integrative role in strategizing. Our findings thus reveal that strategic effectiveness is a multidimensional construct consisting of a relational, cognitive and functional dimension, which all represent complementary components of effectiveness. In this section, we explain these three dimensions with empirical evidence from our data and discuss – by means of exemplary activities – why and how they constitute the strategy department's effectiveness.

4.1.1 Relational Dimension

The relational dimension of strategic effectiveness refers to the integrative role of the strategy department within the organization. In particular, it refers to the integrative activities that the strategy department uses in the strategizing process. Effectiveness, in

²⁹ Labeling and pseudonyms are used to de-personalize the context and the actors in order to maintain the confidentiality of the interview partners and to strengthen the growth of generalizable findings from the study.

this sense, depends on the extent to which the strategy department exploits its integrative role. Our data indicate two central integrative activities: building the transmission between the board of management and business units, and bundling organizational competences.

Owing to its central location in the corporate center, the strategy department possesses a direct link to the organization's board of management. This direct link enables the strategists to build a transmission between top management and businesses or functions involved in strategic activities. Transmission, in this context, means that strategists retrieve the top management's intentions and bring them to the initiative teams; simultaneously they pass on information from the initiative teams to the board of management. This mechanism assures that strategy work is executed with the board of management's agreement and that the involved parties receive fairly binding top management statements, which guide their strategic activities. In this way, strategists make sure their strategies are supported within the organization. For the strategists, in turn, this implies that they reflect upon how to gain the attention and approval of the board of management.

"[The strategy department should] see what the board of management wants and make it plain to us [the involved parties] since I hear next to nothing from the management. I have read more about the cooperation project in the newspaper than I have heard directly from the board of management. [...] [The strategy department should] build this transmission mechanism between what is happening with us [the various sub-projects of the initiative] and the intention of the board and to convey this information in both directions. In this sense the department should systematically collect [information] from us [the various sub-projects of the initiative] and bring it to the board of management and vice versa. [...] To have people [strategists] collaborating with our unit, who does this job, in the sense of using a transmission mechanism, would actually be most helpful." (IP31: 47/95)

"This was for me an essential contribution of the colleagues [strategists] [...] the question of how to prioritize, how to obtain the necessary approval and attention of the acting decision makers in the organization." (IP38: 51)

Another integrative activity of the strategy department involves the bundling of organizational competences in the pursuit of strategic activities. In this regard, the strategists combine different business units and functions in order to work on strategic initiatives collectively.

“My assumption actually is that strategy work to a large extent consists of gathering competences in the organization [...] in order to collectively develop a strategy with this cumulative competence at the table.” (IP6: 45)

More specifically, the strategy department facilitates the integration of involved parties in order to build an effective team.

“Our project might not be the prototype for every strategy project, but I guess that it will often be the case that you [the strategists][...] need to bring together competences from totally different divisions of the organization, which often leads [...] to situations, where you bring people together who have never collaborated before. Then you have to actively facilitate this process of getting to know each other by team building [...]. If you neglect to do this, the result [of the project] will only happen randomly.” (IP38: 111)

In this regard, effective strategy work includes selecting the right organizational members so that their expertise and strengths complement each other. A manager describes this as follows:

“How do I induce anybody to bring in his or her strengths in such a team? How do I recognize his or her strengths? [...] For me, that [answering these questions] belongs to successful strategy work. This probably will not be written in any textbook. [...] Maybe the decisive element of success was [in the initiative] to form a team, which worked toward a shared goal and everybody felt secure about receiving an appropriate amount of work, but also an appropriate kind of participation in the process [negotiation process] and portion of the success. This is linked with recognition and appreciation. That we achieved this was critical for our success. [...] Therefore I regard an effective strategist as someone who can handle people well: different characters in an adequate and appreciative manner.” (IP38: 15/107)

The integrative activities of the strategy department reflect that strategy making does not occur in an ivory tower. There is a wide range of organizational members involved in strategy. The strategy department cares about a collaborative working atmosphere, keeps the different parties together and integrates them into an ensemble. An executive summarizes this nicely:

“Eventually, the strategy department in charge of our CEO has the duty [in the role of a conductor] to see how, from an orchestra composed of a number of

highly professional, highly successful players, a piece of music evolves, which is listenable.” (IP18: 11)

4.1.2 Cognitive Dimension

The cognitive dimension of strategic effectiveness refers to the creation of shared representations, interpretations and systems of meaning in the strategizing process (cf. Nahapiet & Ghoshal, 1998). The effectiveness of the strategy department thus depends on how well it manages to create shared interpretations and meanings of strategy within the organization. In particular, the strategy department creates value by enabling organization members to make sense of strategy. Organization members are trying to figure out the meaning of strategic activities, what their effect would be, and what their role in them would entail (cf. Gioia & Chittipeddi, 1991). The strategy department facilitates this process of understanding, i.e. the strategy department makes strategic activities transparent through making sense of them. We identify three central activities intended to create a unified concept of strategy and strategic activities throughout the organization: providing platforms for interaction and information exchange, embedding strategic activities in the overall context of the organization, and aligning the interests of organization members.

First, the strategy department facilitates ‘sensemaking’ by providing interaction platforms that enable and foster the information exchange among organization members. For example, the strategists of AutoCorp prepare and moderate different strategy formats throughout the year where the top management team and/or executives from various business units, functions and regions, discuss, challenge and if required, adapt AutoCorp’s strategy. Such platforms allow organization members an interactive discussion about strategy in which they create a shared understanding. The role of the strategy department is thereby to ensure that the participants deliberate on the relevant strategic themes in a structured way. An executive notices this:

“In my view, the duty of a strategy department is primarily to provide a process with which strategy work can be executed properly. The strategy department is not responsible for making strategies. Strategy has to be made eventually by the top management team or the executive committees of the divisions. [...] The strategy department in fact prepares this strategy making, which is very challenging, since it needs to ensure that the individuals who make the strategic decisions consider the right themes at the right point in time in a structured and well prepared way. This is not trivial. [...] What a strategy department needs to accom-

plish is discussion with operational organizational units and the gathering of external information in order to prepare the right themes in the appropriate depth for strategy making events. In my opinion, the team [consisting of strategists and members of operational units] did well to organize the strategy workshop for the business division.” (IP14: 7/55)

The strategy department initiates such platforms not only on an organizational level, as the example above indicates, but also within strategic initiatives.

“The chief strategist initiated, I do not remember exactly when in the project, that once a week we met with all involved project leaders of the different parts of the initiative concerning the cooperation contract [...] and so we knew that every Friday we had a chance to discuss current contractual topics since these tend to get neglected otherwise. We could discuss these things here and there, but never in a comprehensive way and with all involved project threads. This is very important since many topics that evolve in one part of the initiative are ultimately also relevant for others [sub-projects]. In my opinion, this was a great opportunity because we discussed these topics intensively for one hour. That was extremely helpful.” (IP27: 11)

Second, the strategy department makes sense for others by embedding the strategic activities into the overall context of the organization. This embedding happens by explaining how strategic initiatives fit into the organization’s strategy and why it is important for the organization to pursue them. This corporate view of the strategy department overcomes ‘silo thinking’ of individual business units or functions, since it places organizational interests above the interests of individual businesses or functions. When organization members understand why the pursuit of certain strategic initiatives is important for the organization, they are more willing to support these issues; this in turn fosters a unified interpretation of strategy.

“The strategy department pinpointed clearly the corporate conditions [of the initiative]. [...] In our case it was rather the pressure to say: “From a corporate point of view, dear [business] unit, you can resist the initiative as much as you want; at the end you will need to support it because otherwise another very important project will not succeed, which brings one of our brands trouble”. Explaining this corporate view enabled us to understand why we need to participate in the initiative [with a sub-project], although we would have done it completely differently from our business point of view. This was important for me because we realized that there is more behind the initiative. We did not care anymore

about it [divergent unit interest], but focused on getting the things done.” (IP30: 75)

Finally, the creation of shared interpretations of strategic activities in the organization embodies the collective alignment of the organization members’ interests. The strategy department actively manages this alignment process by: retrieving the expectations and intentions of parties involved in strategic initiatives, initiating discussions among these parties, and effecting compromises. Aligning the interests helps to achieve a clear direction of the initiative and thus a shared objective for the involved parties.

“An initiative of this complexity and scope, in which various parties are involved in order to execute it successfully, is highly dependent on clarifying the expectations of those involved and on integrating them toward a shared objective. This is not always unequivocally possible; there is no perfect solution that suits all, but this alignment of interests needs to happen and it needs to be addressed actively.” (IP38: 19)

“[The strategy department could, even more than has happened so far in the initiative], invite involved parties to say: Let’s talk plainly. What is your interest in the model range unit? What is your interest in the power train unit? How do we adjust them so that we get an optimal solution? [...] The strategy department could collect the interests and goals of the individual units. But, as said before, at the end we need to wangle them [...] which leads to a common line of negotiation [in the cooperation initiative] and it needs to be aligned with us [involved parties] so that we know in which direction we will go in the negotiations.” (IP31: 27/39)

4.1.3 Functional Dimension

The functional dimension of strategic effectiveness refers to both the guiding and the implementing of strategy. It reflects how the strategy department directly shapes the content of the evolving strategy and how it supports its implementation. Our data suggest that strategists, for example, influence strategy with strategic impulses and by structuring the strategic activities of the organization. With respect to strategy implementation, the strategists translate organizational strategies into practical implementable plans for the involved parties.

The strategy department molds strategy by providing strategic impulses. The strategists identify opportunities for the organization and the businesses.

“An example was the identification of an opportunity, which internally in the organization was treated as defunct. The strategy department, however, said: Let us once again have a look at it. We do not believe that this idea is unfeasible and there is certainly a possibility to pursue it further. We see here a reasonable business opportunity for us.” (IP41: 15/55)

“An ideal role [for the strategy department] would be to act as an ideas provider. [...] In the long-term strategy of the organization the strategy department needs to detect and present future development. It needs to provide ideas.” (IP15: 67/81)

Furthermore, the strategists structure the strategic activities of the organization. Structuring encompasses the definition of the scope of the initiatives. For example, in a cooperation initiative the strategists probe into which areas and themes collaboration possibilities are generally feasible. A manager comments on this:

“What was extremely important in this case – and in this sense also very different to other cooperation projects in the history of our organization – was that they [strategists] first probed which projects were feasible and reasonable. And so they realized that cooperating makes sense for both sides, so we could initiate this cooperation. In the past, it was the case that we [the organization] said: Okay, let us cooperate and only then we thought about the possible projects. This was a fundamental difference. [...] In this regard, the colleagues [strategists] were valuable and supported us [the business unit].” (IP30: 131/135)

Moreover, the strategists often also take on the structuring of the work streams of an initiative. Managers describe this as follows:

“The strategy department has taken up this topic [cooperation possibility for the business unit] and said: Okay, what do we need to do now? And they [strategists] have then explicitly structured this question: “what do we need to do?” and organized the initiative.” (IP41: 15)

“And they [strategists] have actually thought through the requirements [for the initiative]: What do we have, what do we need, where do we need to get to? In this regard, the strategy department was a partner, a coaching partner, an absolute help and orientation guide for me. [...] As said, the added value [of the strategists] is that there is someone who structures [...] and elaborates on the requirements considering the markets and trends [with respect to our initiative].” (IP7: 7)

Consequently, the shaping of strategy reflects how the strategy department exerts influence on the content of strategies, which is explicitly favored by the divisions and functions.

“Someone [the strategists] needs to show us the ropes. And it is not always sufficient, so to speak, to moderate a forum in which everybody expresses what he or she wants. We are not in a discussion group, we are a business company. And the strategy department, in this regard, in accordance with the board of management [...] needs to determine this direction. I would like that.” (IP31: 35)

“In my opinion, if a corporate strategy department develops the right direction for the organization and thus contributes to the success of the firm, more than added value is created. And if not the strategy department, who else [develops this direction]? Of course, this direction will then be expanded, but the general direction, in my perception, is provided for the corporate group; therefore we have this executive committee with the appropriate support of the strategy department.” (IP32: 123)

In this way, the strategists create value by pushing the (long-term) strategic direction of the organization (in accordance with the board of management). The strategy department tends to be qualified for this since it takes on a corporate view (as opposed to a business unit or function’s view), which enables them to regard strategic themes, not from a divisional or functional perspective, but in a comprehensive, cross-divisional manner.

“Another advantage is that they [strategists] have a corporate view. [...] If we [as function] act on behalf of individual interests, the friends [strategists] come and say: What does this mean for the organization? What will this mean in 10 years? And more of these long-term aspects are questioned. This was for me a positive and beneficial experience.” (IP33: 11)

“The strategy department highlighted the corporate perspective in the sense of what is the best solution for AutoCorp. And there they [strategists] have accordingly exerted influence. Frankly, at the beginning, we [business unit] wanted the automobile, not the platform, and we attempted to pass it on to others. And here was the significant impact of the corporate strategy department [...] to convince [the business unit] that the platform makes sense [from a corporate perspective]. This was a substantial role of the strategists: to introduce this neutral view where it fits best.” (IP30: 23/39)

The other element of the functional dimension of strategic effectiveness concerns strategy implementation. The strategy department supports the units and functions, which eventually implement the strategies in their line function. The contribution of the strategists is basically to translate the strategies operatively into practical implementable plans. Managers explain this:

“It was very positive for me that the colleagues [strategists] have not avoided getting reasonably concrete. [...] They were actually willing to deal with smaller issues, to discuss smaller problems, to accompany the operative implementation of the one or other point. This increases credibility for the department, meaning that they [functions] have more confidence in the strategy colleagues. They [functions] say: They [strategists] do not just talk, they also do something and deal with the hassle that we have in the operative [units]. [...] [The value added was] that they were involved in the implementation and that they were able to create a link between the ideas and the practical implementation.” (IP20: 21/53)

“For me, strategizing ends with its concrete implementation. The latent criticism of the strategy department is often their overuse of colorful slides, occurring in an ivory tower. And the only cure for that trend is – and I realized that in this project very forcefully – to bring a strategic theme into implementation. Only then does the strategy process end, not beforehand. [...] In my opinion, the strategy project is not finished until you [strategists] can tell the business units or functions: this is running, we [strategists] installed this, and this is already available. Can you take over and pursue this in the prescribed way? And now, I as strategist can disengage. Now it is daily business, not strategy work anymore.” (IP38: 71/79)

In summary, the relational, cognitive and functional dimensions constitute the nature of strategic effectiveness. In this way, the strategy department is perceived as effective or value creating if it addresses these three dimensions in its strategy work. Table 4-1 provides an overview of the dimensions.

Effectiveness dimension	Description	Exemplary activities
Relational	Integrative role of strategy department in the strategizing process	<ul style="list-style-type: none"> ▪ Building transmission between top management and business units/functions ▪ Bundling of organizational competences
Cognitive	Creating shared interpretations and understanding of strategy	<ul style="list-style-type: none"> ▪ Providing platforms for interaction and information exchange ▪ Embedding strategic activities in overall context of organization ▪ Aligning interests of organizational members
Functional	Shaping of strategy content and implementing strategy	<ul style="list-style-type: none"> ▪ Providing strategic impulses ▪ Structuring of strategic activities ▪ Translating strategies into practical implementable plans

Table 4-1: Dimensions of Strategic Effectiveness

4.2 Effectiveness States: Four States of Strategic Effectiveness

Our analysis revealed that strategic effectiveness can take different forms depending on the strategy department's exploitation of the relational, cognitive and functional dimension of strategic effectiveness. Besides the states of seminal and lagging effectiveness, which were explicitly questioned in the interviews; interviewees were asked to identify incidents of strategists' high and low effectiveness, we noticed during the data analysis that the strategy department can experience two further effectiveness states.

Our analysis revealed that the different effectiveness states vary in terms of the vigor and the quality of the strategy work. The different effectiveness states can thus be conceptually described in a matrix by means of the two axes: vigor and quality. The vigor of strategy work reflects the extent to which the strategy department activates its relational, cognitive and functional potential. It appears, inter alia, in the strength, assertiveness and visibility of the strategists within the organization. We distinguish between high and low vigor. While high vigor indicates an active, engaged and driving strategy department, low vigor describes rather passive, lethargic strategy work.

“The strategy department ultimately requires processes and in particular people [strategists] who are able to furnish strategy with force and to place it within the organization. In this sense [the strategy] must have a chance to live [within the

organization]. Otherwise the best strategy can be developed, but it will fulminate, since the organization does not notice it. And I believe this is a factor to which the strategy department can contribute.” (IP6: 57)

The quality of strategy work depends on how the strategy department purposefully applies the relational, cognitive and functional potential in the strategizing process. It reflects, for instance, the comprehensiveness, completeness and consistency of the developed strategies. We also distinguish between high and low quality. High quality is achieved by focused and stringent strategy work. The strategy department checks that strategies are developed with the required diligence and care. Low quality, in turn, describes rather unfocused strategy work.

“I require [from the strategists] less action, or less hasty action, but rather sound, long lasting strategy work.” (IP2: 75)

“We [the function] often hear from our employees currently that there is a huge problem and also a great danger [...] through the high diversification of contents and the corresponding definition of products [...] that we maybe miss the focus [our strategy] and in this way we are not able anymore to do the tasks carefully enough or give them sufficient time.” (IP7: 35/63)

The combination of the two axes indicates four types of effectiveness states that reflect the success of the strategy department. We labeled them seminal effectiveness, lagging effectiveness, routine effectiveness and rushed effectiveness. Figure 4-1 provides an overview of the four states. In the following, we will describe the four effectiveness states in more detail and explain how the strategy department addresses the relational, cognitive and functional effectiveness dimension in each state.

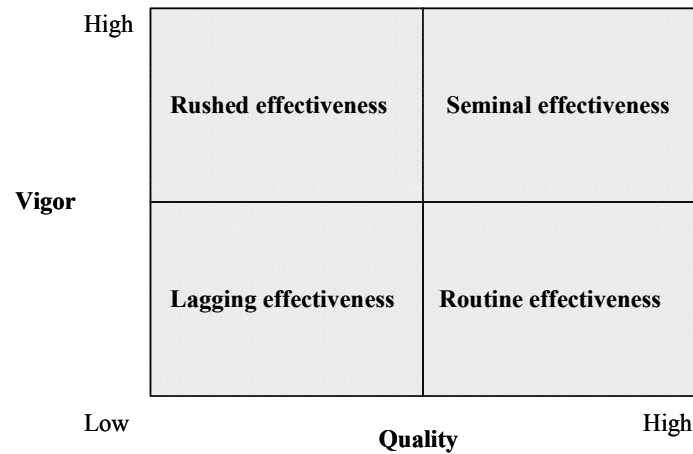


Figure 4-1: The Strategic Effectiveness Matrix (Source: Author, based on Bruch & Vogel, 2011: 9)

4.2.1 Seminal Effectiveness

Description of the Effectiveness State. The state of seminal effectiveness is characterized by a high level of vigor and quality in strategizing. The strategy department expedites the strategic activities of the organization. The strategists adopt strategic themes, persuade business units and functions of their importance, and involve them in strategy making. In the seminal effectiveness state, managers describe the strategy department as an active driver of the organization's strategy:

"[The strategists] were those who have taken the reins and pushed the [strategic] theme, and brought the other functions together. As I perceived the strategy department, [it] in a way also took the role of convincing the organization that there are themes, which are worth [pursuing]." (IP41: 55)

"Strategy means to me not only determining how the AutoCorp strategy of the future appears, but at an early stage also assuming the responsibility to enforce this strategy. [...] Through this assumption of responsibility it needs to involve, to bring together people and to structure this work. [...] To have the right processes in place, which are required to get to the heart of the [project] task and to involve the right parties that are needed to complete it. In my opinion, this know-how is needed in a strategy department – to find the right people and to organize the project in a way that [the team] is able to rapidly accelerate." (IP4: 7/19)

Furthermore, seminal effectiveness demonstrates goal-oriented and aligned strategizing. The strategy of the organization is consistent, i.e. it manifests a thread that is rec-

ognizable for organizational members. Strategic initiatives are aligned and they fit into the organization's overall strategy. In short, there is consistency and continuity in the strategy work.

“But the ultimate goal is of course that the strategist says: I have here my strategy, my vision for the organization – where I want to go in the sense of a road map – and I have my strategic initiatives and I synchronize them nicely along this road map.” (IP8: 63)

“I believe that especially in strategy work, someone needs to know the interrelations [in the organization], but in particular also the skills to extract and to find within complex settings of the thread. The strategist needs to be able to say: If I look at the big picture [for the organization], searching for a thread, the picture looks like that. And this implies as well that he or she is able to handle complexity [...] and to convey this message comprehensibly [to others]. This is what I expect from a strategist.” (IP36: 67)

Consequently, in the state of seminal effectiveness, strategy work possesses high vigor and quality. The strategy department shows force and assertiveness; it provides strategic guidance, expedites strategic themes and is involved in implementation issues. Similarly, strategists thoroughly deliberate on strategic issues, which later manifest themselves in a consistent and comprehensive strategy.

Exploitation of Effectiveness Dimensions. In the seminal effectiveness state the strategy department fully exploits and deploys its relational, cognitive and functional potential in the strategizing process. With regard to the relational effectiveness dimension, strategy making does not occur in an ivory tower. The strategists involve organizational members in strategizing and create commitment for the strategic activities within the organization.

“It [the strategic initiative] was extremely exciting. There was a true team spirit [...] and to notice this absolute motivation and will to succeed not only for oneself, but also by the colleagues [strategists, divisions, functions].” (IP38: 127)

As for the cognitive effectiveness dimension, shared interpretations of strategy are created by, for example, initiating critical discussion about strategic issues, aligning various interests or providing explanation for strategic decisions.

“The strategist questioned [current conventions] and challenged them.” (IP40: 35)

With regard to the functional effectiveness dimension, the strategists actively craft the strategies' content, translate strategies into practical implementable plans and mobilize the required resources in the organization for implementation.

“They [the strategists] were [...] able to create a link between the ideas and their practical implementation.” (IP20: 53)

4.2.2 Lagging Effectiveness

Description of the Effectiveness State. Lagging effectiveness describes a state characterized by passive, low-intensity and often incomplete strategy work. The strategy department acts as an accompanying instrument without the pretension of shaping the organization's strategy. Strategists hereby focus strongly on organizational and process-related issues of strategizing and neglect the enforcing of strategic themes or their implementation. Managers describe the strategy department with lagging effectiveness as follows:

“I have often experienced in the past that the strategy department represented merely an accompanying instrument who said: What are your ideas? How can we illustrate them? How can we prepare their funding? On this negative side, I have experienced the strategy department as a rather informal acting institution, which did not intrinsically expedite the organization forward, but only [represented] – in very harsh words – an entertainment for the hierarchy, a justification of budgets and funding, but without any operational shaping of the strategy. This we [the functions] did on our own. The functions said: We think that topics A, B and C are important and we bring them into our strategy discussion and receive the go-ahead for them. The strategy department was only accompanying, but without adding a substantial value.” (IP7: 7)

“While this person was in charge of the division's strategy – and the division is of course strongly dependent on that person – the work of the strategy department did not surpass superficiality. It [the strategy work] was always represented only in headlines and power point font size 16 to 18. And any form of implementation or discussion of challenges for the implementation was ignored or not integrated in the discussion.” (IP40: 35)

In the state of lagging effectiveness, the strategy department is perceived as disconnected – in the sense of an ivory tower – in which strategy making often does not occur collectively with the business units and functions. The situation therefore arises that the strategy department partially competes with organizational units in terms of

strategy creation. The divisions and functions develop their strategies on their own due to a lack of confidence in the strategists. As a result, the organization often lacks a consistent and aligned strategy. Managers note this:

“We have often experienced the situation – that is my observation – that the strategy department produces [Power Point] slides and the rest of the pack [business units] determines what is happening [the strategic direction]. This is due to the strength of the business units [in the organization], which then happily welcome the notion of the strategy department as a travel agency and slides producer, but the rest they do by themselves. This should not be the case.” (IP32: 79)

“And of course there is at times – this was maybe worse in the past – a certain competitive relationship [between the strategy department and our function]. Who is able to develop the better strategies? In the past, the strategists organized legendary events with fancy documents that inspired the people because they contained impressive wording. And if someone asked about costs, the answer was that does not matter – it is strategy. For this reason there was always a certain competitive relationship [...] but I believe this situation has improved.” (IP11: 23)

In short, in the lagging effectiveness state strategy work lacks vigor and quality. The level of force and assertiveness is low and the visibility in the organization is reduced, which leads to the situation that divisions and functions develop their own strategies. In turn, this is also reflected in the quality of its work, since it becomes almost impossible to create an aligned and consistent strategy for the organization.

Exploitation of Effectiveness Dimensions. In contrast to the state of seminal effectiveness, in the lagging effectiveness state the strategy department’s deployment of its relational, cognitive and functional potential is fairly limited. In terms of the relational effectiveness dimension, the strategy department is disconnected from the divisions and functions, and barely perceptible in the collaboration; this leads to the situation that organizational members are badly integrated in the strategizing process.

“In some strategic themes the appearance of the strategy department was marginal, not perceptible [...] or [the strategists] were not at all visible.” (IP22: 27)

With regard to the cognitive effectiveness dimension, the strategists are mostly unable to convey the strategic relations, decisions or context in an understandable manner to organizational members.

“[In the strategic initiative], for me the major interrelations or context are often fuzzy and unclear.” (IP31: 15)

Similarly, regarding the functional effectiveness dimension, the strategy department is not actively shaping the organizational strategy and disregards implementation issues.

“In the strategy work there was no link to the reality, to the feasibility. [...] The underlying idea was not detailed in a way that it would be implementable in practice.” (IP20: 3)

4.2.3 Routine Effectiveness

Description of the Effectiveness State. The state of routine effectiveness is characterized by consistent, comprehensive strategy work with less vigor in strategizing. The collaboration with the strategy department is perceived as a convenient and positive experience. The strategists involve divisions and functions and establish an efficient, open working atmosphere.

“I was pleasantly surprised. I do not know if this is individual-related, but it has been a very comfortable, less bureaucratic collaboration with the strategists. They were highly cooperative, supportive, accompanying and less demanding and checking, but rather made a joint effort. [...] I have to say that I would not have expected it, because I rather thought that the strategy department pushes and develops the guidelines, but it stays out if problems arise – that we [business units] need to solve them ourselves. From this point of view, [the collaboration] was a very positive experience.” (IP30: 115)

In the routine effectiveness state, the strategists predominantly coordinate the strategizing process. They act as facilitators but are less involved in shaping the content of the evolving strategies. The definition of the strategies’ content is strongly driven by the business units and functions. As managers note:

“The contribution of the strategy team or the strategy department [...] was limited. There is of course resource input [...] and we [strategists, businesses and functions] are closely aligned, but the steering of content takes place in the business unit since the theme is concentrated on technique and engineering.” (IP14: 23)

“If you asked me now what are the concrete themes with regard to contents, where we [involved parties] noticed the contribution of the strategy department –

I do not want to say that there was nothing – but it was nothing substantial.”
(IP36: 43)

In this regard, the strategists' role as facilitator is a double-edged sword. On the one hand, the strategists create added value for the business units and functions by taking care of project presentations, meeting preparations, a project office and so on. However, if this function represents the dominant part of the strategists' contribution, there is a danger that the strategy department gains less assertiveness and visibility in the strategizing process. The interviewed partners describe the double-edged sword:

“The strategy department assumed the project management [...] and this project management capability is required from a strategist in order to successfully fulfill its job. But I perceived these project management activities as disproportionately high and in the discussion we [the project team] got stuck on one topic and it was not easy to get to the core of a strategy [with regard to content].” (IP6: 23/41)

“I suppose that the strategy department needs to do some promotion of its own work. Maybe it is not necessary since the department is reporting to the CEO directly and he knows what it is doing. But with regard to its acceptance for further projects with divisions and functions it would be helpful to have a bit of promotion [in the sense of proving the strategists' visibility and contribution].” (IP5: 31)

Consequently, in the state of routine effectiveness, the strategy department lacks vigor. Even though the strategists develop consistent strategies together with divisions and functions, they lack assertiveness in order to contribute to strategies' content and thus to offer strategic direction to organizational members.

Exploitation of Effectiveness Dimensions. In the routine effectiveness state, the strategy department exploits its relational, cognitive and functional potential only partially. The strategists address the relational effectiveness dimension by bringing together organizational members and creating a congenial working atmosphere.

“I have the impression that we [the involved in the initiative] have a very cooperative working atmosphere.” (IP11: 31)

Furthermore, the strategists address the cognitive effectiveness dimension by actively managing the information exchange between the involved parties and interpreting strategic information for the divisions or functions.

“We [the function] need someone [strategist] who knows what is happening in the market and who is able to interpret it for us.” (IP17: 15)

With regard to the functional dimension the strategy department configures the collective strategy development, but it leaves the elaboration of the strategy content to a large extent to the divisions and functions.

“I wished they [the strategists] would hold their own opinions, also with regard to content. [...] In this sense, with regard to content I would have liked the strategists to be more involved.” (IP36: 15/19)

4.2.4 Rushed Effectiveness

Description of the Effectiveness State. In contrast to the lagging and routine effectiveness states, rushed effectiveness is characterized by high vigor – a high level of energy and assertiveness by the strategy department. But the quality of its strategy work is rather low. We recognized in this effectiveness state a reflection of muddling through strategizing without taking the time to elaborate on relevant strategic themes.

In the rushed effectiveness state, the strategy department is very active and expedites various strategic activities in the organization. Through this active driving of strategy numerous strategic initiatives are initiated, but their thorough elaboration often falls behind.

“There is no lack of ideas in the division’s strategy department. The problem was that as we [the division] dismissed one idea, the next one turned up. It was a wild forest of ideas.” (IP40: 15)

“We [the division] quickly realized that the cooperation project was actually not thoroughly discussed or thought out. But at least they [the strategists] were still involved and were able to resolve some issues.” (IP20: 53)

Another characteristic of rushed effectiveness is the relatively unfocused, unaligned and short-lived tackling of strategic activities. The strategy department attempts to complete the activities as quickly as possible, thereby neglecting to involve and inform the relevant parties. Furthermore, the strategists’ engagement in strategic activities is rather short-lived. They initiate activities and transfer them rapidly into the line function, which operationally pursues them. This transfer often occurs at an early stage; the functions and business units do not feel the required support from the strategy department in order to successfully implement the strategies in the organization. Managers describe the unfocused, unaligned and short-term orientation in the following way:

“[The strategists] need to take care that they do not only arrange board meetings and push themes, thereby leaving behind the people who will be in charge of the themes [...] that they [the strategists] tackle themes without focus [...] document after document, meeting after meeting, but the topic itself sees no progress. And if a project team member asks what the whole purpose of this joint venture is nobody is able to provide an answer. That is a bit sad.” (IP22: 63/111)

“The core duty of the strategy department is to think ahead. And this means not only for three-quarters of a year to accompany something [joint venture project] and then say: Okay, [...] let us go about starting the next one. [...] [The strategists] should not simply leave the project and start the next one because it is important that this joint venture operates smoothly. It is not beneficial for the organization if we initiate one joint venture after the other, when the first one is still not stable. In this regard, we have not worked properly in the past.” (IP2: 55/75)

Thus, in the state of rushed effectiveness the strategy work lacks quality. Through the active and rushed expediting of strategic themes the strategists neglect to deliberate enough or complete them thoroughly.

Exploitation of Effectiveness Dimensions. Similarly to the state of routine effectiveness, the strategy department in the rushed effectiveness state is only partially deploying its relational, cognitive and functional potential. Owing to the high engagement in various strategic activities, the strategy department neglects to address the relational dimension in terms of thoroughly integrating organizational members within the strategizing process. In this way, the strategy department often encumbers itself with more than it is able to accomplish. Managers comment on this:

“On the negative side, in my view, the strategists only involved the function just in time. [...] Had the involvement taken place four weeks later, certainly a chaotic process would have resulted. In this instance, the involvement happened only at the last minute.” (IP28: 15)

“In the end, the strategy department was overstrained due to a parallel engagement in another major project.” (IP5: 23)

With regard to the cognitive dimension the strategists spend rather less time on elaborating and discussing strategic issues with divisions or functions; this impedes the involved parties from getting a clear idea or understanding of the themes.

“In the meetings, we [strategists, functions, divisions] work through a lot of issues. [...] And thereby realize that we are consistently under time pressure and this makes it difficult to have a thorough discussion [about important issues]. That is not easy.” (IP15: 55)

In terms of addressing the functional effectiveness dimension the strategy department indeed actively expedites the organization’s strategy, but its engagement does not go far enough in order to elaborate and implement strategic themes.

“If the operative drive [of the strategy department] is lacking and they [strategists] only kick-off a new project and leave it to others to work on it, then much fuss is made about it, but in the end nothing happens.” (IP5: 3)

In conclusion, the seminal, lagging, routine and rushed effectiveness states depict the different levels of effectiveness that we identified at our research site, AutoCorp. It becomes evident that in each effectiveness state the strategy department exploits the relational, cognitive and functional potential differently. Table 4-2 provides an overview of the four identified effectiveness states.

Effectiveness state	Description	Characteristics
Seminal effectiveness	High vigor and high quality	<ul style="list-style-type: none"> ▪ Strategy department expedites strategic activities ▪ Goal-oriented and aligned strategizing
Lagging effectiveness	Low vigor and low quality	<ul style="list-style-type: none"> ▪ Strategy department hardly perceptible in the strategizing process ▪ Lack of consistent and aligned strategizing
Routine effectiveness	Low vigor and high quality	<ul style="list-style-type: none"> ▪ Strategy department facilitates strategizing process ▪ Consistent and comprehensive strategizing
Rushed effectiveness	High vigor and low quality	<ul style="list-style-type: none"> ▪ Strategy department pushes strategic activities ▪ Unfocused and short-term oriented strategizing

Table 4-2: States of Strategic Effectiveness

4.3 Effectiveness Enablers: Levers for Effectiveness Management

During the data analysis we initially identified numerous effectiveness enablers such as connectivity, organizational network, conflict management, supportive collaboration, know-how, foresight, or project management. In the course of the analysis we investigated their similarities and finally aggregated them into a set of five distinctive effectiveness enablers: network, leadership behavior, expertise, entrepreneurial behavior and coordination. These five effectiveness enablers facilitate the strategy department to exploit the relational, cognitive and functional potential. In other words, these enablers influence the achievement of seminal effectiveness. In this section, we explain the enablers, support them in data, and discuss how they enable the strategy department to exploit its relational, cognitive and functional potential.

4.3.1 Network

The enabler network illustrates how embedded the strategy department is within the organization. It reflects the strategy department's internal connectedness with business units and functions. High levels of internal connectedness are critical for the strategy department to be able to perform an integrative role in the strategizing process (Angwin et al., 2009). Thus, the enabler network influences the exploitation of the relational effectiveness dimension.

“For me, the topic of collaboration is crucial. You [strategists] need to bring people together, otherwise nothing happens.” (IP13: 133)

“[The added value the strategy department contributed] [...] was to gain access to another circle of people. I need to admit that if you say that you are coming from the strategy department you get an appointment more easily to present a topic – in the sense that decision makers attract attention. [...] The strategists, due to their excellent network, managed to accelerate our project.” (IP43: 11/15)

An extensive social network enables the strategists to involve the adequate organizational members in strategizing. High ‘embeddedness’, in this sense, facilitates access to organizational parties for combining and exchanging knowledge to work collectively on strategic issues.

4.3.2 Leadership Behavior

The enabler leadership behavior reflects how the strategy department manages the collaboration between the involved parties in the strategizing process. A manager summarizes it nicely:

“Besides the pure process-related themes, an essential lever for successful strategy work might be – not which themes do I [as strategy department] deal with, but how I execute them internally on a human level.” (IP38: 103)

Our data indicates that conflict handling and joint problem solving both enable strategists to integrate divisions and functions and create shared interpretations of strategy. The handling of conflicts in the strategizing process is an important mechanism to help achieve integration. For example, studies of cross-functional teams show that conflict handling positively affects integration (e.g., Moenaert, Souder, De Meyer, & Deschoolmeester, 1994; Xie, Song, & Stringfellow, 1998). Through resolving conflicts strategists are able to integrate involved parties by effecting compromises or acceptable solutions. The following quotes of managers describe the integrative effect of conflict handling:

“You need these people [strategists] who de-escalate the conflicts, prevent them or make sure that the involved people [divisions and/or functions] talk to each other at the right point in time so that an optimal outcome results for everyone.” (IP28: 67)

“[The strategy department contributed] in this case also as mediator between the internal sub-projects. [...] The strategist was utilized as a temporary escalation mechanism [...] not to find a solution for the one business division or the other, but to find a sensible compromise with which all involved could live. And in this regard, the strategist in two or three themes joined in and helped reach a compromise. [...] [In this sense] what the strategist realized clearly was the importance of integrating all the forces.” (IP30: 51/139)

Joint problem solving means the collective developing of ideas or solutions through the strategists, divisions and functions: for instance, in workshops or project team meetings. As Hambrick (1994, 1995) notes in studying top management teams, the quality and wealth of the information exchange among those involved, contributes significantly to fruitful joint problem solving. A manager comments on this:

“My perception is that often we exchange information, [...] and discuss it in the team. But everyone talks superficially. If we could elaborate on it [the information exchange] and take a bit more time, that would help me [to understand the strategic issues]. [...] And then we [as project team] collectively could think about what solutions would be suitable [in terms of joint problem solving].”
(IP10: 51)

The joint problem solving offers those involved to develop shared solutions, which in turn facilitate the creation of shared interpretations of strategy. Furthermore, through joint problem solving, divisions and functions are integrated in their strategizing. Thus, it enables the strategy department to address the relational and cognitive dimension of effectiveness. Managers describe it as follows:

“In an active and positive collaboration [between strategists and functions] – and [in this initiative] it was really good – there was the willingness of all involved, both functions and the strategy department, more than usual, to put heads together, to brainstorm, which was extremely fruitful [to generate joint ideas]. And this catalyst effect came from the strategy department.” (IP5: 15)

“The strategies [for this theme] we [functions and strategists] develop together. In the steering committee we jointly look at themes with the sales department and with Mr. X who contributes to regional questions. [...] Finally, the board of management decides on the strategy, but in our committee we discuss it thoroughly beforehand so that we achieve a common vision.” (IP17: 19/23)

4.3.3 Expertise

The enabler expertise refers to the competences and skills of the strategy department. In particular, it reflects the strategists' know-how that is required to productively collaborate with business units and functions. For example at AutoCorp, our analysis indicates that strategists require both analytical and technical expertise. The analytical skills encompass performing diverse analyses such as market, competitor or benchmarking analyses.

“An essential contribution of the strategy department was to continuously screen the market and its development in order to identify potential markets for us to generate new business.” (IP41: 11)

“As explained, with the competences regarding the competition, environmental conditions and long-term developments, the strategy department has a great deal of competence that we [as function] gladly utilize.” (IP11: 23)

Besides analytical skills, strategists also need a certain degree of technical expertise to be able to contribute to strategizing. Technical skills refer to the technical understanding of strategists, for instance in terms of vehicle construction or power train technologies. Managers describe the importance of technical skills as follows:

“Owing to the high technical know-how required for this topic, it was somewhat unexpected that the strategy department was able to contribute technically to the topic. This was due to the expertise of the involved strategists who really tried to understand the topic. And therefore I believe that technical understanding definitely does not debilitate the strategy department but helps it to contribute [to strategic initiatives].” (IP5: 11)

“If the strategist lacks the know-how to follow a theme, then there sits a human shell. This is in the long run rather debilitating. [...] He [the strategist] needs not be an expert; he should not be the vehicle constructing engineer. But he needs to be able to understand a topic to a certain degree. If he is only sitting there with wide eyes and says: What are they [divisions and functions] talking about? We are talking about electronic vehicles, new technologies and if these are foreign words for him then he is of no help. He won't even be able to do any coordination properly since he does not know the coherences of the theme. And we [the function] have experienced this situation and in this regard I am quite determined because I cannot make the project's success dependent on the competence or incompetence of the strategist. [...] In this sense, the strategy department needs to think about how it is equipped, how well it is qualified.” (IP33: 27)

Consequently, the analytical and technical expertise enables the strategy department, inter alia, to participate in the strategy discourse and to shape strategies' content (Angwin et al., 2009). Furthermore, expertise also facilitates the involved parties' integration and the creation of a shared understanding for strategy. Through expertise the strategy department is able to deal with business units and functions in their 'language' and on their issues. In this sense, expertise facilitates strategists in translating strategic issues for the divisions and functions. Managers describe this as follows:

“If you [as strategist] work in the strategy department you need to deal with the people you collaborate with in terms of language and content. In doing so, you

need a sound know-how. You need not be an expert on everything, but you require a thorough understanding of the individual themes. In this way, you do not need to be a specialist in contracts, but you need to be able to contribute when it comes to contract negotiations [with the law department]. You need not be a technical specialist, but you must know what kind of products we [divisions or engineering department] are talking about and so on. [...] You only earn respect if you have an adequate know-how. If you walked around not having any clue, who would approach you with a topic; who would support you with a topic?" (IP38: 63)

"It is a good thing and it is very helpful for us [as function] if we [strategists and function] discuss issues together on the same level since we then understand each other better. I perceived it as very helpful that the colleagues from the strategy department were knowledgeable [in terms of their expertise]." (IP7: 19)

In summary, the enabler expertise influences the exploitation of all three effectiveness dimensions by enabling the strategists to integrate organizational members, to create shared interpretations of strategy, and to develop the organization's strategy.

4.3.4 Entrepreneurial Behavior

The enabler entrepreneurial behavior refers to the proactive behavior of the strategy department. It reflects the strategy department's innovative behavior and issue selling credibility.

The strategy department's innovative behavior means the initiative taking and opportunity seeking in strategizing. Innovative behavior is demonstrated, for example, by the ideas the strategists develop for the organization or by the strategic options they generate in strategic initiatives (Dye, 2008). Innovative behavior enables the strategy department to be the 'ideas' leader within the organization, providing strategic impulses.

"[The strategists contributed] by offering diverse approaches [to strategy projects], some of them were truly visionary. [...] If it came to idea development, the strategists provided different options and action alternatives. This was very useful." (IP10: 103)

Issue selling refers to strategists proactively influencing the strategy formulation process by calling others' attention to – and influence their understanding of – particular issues (Crant, 2000; Dutton & Ashford, 1993). Through bringing strategic issues to the

attention of the board of management and/or decision makers in the divisions and functions, strategists fundamentally influence the organization's strategy (Dutton & Ashford, 1993).

“How do you establish a topic [...] enhance its internal focus so that it gets organizational attention and its resources are addressed? I cannot tell you how this happened exactly, but it was definitely due to the interplay of the strategists.” (IP38: 47)

“There was first the issue of persuading Mr. X [member of top management team] and then the issue of persuading the CEO. [...] And the role of the strategy department was definitely significant [in the persuasion].” (IP30: 35)

Innovative behavior and issue selling adopt a proactive approach toward strategizing. In this sense, proactive strategists initiate situations and create favorable conditions for strategizing, in which they strongly influence the organization's strategic direction. Thus, entrepreneurial behavior facilitates strategists to exploit their functional potential.

4.3.5 Coordination

The enabler coordination refers to the coordinative tasks of the strategy department in the strategizing process. For instance, the strategists structure, harmonize and synchronize the different sub-projects within an initiative.

“They [the strategists] have organized the [cooperation] project. They have organized us [the involved parties]. [...] They have coordinated the negotiation plans [for the individual sub-projects] and in principle, they have provided the frame in which each of us should act.” (IP23: 11)

In this way, the enabler coordination facilitates integrating business units and divisions. Through coordinating the strategizing process the strategy department builds a bracket that keeps organizational members together.

“Mr. X [strategist] is part of our project team primarily to ensure [...] that a bracket is built around engineering, contract and purchasing themes.” (IP31: 7)

“Coordination means that the strategy department becomes the bridge between, for example, Research & Development (R&D) and other functions such as sales. [...] [This involves] for instance the preparation for board meetings up to generally aligning the structure of themes.” (IP22: 15/23)

By coordinating, the strategists consolidate the individual achievements of the different sub-projects so that a stringent outcome results. Coordination thus enables the strategists also to direct the involved parties toward a common strategic objective and consequently to create a shared understanding of strategic issues in the organization.

“The strategy department coordinates the involved parties [divisions and functions] so that the board of management receives a picture – a comprehensive picture – of the challenges regarding green technologies, international challenges and how our product segments are positioned to meet them.” (IP19: 11)

To summarize, the enabler coordination thus influences the relational and cognitive dimension of strategic effectiveness by enabling strategists to embrace organizational members and to create shared interpretations of strategic issues. In this regard, the strategy department creates a communicative link between organizational units and top management (Dye, 2008), but also connects the units between themselves.

In conclusion, the enablers provide initial levers for managing strategic effectiveness. By addressing the enablers, the strategy department is supported in exploiting its relational, cognitive and functional potential and thus achieving seminal effectiveness. Table 4-3 provides an overview of the identified effectiveness enablers.

Effectiveness enabler	Description	Influences exploitation of
Network	Connectedness of strategy department within the organization	<ul style="list-style-type: none"> ▪ Relational dimension
Leadership behavior	Management of collaboration in strategizing process (conflict handling and joint problem solving)	<ul style="list-style-type: none"> ▪ Relational dimension ▪ Cognitive dimension
Expertise	Competences and skills of strategy department	<ul style="list-style-type: none"> ▪ Relational dimension ▪ Cognitive dimension ▪ Functional dimension
Entrepreneurial behavior	Proactive behavior of strategy department (innovative behavior and issue selling credibility)	<ul style="list-style-type: none"> ▪ Functional dimension
Coordination	Coordinative tasks of strategy department in strategizing process	<ul style="list-style-type: none"> ▪ Relational dimension ▪ Cognitive dimension

Table 4-3: Enablers of Strategic Effectiveness

4.4 Conclusion

In summary, the dimensions, states and enablers of effectiveness constitute an initial model of strategic effectiveness. The relational, cognitive and functional effectiveness dimensions represent complementary elements of strategic effectiveness. In order to be effective, the strategy department needs to address these three dimensions in its strategy work. Depending on the extent to which the strategists exploit the three dimensions, the four different states of seminal, lagging, routine or rushed effectiveness result. Furthermore, our findings indicate five effectiveness enablers – network, leadership behavior, expertise, entrepreneurial behavior and coordination – that all offer levers for the strategy department to exploit its relational, cognitive and functional potential. Figure 4-2 summarizes the model of strategic effectiveness.

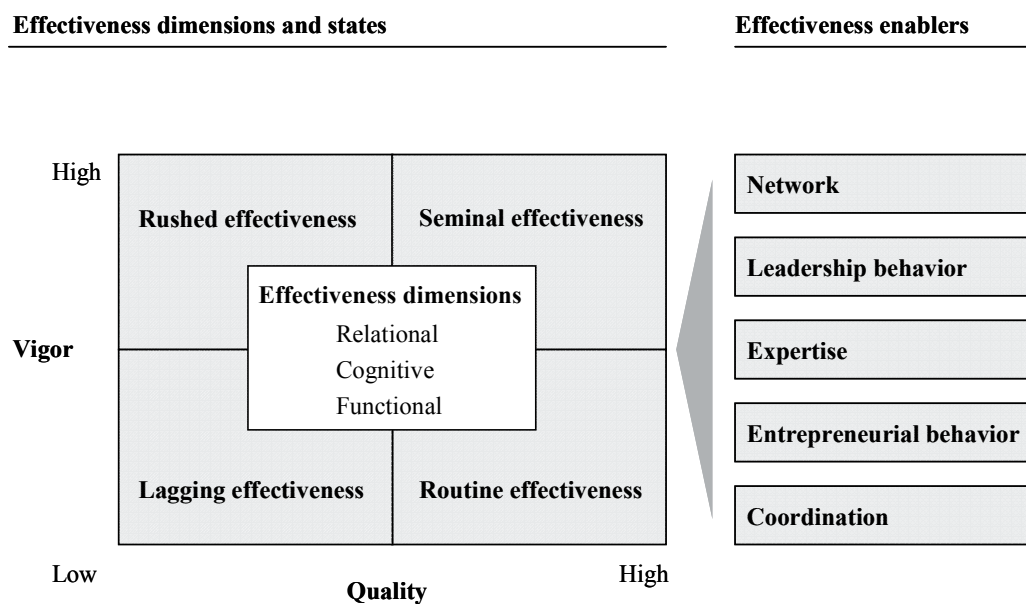


Figure 4-2: Model of Strategic Effectiveness (Source: Author, based on Bruch & Vogel, 2011)

5 Toward an Instrument Measuring Strategic Effectiveness

This dissertation's objective is to develop an initial measurement instrument, which makes strategic effectiveness tangible. After having presented the findings of our inductive study in the preceding chapter, we elaborate in this chapter on the specifications of the measurement instrument; this corresponds with the study's research question on how to measure strategic effectiveness. (Please see Section 1.1). First, we describe and explain the strategic effectiveness questionnaire that we inductively developed based on our data and moreover we draw on the logic and methodology of the Organizational Energy Questionnaire (Bruch & Vogel, 2011) (5.1). Subsequently, we present the results of the measurement instrument's pilot testing at AutoCorp (5.2).

5.1 Strategic Effectiveness Questionnaire

5.1.1 Measuring Strategic Effectiveness

Based on the findings of the data analysis, we developed a questionnaire to measure the strategy department's effectiveness. This questionnaire contains specific measurement items for each effectiveness state, reflecting the relational, cognitive and functional effectiveness dimensions in order to capture the different nature of each state. For instance, regarding the seminal effectiveness state, the item: 'the corporate strategy department builds a bridge linking the business and functional units within the organization' is connected to the relational dimension. The item: 'the corporate strategy department adopts a cross-divisional strategic perspective' relates to the cognitive dimension. The item: 'the corporate strategy department translates strategies into practical implementable plans' represents the functional dimension. In contrast, regarding the lagging effectiveness state, the item: 'the corporate strategy department seems distant from the operative business' reflects the relational dimension. While the item: 'the corporate strategy department is not heard in the organization' refers to the cognitive dimension, the item: 'the corporate strategy department acts mostly reactively' represents the functional dimension. The full questionnaire, including all items for the four effectiveness states, can be found in Appendix IV. In addition, we assess the effectiveness enablers in a separate part of the questionnaire. Section 3.2.6 comprises a detailed description of the measurement instrument's development.

The composition of the questionnaire, with a systematic retrieval of the four identified effectiveness states, implies that the individual states are not mutually exclusive. The strategy department can experience all four states simultaneously. Therefore, the inten-

tion is not to position the strategy department in a single effectiveness state, but to illustrate how strongly the individual states exist in the strategy department. In this sense, the result of the strategy department's effectiveness measurement reveals a differentiated picture of the effective and ineffective forces in strategizing.

5.1.2 Analyzing Strategic Effectiveness

Through analysis of the survey results an index is formulated, which displays the different effectiveness states. For each state the mean is calculated; it indicates to what extent each effectiveness state prevails in the strategy department. The degree of each of the four effectiveness states is captured on a scale ranging from 0 to 100 percent, with 0 percent being the minimum and 100 percent the maximum degree of each. Since the effectiveness states are independent of each other, the percentages of the individual states do not add up to 100 percent. For example, the strategy department might have exploited as much as 54 percent of its seminal effectiveness, but it may also experience high levels of routine effectiveness (59 percent). Ideally the strategy department fully exploits its seminal effectiveness potential, while it has a rather low score on the other effectiveness states. Figure 5-1 summarizes the strategic effectiveness index for AutoCorp's corporate strategy department.

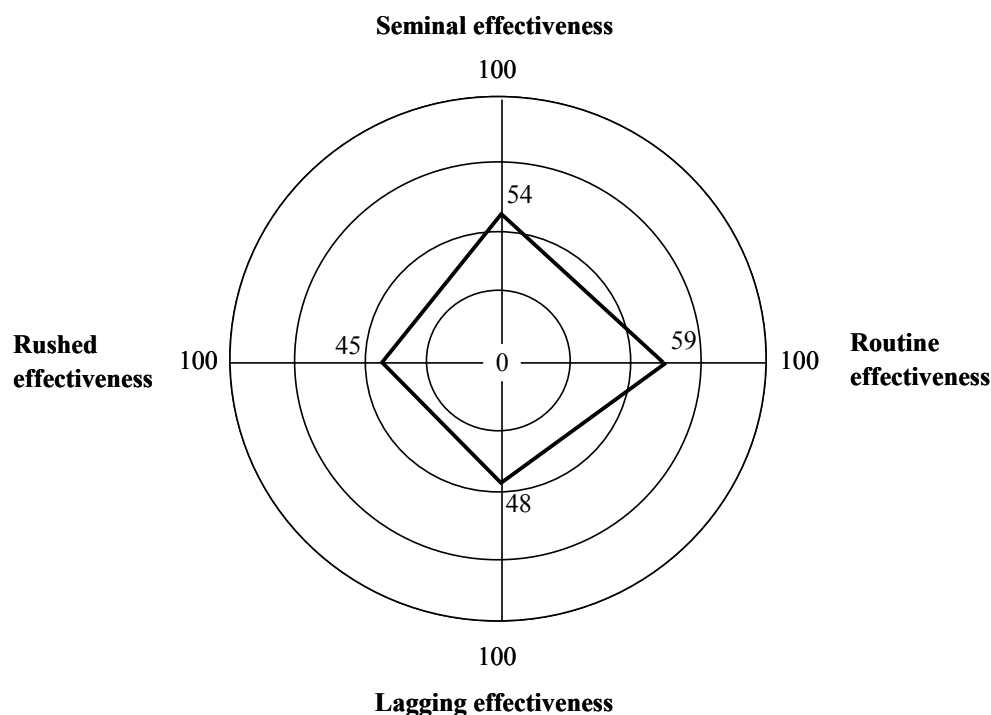


Figure 5-1: The Strategic Effectiveness Index (Source: Author, based on Bruch & Vogel, 2011: 50)

As the index reflects, the strategy department exploits the effectiveness states as follows: seminal effectiveness 54 percent, lagging effectiveness 48 percent, routine effectiveness 59 percent, and rushed effectiveness 45 percent. It is important to note that this measurement result is statistically not significant since the measurement instrument is not validated yet. It reveals, however, that in the analyzed strategy department there is no dominant effectiveness state. The measurement result confirms instead the existence of the four effectiveness states in the strategy department as indicated by the data analysis.

5.2 Preliminary Assessment of the Measurement Instrument

After developing the strategic effectiveness questionnaire, we opted for an initial pilot measurement at AutoCorp to test the measurement instrument. The intention of the pilot testing was to explore structures in the measurement items and thereby to accomplish an initial preliminary assessment of the measurement instrument. In this regard, we conducted an EFA for each effectiveness state to perform a preliminary item test. EFA is commonly used at early research stages of developing measurement scales to identify a set of latent constructs underlying the battery of measured variables (Fabrigar et al., 1999). Thus, our objective was to demonstrate a preliminary evaluation of the developed measurement scale.

We report on the findings of the pilot measurement in this section. In particular, we present the results of the EFA for the individual effectiveness states as well as a primary analysis of the correlation between effectiveness enablers and strategic effectiveness.

5.2.1 Underlying Factor Structure of Measures

To identify the underlying factor structure, we conducted an EFA for each effectiveness state. The number of factors to be retained depends on both underlying theory and statistical analysis (Fabrigar et al., 1999; Hinkin, 1998). In this regard, several researchers advise using multiple criteria to retain the number of extracted factors (e.g., Gorsuch, 1997; Henson & Roberts, 2006). We therefore decided to combine the Kaiser criterion with the scree test to explore the number of common factors as recommended by Hinkin (1998). For the Kaiser criterion (Kaiser, 1960) all factors with eigenvalues greater than one are extracted. The scree test (Cattell, 1966) involves visual observation of the cut-off point to retain factors; this point is reached if additional factors do not add significant variance.

It is important to note, however, that our results based on the EFA are tentative due to the very small sample size. It is compulsory to use a larger sample to conduct a significant and reliable analysis. Nevertheless, we briefly report on the EFA's findings for each effectiveness state in the following:

Seminal Effectiveness. Table 5-1 shows the means, standard deviations and correlation matrix for the seminal effectiveness measurement items. The correlations between the items assigned to the respective relational, cognitive or functional effectiveness dimension (abbreviated with R, C and F) are relatively moderate to high. This result indicates convergent validity; it shows that the relational items have a stronger inter-correlation compared with cognitive or functional items (e.g., Hair, Black, Babin, & Anderson, 2010). In this way, they possibly reveal a common underlying factor.

Items	Mean	S.D.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	
(1) Seminal_R1	3.77	0.76	1																								
(2) Seminal_R2	3.10	1.14	.45	1																							
(3) Seminal_R3	3.13	1.12	.39	.73	1																						
(4) Seminal_R4	3.26	1.03	.50	.58	.64	1																					
(5) Seminal_R5	3.84	1.07	.36	.54	.63	.61	1																				
(6) Seminal_R6	3.45	1.00	.23	.67	.55	.57	.64	1																			
(7) Seminal_R7	3.06	0.81	.13	.39	.50	.54	.59	.54	1																		
(8) Seminal_R8	3.61	0.92	.20	.42	.50	.46	.58	.38	.48	1																	
(9) Seminal_C1	2.97	0.88	.14	.44	.65	.38	.28	.32	.33	.23	1																
(10) Seminal_C2	3.10	0.91	.37	.48	.45	.36	.36	.43	.35	.05	.63	1															
(11) Seminal_C3	3.68	1.01	.29	.46	.54	.40	.57	.32	.31	.58	.51	.36	1														
(12) Seminal_C4	3.19	1.01	.27	.30	.36	.27	.46	.20	.11	.23	.23	.20	.65	1													
(13) Seminal_C5	3.42	1.06	.37	.47	.49	.54	.62	.48	.20	.38	.34	.37	.63	.48	1												
(14) Seminal_C6	2.84	1.00	.52	.45	.40	.56	.41	.24	.34	.51	.37	.42	.44	.23	.63	1											
(15) Seminal_C7	3.35	1.17	.17	.43	.42	.34	.39	.52	.15	.38	.50	.38	.33	.22	.60	.45	1										
(16) Seminal_C8	3.26	1.13	.42	.45	.58	.69	.59	.49	.42	.36	.62	.56	.46	.34	.58	.39	.56	1									
(17) Seminal_F1	2.77	1.12	.64	.65	.67	.54	.53	.52	.27	.20	.30	.38	.35	.39	.53	.32	.45	.58	1								
(18) Seminal_F2	3.48	0.85	.28	.43	.56	.35	.71	.48	.48	.59	.16	.20	.42	.16	.55	.33	.39	.35	.43	1							
(19) Seminal_F3	3.06	1.12	.17	.23	.50	.56	.59	.42	.62	.54	.24	.22	.28	-.01	.23	.36	.13	.33	.17	.63	1						
(20) Seminal_F4	3.16	1.04	.22	.38	.50	.40	.45	.32	.19	.35	.30	.16	.46	.29	.55	.54	.34	.14	.26	.48	.31	1					
(21) Seminal_F5	2.48	0.93	.44	.52	.49	.56	.42	.41	.40	.23	.39	.42	.35	.22	.43	.48	.33	.39	.53	.33	.29	.54	1				
(22) Seminal_F6	2.94	1.15	.40	.46	.58	.49	.48	.49	.22	.32	.23	.29	.35	.38	.60	.45	.59	.45	.66	.34	.21	.43	.53	1			
(23) Seminal_F7	2.65	1.08	.50	.54	.45	.62	.56	.56	.52	.36	.27	.41	.44	.25	.40	.41	.26	.52	.48	.34	.40	.23	.64	.54	1		
(24) Seminal_F8	2.58	0.89	.50	.70	.70	.67	.56	.64	.46	.49	.37	.34	.29	.24	.48	.60	.41	.41	.47	.50	.43	.66	.62	.56	.54	1	

Note: n = 31. Item numbers reflect the items provided in the Appendix IV.
 Table 5-1: Descriptive Statistics and Correlation Matrix for Seminal Effectiveness

The EFA for the 24 items regarding seminal effectiveness produced a three-factor solution. While the Kaiser criterion suggested extracting six factors with an eigenvalue greater than one, the scree test offered three meaningful factors. Thus, we examined the rotated factor solutions for interpretability. The results indicated that the three-factor solution provided the most sensible and explicable structure, suggesting a good fit with the data. Therefore, we decided to explore three stable factors. This three-factor solution explains 60 percent of the common variance in the data. Each factor reflects one of the three a priori dimensions of strategic effectiveness. Table 5-2 exhibits the three-factor solution for the seminal effectiveness state.

The first factor represents the functional effectiveness dimension. The majority of the intended functional measurement items load on the factor. Individual relational items such as Seminal_R3, Seminal_R4 or Seminal_R6 exhibit cross-loadings on the functional factor. At this early research stage, however, we attributed the items, based on our interpretation, to the intended relational factor. Furthermore, some items do not load on the intended factor (e.g., Seminal_R1, Seminal_C1, Seminal_C2), but the deviations are partly understandable. In this way, certain measurement items, such as item Seminal_C2 ‘the corporate strategy department is able to persuade divisions and functions of the importance of themes’ depending on interpretation, can be assigned to either the cognitive or functional dimension. The cognitive interpretation refers to the strategy department’s ability to align organizational members with strategic themes, while the functional interpretation relates to its strength in promoting strategic issues. We accepted the dominant factor loading suggested by the factor analysis for such items.

The second factor reflects the relational effectiveness dimension. Similarly to the first factor, most intended relational measurement items load on the factor. In addition, the items Seminal_F2 ‘the corporate strategy department knows what it is talking about’ and Seminal_F3 ‘the corporate strategy department understands technical themes to an appropriate extent’ also represent the relational factor. The interpretation of these two items allows an allocation to either the intended functional or the relational dimension. The functional interpretation reflects the strategy department’s ability to shape strategy content, while the relational interpretation emphasizes strategists’ activities to bring together organizational members. In this case, the correlation matrix indicates that the two items correlate higher with relational than functional items, which supports the indicated cross-loading. We therefore accepted them as preliminary relational measurement items.

The third factor refers to the cognitive effectiveness dimension. Most intended cognitive measurement items load on the factor. We also accepted the item Seminal_F4 ‘the corporate strategy department acts as strategic-thinking leader in the organization’ as a cognitive item, as indicated by the factor analysis.

Items	Factor loadings		
	Functional	Relational	Cognitive
Seminal_R1	.598		
Seminal_R2	.656		
Seminal_R3	.576	.465	
Seminal_R4	.622	.498	
Seminal_R5		.640	
Seminal_R6	.558	.494	
Seminal_R7		.758	
Seminal_R8		.699	
Seminal_C1	.584		
Seminal_C2	.747		
Seminal_C3			.701
Seminal_C4			.684
Seminal_C5			.761
Seminal_C6			.498
Seminal_C7			.510
Seminal_C8	.708		
Seminal_F1	.716		
Seminal_F2		.708	
Seminal_F3		.866	
Seminal_F4			.651
Seminal_F5	.627		
Seminal_F6	.532		
Seminal_F7	.649		
Seminal_F8	.525	.508	

Note: The cut-off point was .45. Item numbers reflect the items provided in Appendix IV.
Table 5-2: EFA Results for Seminal Effectiveness

The measurement scale for seminal effectiveness seems to be reliable. Cronbach’s Alpha, measuring internal consistency reliability for the 24 seminal effectiveness items is .95. For the individually extracted factors respectively dimensions, following values result: .90 for ten-item functional dimension, .90 for the eight-item relational dimen-

sion, and .83 for the six-item cognitive dimension. For newly developed measures, acceptable values of Alpha should be at least .70 (e.g., Cortina, 1993; Hinkin, 1998; Nunnally & Bernstein, 1994). Thus, our result for the seminal effectiveness scale indicates internal consistency.

Lagging Effectiveness. Table 5-3 presents the descriptive statistics and correlations of the lagging effectiveness items included in our analysis. Similarly to the seminal effectiveness items, the measurement items assigned to lagging effectiveness show relatively high correlations among themselves compared with other effectiveness states.

Items	Mean	S.D.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(1) Lagging_R1	3.45	0.96	1													
(2) Lagging_R2	2.81	1.11	.68	1												
(3) Lagging_R3	2.65	1.11	.65	.62	1											
(4) Lagging_R4	2.68	0.98	.62	.62	.63	1										
(5) Lagging_R5	2.84	1.16	.55	.47	.55	.63	1									
(6) Lagging_C1	2.94	1.09	.54	.62	.53	.60	.60	1								
(7) Lagging_C2	3.23	0.99	.49	.56	.38	.59	.50	.54	1							
(8) Lagging_C3	3.03	1.14	.47	.35	.48	.55	.56	.59	.58	1						
(9) Lagging_C4	4.00	1.00	.28	.42	.36	.31	.46	.46	.61	.35	1					
(10) Lagging_F1	2.39	1.12	.45	.58	.46	.70	.59	.73	.64	.67	.30	1				
(11) Lagging_F2	2.74	1.24	.41	.42	.49	.64	.41	.53	.43	.76	.14	.75	1			
(12) Lagging_F3	2.90	1.08	.46	.43	.42	.54	.39	.45	.33	.66	.06	.62	.73	1		
(13) Lagging_F4	2.42	1.03	.51	.57	.52	.54	.20	.56	.40	.53	.10	.67	.67	.73	1	
(14) Lagging_F5	3.06	1.12	.53	.60	.42	.60	.47	.47	.47	.31	.48	.51	.42	.39	.55	1

Note: n = 31. Item numbers reflect the items provided in the Appendix IV.

Table 5-3: Descriptive Statistics and Correlation Matrix for Lagging Effectiveness

In the EFA both the Kaiser criterion and the scree test revealed three factors for extraction. We accepted this three-factor solution, which explains 73 percent of the common variance. The factor loadings are shown in Table 5-4.

Items	Factor loadings		
	Functional	Relational	Cognitive
Lagging_R1		.773	
Lagging_R2		.808	
Lagging_R3		.686	
Lagging_R4	.491	.571	
Lagging_R5			.661
Lagging_C1	.459		.511
Lagging_C2			.721
Lagging_C3	.779		.467
Lagging_C4			.845
Lagging_F1	.723		
Lagging_F2	.875		
Lagging_F3	.823		
Lagging_F4	.685	.572	
Lagging_F5		.685	

Note: The cut-off point was .45. Item numbers reflect the items provided in Appendix IV.
Table 5-4: EFA Results for Lagging Effectiveness

The factor loadings reveal an interpretable pattern. The first factor represents the functional effectiveness dimension. Except for the item Lagging_F5 all intended functional items load on the factor. The items Lagging_R4, Lagging_C1 and Lagging_C3 indeed show cross-loadings on the functional factor, but we assigned them to the intended factors due to explainable structures, as also in most instances higher factor loadings.

The second factor refers to the relational effectiveness dimension. With the exception of the item Lagging_R5 all intended relational items load on the factor. However, the attribution of the item Lagging_F5 ‘the corporate strategy department neglects the implementation of strategies’ to the relational factor is not entirely comprehensible. It remains to be seen what result an assessment of the measurement items with a larger sample size produces.

The third factor reflects the cognitive effectiveness dimension. Similarly to the functional and relational factor, most intended cognitive items load on the factor. In addition,

tion, the item Lagging_R5 'the corporate strategy department is not clear about its own role' loads on the cognitive factor; the item can be interpreted as relational as well as cognitive. The cognitive interpretation thus implies that ambiguity about strategists' roles prevents them from creating shared meanings of strategy, while the relational interpretation emphasizes the lack of organizational members' integration. We accepted the item as cognitive, as suggested by the factor analysis.

The 14-item lagging effectiveness measure tends to be reliable, showing Cronbach's Alpha of .94. Cronbach's Alpha for the four-item functional dimension is .90, for the five-item relational dimension Alpha is .88, and for the five-item cognitive dimension Alpha is .85. Hence, the scales for the lagging effectiveness dimensions indicate internal consistency.

Routine Effectiveness. Table 5-5 shows the means, standard deviations and correlation matrix for the routine effectiveness measurement items. Contrasted with the semi-nal and lagging effectiveness items, the routine items do not show as high correlations. While the relational items still hold moderate to high inter-correlations, the cognitive and functional items reveal merely limited correlations. Furthermore, it becomes evident that some cognitive and functional measurement items correlate instead with items of the other effectiveness dimensions.

Items	Mean	S.D.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(1) Routine_R1	3.74	0.77	1													
(2) Routine_R2	3.90	0.65	.68	1												
(3) Routine_R3	4.10	0.65	.52	.65	1											
(4) Routine_R4	3.45	0.85	.74	.56	.46	1										
(5) Routine_R5	3.68	0.87	.57	.47	.17	.52	1									
(6) Routine_C1	3.68	0.91	.31	.28	.17	.50	.37	1								
(7) Routine_C2	3.29	0.97	.41	.20	.11	.68	.39	.45	1							
(8) Routine_C3	3.45	1.00	-.02	.07	.03	-.01	.06	-.02	.17	1						
(9) Routine_C4	3.19	1.08	-.50	-.12	.07	-.39	-.29	-.10	-.15	.32	1					
(10) Routine_C5	3.29	1.01	.70	.40	.31	.58	.53	.29	.52	.10	-.36	1				
(11) Routine_F1	3.06	1.03	.65	.50	.29	.54	.54	.41	.31	.13	-.16	.59	1			
(12) Routine_F2	2.39	0.72	-.54	-.28	-.30	-.46	-.49	-.37	-.31	.31	.16	-.39	-.22	1		
(13) Routine_F3	2.58	1.03	-.52	-.16	-.29	-.50	-.38	-.37	-.31	.26	.53	-.65	-.23	.50	1	
(14) Routine_F4	3.16	1.10	-.07	-.12	.07	-.12	-.08	-.25	-.17	.05	.06	-.20	-.33	.00	.12	1

Note: n = 31. Item numbers reflect the items provided in the Appendix IV.
 Table 5-5: Descriptive Statistics and Correlation Matrix for Routine Effectiveness

Relating to the EFA, the Kaiser criterion suggested a five-factor solution while the scree test indicated three meaningful factors. The eigenvalues of factor four and five were very close to one (1.034 respectively 1.024) and hardly added to the variance. Furthermore, the three-factor solution had the more interpretable pattern of loadings. We therefore accepted three factors as the most reasonable solution for the data, which explains 62 percent of the variance. Table 5-6 shows the factor loadings for the three-factor solution.

Items	Factor loadings		
	Relational	Cognitive	Functional
Routine_R1	.721		
Routine_R2	.836		
Routine_R3	.866		
Routine_R4	.568	.565	
Routine_R5		.524	
Routine_C1		.623	
Routine_C2		.723	
Routine_C3			.722
Routine_C4			.731
Routine_C5		.607	
Routine_F1	.458	.652	
Routine_F2			.564
Routine_F3			.734
Routine_F4		-.591	

Note: The cut-off point was .45. Item numbers reflect the items provided in Appendix IV.
Table 5-6: EFA Results for Routine Effectiveness

The first factor refers to the relational effectiveness dimension. Except for the item Routine_R5 ‘the corporate strategy department involves the right partners from divisions and functions’, all intended relational items load on the factor. This deviation is not entirely comprehensible, which indicates that further validation of the measurement items is required. Moreover, the item Routine_R4 ‘the corporate strategy department establishes an efficient information exchange’ shows cross-loadings. The interpretation suggests that the item can be assigned to either the relational or the cognitive effectiveness dimension. We decided to accept it as a relational measurement item, referring to integrating organizational members in strategizing.

The interpretation of the second and third factor proves to be more difficult. The factor loadings produce no completely clear picture, since the intended measurement items do not obviously load on the same factor. We interpret the second factor as representing the cognitive effectiveness dimension. The majority of the intended cognitive items load on the factor. Additionally, the items Routine_R5 and Routine_F1 load also on the cognitive factor. Even though this item allocation tends to be non-interpretable, the correlation matrix reveals that both items correlate relatively highly with cognitive items. At this early research stage, we accepted the two items as cognitive measurement items. Surprisingly, the item Routine_F4 'the corporate strategy department pursues corporate themes with no clear goal' does not load on any factor. When considering the item's correlation, it shows relatively low correlation with all routine measurement items. We therefore decided not to assign the item to any factor.

The third factor reflects the functional effectiveness dimension. Besides two intended functional items, also the items Routine_C3 'the corporate strategy department takes a moderating rather than a content-driven role in discussions' and Routine_C4 'the corporate strategy department eases arrangements with divisions and functions, but ultimately all do their own thing' load on the factor. On reflection, both can also be interpreted as functional items, with reference to the strategy department's facilitator role.

The routine effectiveness measurement scale offers less internal consistency reliability compared to the seminal and lagging effectiveness scales. Cronbach's Alpha for the 13 routine effectiveness items is .64, excluding the item Routine_F4. For the individually extracted factors respectively, dimensions following values result: .85 for the four-item relational dimension, .80 for the five-item cognitive dimension, and .67 for the four-item functional dimension.

Rushed Effectiveness. Table 5-7 presents the descriptive statistics and correlations of the rushed effectiveness items. Similarly to the routine effectiveness items, the rushed items correlate only moderately with each other. While some cognitive and functional items reveal moderate inter-correlations, the relational items have only a rather low inter-correlation.

Items	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(1) Rushed_R1	2.77	0.92	1												
(2) Rushed_R2	3.61	0.62	-0.22	1											
(3) Rushed_R3	3.00	0.86	0.30	-0.19	1										
(4) Rushed_R4	3.00	1.03	0.46	-0.37	0.42	1									
(5) Rushed_C1	2.84	0.69	0.20	-0.07	0.28	0.56	1								
(6) Rushed_C2	3.13	0.96	0.41	-0.08	0.04	0.30	0.49	1							
(7) Rushed_C3	2.58	0.89	0.45	-0.49	0.22	0.58	0.32	0.26	1						
(8) Rushed_C4	2.48	1.06	0.39	-0.57	0.15	0.58	0.39	0.43	0.83	1					
(9) Rushed_C5	2.81	1.14	0.34	-0.30	0.14	0.57	0.56	0.42	0.45	0.55	1				
(10) Rushed_F1	2.61	1.23	0.57	-0.38	0.16	0.53	0.32	0.38	0.76	0.71	0.40	1			
(11) Rushed_F2	3.10	0.98	-0.05	0.45	-0.28	-0.30	-0.17	0.02	-0.14	-0.21	-0.22	0.00	1		
(12) Rushed_F3	2.48	1.00	0.09	0.37	-0.12	0.13	0.17	-0.10	0.31	0.18	-0.03	0.21	0.40	1	
(13) Rushed_F4	2.26	0.93	0.30	-0.52	0.13	0.52	0.54	0.41	0.54	0.68	0.46	0.47	-0.21	0.04	1
(14) Rushed_F5	2.55	0.81	0.44	-0.43	0.00	0.48	0.28	0.34	0.56	0.54	0.37	0.59	-0.11	0.07	0.65
(15) Rushed_F6	2.94	0.85	0.41	-0.11	0.14	0.42	0.44	0.38	0.49	0.51	0.47	0.42	0.01	0.43	0.36

Note: n = 31. Item numbers reflect the items provided in the Appendix IV.

Table 5-7: Descriptive Statistics and Correlation Matrix for Rushed Effectiveness

While the Kaiser criterion offered four factors for extraction, the scree test suggested three. Similarly to the other effectiveness states, we decided to explore the three-factor solution, as it provided the most interpretable pattern, explaining 63 percent of the common variance. The factor loadings are shown in Table 5-8.

Items	Factor loadings		
	Functional	Cognitive	Relational
Rushed_R1	.487		
Rushed_R2	-.667		.610
Rushed_R3		.514	
Rushed_R4	.494	.633	
Rushed_C1		.841	
Rusehd_C2		.565	
Rushed_C3	.846		
Rushed_C4	.834		
Rushed_C5		.641	
Rushed_F1	.805		
Rushed_F2			.760
Rushed_F3			.819
Rushed_F4	.671		
Rushed_F5	.778		
Rushed_F6		.578	

Note: The cut-off point was .45. Item numbers reflect the items provided in Appendix IV.
Table 5-8: EFA Results for Rushed Effectiveness

Interpreting the factors turns out to be less obvious than for the other effectiveness states. The factor loadings produce no definite picture, since the intended measurement items hardly load on the same factor. We interpret the first factor as representing the functional effectiveness dimension. Three intended functional items as well as items Rushed_R1, Rushed_C3 and Rushed_C4 load on the factor. These three non-intended functional items correlate highly with most functional items, which possibly explains the allocation on the factor. Admittedly, this item assignment seems difficult to elucidate.

The second factor reflects the cognitive effectiveness dimension. Most intended cognitive items load on the factor. In addition, items Rushed_R3, Rushed_R4 and Rushed_F6 load on the cognitive factor. Similarly, as in the functional factor, these

loadings can partly be explained by the correlations between the items, but are hardly interpretable.

The third factor, labeled as relational, does indeed contain an intended relational item, but the combination of the three items is incomprehensible. Considering the correlation matrix reveals that the three items correlate moderately, but they show very low correlation with the remaining rushed effectiveness items.

Surprisingly, the 15-item rushed effectiveness measurement scale tends to be reliable, indicated by Cronbach's Alpha of .84. Cronbach's Alpha for the six-item functional dimension is .88, for the six-item cognitive dimension Alpha is .78, and for the three-item relational dimension Alpha is .65.

Summary. The preliminary assessment of the measurement items initially confirms our conceptual model of strategic effectiveness. The measurement instrument contains the relational, cognitive and functional effectiveness dimension for the four identified effectiveness states. The EFA produced for the seminal, lagging, routine and rushed effectiveness states a three-factor solution reflecting the three a priori effectiveness dimensions.

In order to cross-validate the EFA's findings, we analyzed item-correlations to investigate convergent validity (Hair et al., 2010). The correlation analysis approved the findings of the EFA. The items of the individual effectiveness states showed a relatively low correlation with items of the other states. In other words, the seminal effectiveness items, for example, show marginal correlations with lagging, routine and rushed effectiveness items, which implies that the four states differ from one another. When analyzing the internal consistency reliability of the states' measurement items, indications are that routine and rushed effectiveness represent less reliable scales. Furthermore, the factor loadings for these two effectiveness states impede an explicit interpretation of the retained factors. Within the individual effectiveness states, some measurement items reveal cross-loadings on multiple factors, which suggest that some items may be unclearly verbalized. Hence, a thorough validation of the measurement instrument on a large scale is essential in order to obtain a reliable attribution of the measurement items to the respective effectiveness state as well as to the adequate dimension.

5.2.2 Influences of Effectiveness Enablers on Strategic Effectiveness

We conducted a correlation analysis to investigate how the identified effectiveness enablers influence the strategy department's exploitation of the relational, cognitive and functional potentials. In particular, we analyzed how the enablers inform the seminal effectiveness dimensions in order to provide preliminary evidence on whether or not the enablers influence seminal effectiveness. The correlation analysis, however, reports on the strength of the association between variables. It cannot be used to infer a causal relationship between them (e.g., Blaikie, 2006). Table 5-9 shows the descriptive statistics as well as the correlation coefficients for the individual effectiveness enablers and the seminal effectiveness dimensions.

Contrary to expectation, the enabler network shows no strong correlation with the seminal effectiveness dimensions. This means that the strategists' frequency of interaction with divisions and functions might in fact have no influence on the exploitation of the relational effectiveness dimension. At this early research stage, this finding should be further revised, possibly also including different measures, which capture the notion of embeddedness.

The enabler leadership behavior is retained separately in the variables conflict handling and joint problem solving, since the diverse measurement items did not explicitly load on a common factor. The correlation analysis confirms our assumption that both variables significantly correlate with the relational and cognitive effectiveness dimension. Furthermore, both conflict handling and joint problem solving show a significant correlation with the functional effectiveness dimension. We interpret this connection in this sense: effecting compromises and conjointly developing strategic solutions could enable the strategists to bring their input into the strategizing process and thus to exploit the functional effectiveness dimension.

As intended, the enabler expertise significantly correlates with the relational and functional effectiveness dimension. In contrast, it reveals merely a moderate positive correlation with the cognitive dimension. It remains to be seen whether the analysis on a large scale accounts for significant relationships with all three effectiveness dimensions.

With regard to the enabler entrepreneurial behavior, the correlation analysis substantiates a significant correlation with the functional seminal effectiveness dimension. Similarly, the enabler also significantly correlates with the relational and functional dimension. We interpret these connections in this sense: strategists' proactive behavior

might not only enable exploitation of the functional dimension, but also address the relational and cognitive effectiveness dimension. Thus, it is conceivable that the strategists, by initiative taking and opportunity seeking, commit organizational members to support strategic themes (relational dimension) in order to work together on these topics (cognitive dimension).

Finally, the enabler coordination exhibits a significant correlation with the relational and cognitive seminal effectiveness dimension, while with the functional dimension correlation is low. In this way, the analysis confirms our assumption regarding the relations between the enabler and the seminal effectiveness dimensions.

In summary, the correlation analysis provides preliminary evidence that the identified enablers are related to seminal effectiveness. In this way, the findings confirm for most effectiveness enablers their association with the intended seminal effectiveness dimensions. Surprisingly, the enabler network shows no significantly positive correlation with the effectiveness dimensions. A regression analysis is subsequently required, however, to ascertain how the variables affect each other and how they influence the seminal effectiveness dimensions. In this study, we deliberately refrained from conducting a regression analysis due to the very small sample size.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
(1) Network	3.35	0.84	1								
(2) Conflict Handling	3.38	0.71	-0.20	1							
(3) Joint Problem Solving	3.63	0.89	.15	.59**	1						
(4) Expertise	3.57	0.74	-0.18	.11	.47**	1					
(5) Entrepreneurial Behavior	3.22	0.87	-0.04	.51**	.53**	.33	1				
(6) Coordination	3.66	0.66	-0.04	.25	.34	.41*	.27	1			
(7) Seminal_Relational	3.40	0.74	-0.16	.62**	.75**	.46**	.67**	.50**	1		
(8) Seminal_Cognitive	3.23	0.73	-0.20	.41*	.48**	.30	.57**	.41*	.70**	1	
(9) Seminal_Functional	2.89	0.73	-0.02	.63**	.71**	.40*	.63**	.23	.79**	.64**	1

Note: n = 31; (for Joint Problem Solving and Entrepreneurial Behavior n = 30). * p < .05; ** p < .01.

Table 5-9: Descriptive Statistics and Correlation Matrix for Effectiveness Enablers and Seminal Effectiveness Dimensions

6 Conclusion

In this dissertation, we focused on the value creation of the corporate strategy department. More precisely, we studied the department's effectiveness by investigating its added value for the organization. In Chapter 1, we presented a general introduction and positioned the dissertation in the strategic management field. Further, we introduced the organizational energy concept as a guiding framework to explore and evaluate strategic effectiveness. In Chapter 2, we reviewed the research on the evaluation of staff functions and conceptualized the construct strategic effectiveness. In Chapter 3, we outlined the empirical approach of our study. We justified an inductive single case study approach and the selection of AutoCorp, a global automotive company, as our research site. We described comprehensively the research strategy applied, including data collection and analysis, to enable an evaluation of our research quality. Further, we delineated the development of our measurement instrument. In Chapter 4, we proposed that strategic effectiveness consists of a relational, cognitive and functional dimension and can take different forms depending on the strategy department's exploitation of the relational, cognitive and functional potential. Further, we identified five effectiveness enablers. In Chapter 5, following the presentation of the empirical findings, we reported on the results of the measurement instrument's pilot testing.

In this final chapter, we briefly summarize the findings of our dissertation (6.1). We then discuss the theoretical contributions (6.2) and the study's practical implications (6.3). Subsequently, we address the limitations of our dissertation (6.4) and propose directions for future research (6.5). Lastly, we present a final conclusion for the overall dissertation (6.6).

6.1 Discussion of Findings

This dissertation's objective was to explore the nature of the strategy department's effectiveness and to develop a measurement instrument to operationalize its value contribution. We used an activity theoretical lens to explore strategic effectiveness. This lens clarified the contextualization of the construct in the process of strategizing by encompassing the interactions of strategists and constituencies involved in the pursuit of strategic activities. Furthermore, we selected a constituency perspective to evaluate strategists' added value, assuming that the strategy department's effectiveness is dependent on the extent to which it satisfies the constituencies' expectations. In our study, the collective of business and functional unit managers represented the department's constituency. This dissertation studied how strategists create value for business

and functional units in order to answer the research questions regarding what constitutes strategic effectiveness and how can it be realized and measured.

To answer these research questions, we applied the logic of the organizational energy concept in terms of dimensions, states and enablers as a guiding framework (Bruch & Vogel, 2009, 2011). Our empirical analysis revealed that strategic effectiveness is a multidimensional construct consisting of a relational, cognitive and functional dimension; these dimensions all represent complementary components of effectiveness. The extent to which the strategy department exploits its relational, cognitive and functional potential is reflected in four independent effectiveness states: seminal effectiveness, lagging effectiveness, routine effectiveness, and rushed effectiveness. Furthermore, our study indicated five effectiveness enablers, which all offer levers for the strategy department to exploit its effectiveness potential: network, leadership behavior, expertise, entrepreneurial behavior, and coordination. Put differently, these enablers influence the achievement of seminal effectiveness. We argued that the effectiveness dimensions, states and enablers conjointly build an initial conceptual model of strategic effectiveness.

Based on our empirical findings, we developed an initial measurement instrument – the strategic effectiveness questionnaire based on the Organizational Energy Questionnaire (Bruch & Vogel, 2001) – that makes the strategy department's effectiveness tangible. The intention thereby is to illustrate how strongly these individual effectiveness states exist in the strategy department. Therefore, the questionnaire contains inductively from the data derived, measurement items for each effectiveness state, reflecting the relational, cognitive and functional effectiveness dimension. In addition, the effectiveness enablers are evaluated to identify levers for effectiveness management. Consequently, the measurement instrument provides an initial indication of the strategy department's effectiveness status quo and moreover indicates levers to enhance its value contribution.

This study's pilot testing of the measurement instrument provided preliminary evidence for its reliability. In particular, the results of the EFA suggested a three-factor solution for all effectiveness states, confirming the three a priori identified effectiveness dimensions. Furthermore, item-correlation analyses supported the existence of the four independent effectiveness states and the effectiveness enablers' link with seminal effectiveness.

6.2 Contributions to Theory

Our dissertation's findings have several implications for different theories in the field of strategic management. Specifically, this study contributes to research on corporate strategy and strategic performance measurement.

Corporate Strategy Research. An important issue of corporate strategy research is the question regarding corporate-level value creation (Müller-Stewens & Brauer, 2009). This dissertation builds on corporate strategy research by explaining how the corporate strategy function can create value for the firm. More precisely, it contributes to research on the corporate strategy function's value creation in three different ways.

First, this study extends existing research on the strategy department's role by analyzing and breaking down its effectiveness. Focusing on strategists' day-to-day activities, we shift the analytical focus on a micro activity level compared to a generic activity level as predominantly applied in the extant literature (e.g., Javidan, 1987; Phillips & Moutinho, 2000; Ramanujam et al., 1986). Therefore, our research suggests a more fine-grained conceptualization of the strategy department's effectiveness. Specifically, it suggests interaction between the strategy function and business and functional units as a distinctive unit of analysis for determining strategic effectiveness, which has received limited, if any, prior attention in the literature. This study thus provides a more differentiated view on the strategy department's effectiveness. It illustrates the varying effectiveness dimensions, states and enablers. Hence, our conceptual model of strategic effectiveness provides a fairly detailed view on departmental effectiveness.

Moreover, our study reveals the necessity to develop a distinct measurement scale for strategic effectiveness to capture the strategy department's value contribution. Adapting existing measures from the extant literature on corporate function's effectiveness would be inappropriate. For example, Tsui's (1987) criteria for HR effectiveness are not suitable. On the one hand they represent rather high-level measures (e.g., quality of service provided, speed of responses or client satisfaction) and on the other hand they are tailored to the HR functions practices.

Second, this dissertation provides insights into the quality of strategy work. It complies specifically with scholars' demands to illustrate the implications of strategists' practices on strategizing outcomes (e.g., Johnson et al., 2003; Vaara & Whittington, 2012). Prior research focuses rather on the description of strategists' roles, activities and capabilities (e.g., Angwin et al., 2009; Breene et al., 2007; Delmar, 2003; Dye, 2008). Angwin et al. (2009), for example, identify analytical/technical, interaction and meta-

level skills as important requirements for strategy executives. Similarly, Breene et al. (2007) reveal that strategy executives' role involves engendering commitment to strategic plans, driving immediate change, and forcing decision making. On the one hand, this study largely confirms existing research on essential roles, activities and capabilities of strategists. For example, our effectiveness dimensions show similarities with Angwin et al.'s (2009) identified critical capabilities for strategy executives. On the other hand, we advance the extant literature by relating the activities to strategic outcomes in terms of effectiveness. In particular, this study proposes that strategists require relational, cognitive and functional capabilities to perform effectively.

Third, this study also contributes to research on the relationship between the corporate center and business units. Prior research examines the nature of strategy making within and between corporate center and business units (e.g., Paroutis & Pettigrew, 2007; Regnér, 2003). For example, Paroutis and Pettigrew (2007) analyze the actions and interactions of central and business unit strategy teams. Their research demonstrates the importance of the interactions of corporate center and business unit strategy teams during the strategy process. More specifically, they suggest that the actions and interactions across strategy teams could have an effect on the success or failure of the strategy process. However, the extant research remains descriptive in terms of strategists' activities during the strategy process. This study contributes to this research path by linking the corporate strategists' actions and interactions to perceived effectiveness, which potentially leads to success (or failure) of strategizing. Furthermore, our results illustrate what is important for business and functional units in the interaction with the corporate strategy department. This, in turn, offers useful insights into how the corporate function can establish legitimacy within the organization.

Strategic Performance Measurement Research. This dissertation also contributes to the advancements of strategic performance measurement research. While measurement historically has given low priority in strategic management research, several complex constructs have often been represented with simple measures (Boyd, Gove, & Hitt, 2005; Chakravarthy, 1986; Hitt, Boyd, & Li, 2004; Venkatraman & Grant, 1986).

Our study, in contrast, emphasizes the complexity of strategizing. Complementing existing research on strategic performance measures, this dissertation proposes a further intermediate measure in the form of strategic effectiveness in order to assess organizations' strategic performance. According to Chakravarthy (1986) useful measures for strategic performance help assess the quality of an organization's adaptation to the environment. He notes that a well-adapted firm must have an effective strategy. Our

findings offer indicators that are associated with effective strategy work and thereby help firms to evaluate their adaptation quality.

6.3 Contributions to Managerial Practice

Besides its theoretical contributions, this dissertation has several implications for managerial practice. Despite the prevalence of corporate strategy functions in organizations, research and practice continue to lack concrete recommendations regarding how the strategy department should prove its value contribution. This study therefore aims to provide practitioners with insights into the constitution and evaluation of their departments' effectiveness. More precisely, this dissertation adds to managerial practice as follows:

First, the study clarifies the business units and functions' expectations in interactions with the strategy department by explaining activities related to the relational, cognitive and functional effectiveness dimension. Hence, our findings provide strategy managers with a pool of normative effective activities.

Second, the measurement instrument that this study utilized enables strategy executives to identify the strengths and weaknesses of the department's strategy work. In particular, it provides a fact-based feedback including distinct and manageable indicators for the strategy department in order to enhance its effectiveness. We propose diverse possibilities as to how the strategy department might apply the strategic effectiveness questionnaire. The effectiveness measurement can serve as basis for the department's development. For example at AutoCorp, the CSO together with the heads of the subunits uses the result of the pilot measurement to determine the department's future development and priorities. Furthermore, the questionnaire can be deployed as feedback instrument on subunit or project level. It allows the subunits, for instance, to survey their most important constituencies periodically or to monitor the progress of their strategic initiatives. Finally, the measurement instrument can also be used for benchmarking purposes. It offers the strategy department the opportunity to benchmark the effectiveness internally among its subunits and externally with other organizations.

Third, by highlighting and illustrating the strategy department's value-adding role, our findings support strategy executives and managers in selecting and developing their strategy staff. Our results suggest that strategists require relational, cognitive and functional skills in their day-to-day work. Moreover, we identify selection criteria in terms

of effectiveness enablers, which seem decisive for strategists in order to perform successfully.

Fourth, this dissertation contributes to the understanding of the contemporary strategy profession by providing detailed descriptions and explanations of strategists' effective practices in the strategizing process (e.g., Müller-Stewens, 2010; Whittington, 2006). In this regard, our conceptual model of strategic effectiveness could serve as a diagnostic tool to inform management practice. Scholars might use the model, for instance, in education settings as a means of discussing the realities of strategy creation and implementation (Paroutis & Pettigrew, 2007).

In conclusion, this dissertation contributes to managerial practice by offering a differentiated view on the strategy department's effectiveness. The measurement instrument enables practitioners to assess the department's value contribution and it provides further distinct indicators that strategists can influence to enhance their effectiveness.

6.4 Limitations of Dissertation

This dissertation attempted to develop generalizable and elevated theoretical findings based on the case study's empirical results. However, our dissertation encounters several limitations with respect to the theoretical and empirical approach. In the following, we outline and discuss these limitations.

Theoretical Limitations. First, this study applied the multiple constituency approach for studying and measuring the strategy department's effectiveness. This perspective was selected because it has proven to be a valid method of assessing unit effectiveness (e.g., Guest & Peccei, 1994; Hitt et al., 1983; Hitt & Middlemist, 1979; Tsui, 1987, 1990). Further, the multiple constituency approach emphasizes the high degree of complexities in the strategists' task environment. However, since the strategy department's effectiveness may depend on various contingency factors such as organizational context, industry context, or department size, other approaches that we neglected could have led to other findings.

Second, we focused on business and functional unit managers as a single constituency to conceptualize the strategy department's effectiveness. We concentrated on those particularly, since they represent central actors in the strategizing process (e.g., Floyd & Wooldridge, 1992). Their commitment is essential for a successful implementation of organizational strategies (Guth & MacMillan, 1986). However, we did not consider the top management and CEO's anticipations. Indeed, prior research notes that top ex-

executives judge staff department's effectiveness differently, due to their divergent expectations (e.g., Guest & Conway, 2011; Tsui, 1990). Therefore, investigating additional constituencies' expectations could lead to differing measurement criteria.

Third, while constituency satisfaction represents an important criterion, it can be argued that the ultimate criterion for strategic effectiveness is the department's contribution to firm performance. In this study, we neglected to analyze this relationship since it was beyond the scope of this dissertation.

Methodological Limitations. First, the methodology that we applied to investigate strategic effectiveness has some weaknesses relating to the generalizability of our findings. This study employed a single case study approach based on 43 in-depth interviews. This methodological choice seemed suitable since the phenomenon under investigation was novel and complex, and thus required in-depth analysis of detailed and holistic data (Eisenhardt, 1989; Yin, 2009). While confirming the selection of this qualitative approach, we recognize that the generalizability of our findings is problematic. The theoretical findings presented in Chapter 4 are bound to the specific organizational context of our case. Furthermore, firm-specific factors of our research site (e.g., company history, definition of strategy work) may also restrict our findings. However, the comparison with existing literature proposes that our findings are at least partially generalizable. Comparative case studies would certainly support better grounding of the findings.

Second, this study included retrospective data collection, particularly regarding the interview partners' experiences in the selected strategic initiatives. In general, retrospective data faces the risk that respondents' interpretations of past events may be biased (Huber & Power, 1985). Thus, responses may suffer from individual perceptions. We therefore took several measures to limit the data's subjectivity. For example, we collected data from multiple respondents per strategic initiative. Furthermore, our interviewees commented also on actual events and expectations regarding the strategists' value contribution.

Third, this research is limited by subjective interpretations of the data. We attempted to reduce subjective biases in three ways: First, a fellow researcher who had intimate knowledge of this dissertation's theme reviewed our codes (Yin, 2009). Second, we followed the data analysis principles of grounded theory by Strauss and Corbin (1998). Third, strategists of the case company confirmed our findings (Mayring, 2002).

Fourth, even though we substantiated this study's qualitative findings with an initial quantitative analysis, the measurement instrument's pilot testing does not ensure valid results. The sample size is very small and fails to satisfy the requirements for sound statistical analysis. While we are confident that we converted essential elements of strategic effectiveness into the measurement instrument, we cannot reliably determine its validity. This demonstrates the necessity for quantitative follow-up studies.

Fifth, our selection of variables may not be complete, particularly for measuring the effectiveness enablers. We focused our selection of variables on existing measures in literature, which adequately reflected the meaning of our inductively identified effectiveness enablers. Even though we conducted an intense literature review, finding accurate variables was difficult at times. Furthermore, we retrieve individual effectiveness enablers with single or two-item measures, which may restrict the measures' reliability to adequately capture the concept being measured (Nunnally & Bernstein, 1994).

6.5 Directions for Future Research

In the previous sections, we discussed this dissertation's contributions to theory and to managerial practice as well as its inevitable limitations. Based on these considerations, the current section is concerned with the future; it discusses directions for future research. Research building on this study is encouraged, particularly with regard to overcoming some of the discussed theoretical and methodological limitations.

Theoretical Directions. First, future research on the strategy department's effectiveness would greatly benefit from investigating the expectations of further constituencies. In particular the CEO and top management perspectives seem to be important since they ultimately represent the organization's decision makers who are accountable for its strategy. Future research on this issue may also provide insights into whether, how and why top management's expectations differ from those of business and functional unit managers. Hence, the analysis of additional constituencies may yield further insights into the value contribution expected from the strategy department.

Second, we encourage scholars to continue exploring the enablers for strategic effectiveness. Particularly, analyzing the significance and weightings of the identified effectiveness enablers to achieve seminal effectiveness, represents a fruitful avenue for future studies. Furthermore, future research should also study possible strategies to help the strategy department escape from a state of lagging, routine or rushed effectiveness in order to achieve seminal effectiveness.

Third, future studies should address the relationship between strategic effectiveness and firm performance. This study focused on elaborating the nature of strategic effectiveness, but ultimately it appears profitable to examine the influence of the strategy department's effectiveness on firm performance.

Methodological Directions. Primarily the single case study approach employed for this dissertation requires further empirical evidence. Further in-depth single and comparative case studies within and across industries would help to strengthen our understanding of strategic effectiveness and add empirical evidence. In particular, further case studies should examine if the identified effectiveness dimensions, states and enablers are conclusive.

Second, quantitative, large sample studies are required that empirically test the developed measurement instrument. Future research should evaluate the instrument's construct validity in particular, by conducting exploratory and confirmatory factor analyses (Hinkin, 1998; Schwab, 1980). Future studies will thereby refine the measurement scale by identifying sound measurement items for evaluating the strategy department's effectiveness.

6.6 Final Conclusion

This dissertation investigated the corporate strategy department's effectiveness. Based on an in-depth single case study on the global automotive company AutoCorp, this study has developed an initial conceptual model of strategic effectiveness. More precisely, we revealed that strategic effectiveness is a multidimensional construct and that it can take different forms depending on the strategy department's exploitation of its effectiveness potential. Furthermore, we identified effectiveness enablers that represent levers for effectiveness management. Subsequently, we developed an initial measurement instrument to evaluate strategists' value contribution.

Overall, this dissertation can be regarded as an initial step toward a more differentiated understanding of strategists' effective contribution and how it can be evaluated. Future research may provide deeper insights into strategic effectiveness, thereby sharpening and extending this study's insights. We further hope that this dissertation is a first step toward providing more guidance to strategy executives with regard to demonstrating their department's value contribution and effectiveness.

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Appendix I: Interview Guide

1. General Information

Please briefly describe your professional background and your overall collaboration with the corporate strategy department:

- Tasks and responsibilities of your business unit or function
- Description of interfaces with corporate strategy department
- Description of expectations toward strategy department within strategic initiative

2. Critical Incidents

Please describe positive and/or negative incidents in which the corporate strategy department created value/neglected to create value within the specific strategic initiative or in general:

- What was the situation/context?
- Who was involved?
- What objectives were pursued?
- What kind of problems did occur?
- Which measures were taken to solve the problems?
- What was the outcome or result?
- What was the contribution of the strategists in this context?

Further questions to deepen comprehension:

- What were your expectations with regard to the role of the strategy department?
- How would you describe your feelings within the situation?
- What exactly did the strategists do that was effective/ineffective?
- What would you have expected/done differently?
- How did the strategy department contribute value?
- Which capabilities of the strategy department are of explicit value to you within this context?

3. Effectiveness Evaluation

Please describe criteria you apply to evaluate the strategy department's contribution:

- How do you evaluate the progress and outcome/success of the strategic initiative? What kind of criteria do you apply?
- How do you evaluate the work of the strategy department? Which criteria are particularly relevant?
- How do you evaluate the collaboration with the strategy department? Which criteria are particularly relevant?

Appendix II: List of Interview Partners

No.	Position of Interview Partner	Date	Comment
IP1	Functional Manager (Finance & Controlling)	February 2011	
IP2	Functional Manager (R&D)	July 2011	
IP3	Functional Manager (Marketing & Sales)	March 2011	
IP4	Functional Manager (Aftersales)	April 2011	
IP5	Functional Manager (Engineering)	March 2011	
IP6	Functional Manager (Finance & Controlling)	February 2011	
IP7	Functional Manager (Engineering)	March 2011	
IP8	Functional Manager (Finance & Controlling)	June 2011	
IP9	Functional Manager (Finance & Controlling)	June 2011	
IP10	Functional Manager (Finance & Controlling)	June 2011	
IP11	Functional Manager (Finance & Controlling)	June 2011	
IP12	Functional Manager (Finance & Controlling)	June 2011	
IP13	Business Unit Manager (Commercial Vehicles)	March 2011	
IP14	Functional Manager (Finance & Controlling)	May 2011	
IP15	Functional Manager (Communication)	March 2011	
IP16	Business Unit Manager (Commercial Vehicles)	July 2011	
IP17	Functional Manager (R&D)	April 2011	
IP18	Functional Manger (HR)	April 2011	
IP19	Business Unit Manager (Commercial Vehicles)	June 2011	
IP20	Business Unit Manager (Commercial Vehicles)	June 2011	Telephone
IP21	Functional Manager (Legal)	May 2011	
IP22	Functional Manager (M&A)	March 2011	
IP23	Functional Manager (Finance & Controlling)	March 2011	
IP24	Functional Manger (Finance & Controlling)	April 2011	
IP25	Business Unit Manager (Personal Cars)	June 2011	
IP26	Functional Manager (R&D)	May 2011	
IP27	Functional Manager (Legal)	February 2011	
IP28	Functional Manager (Aftersales)	March 2011	

No.	Position of Interview Partner	Date	Comment
IP29	Business Unit Manager (Commercial Vehicles)	June 2011	
IP30	Business Unit Manager (Commercial Vehicles)	March 2011	
IP31	Functional Manager (R&D)	May 2011	
IP32	Functional Manager (M&A)	March 2011	
IP33	Functional Manager (R&D)	June 2011	
IP34	Functional Manager (Engineering)	May 2011	
IP35	Functional Manager (Legal)	May 2011	
IP36	Functional Manager (Finance & Controlling)	March 2011	
IP37	Functional Manager (Production)	June 2011	
IP38	Business Unit Manager (Commercial Vehicles)	February 2011	
IP39	Business Unit Manager (Commercial Vehicles)	April 2011	
IP40	Business Unit Manager (Commercial Vehicles)	April 2011	Telephone
IP41	Functional Manager (Finance & Controlling)	March 2011	
IP42	Business Unit Manager (Commercial Vehicles)	June 2011	
IP43	Business Unit Manager (Commercial Vehicles)	April 2011	

Appendix III: List of Documents

No.	Date	Title (disguised)
d-AC01	2011	Annual Report AutoCorp 2011
d-AC02	2011	Intranet Page of Corporate Strategy Department
d-AC03	2010	AutoCorp's Corporate Strategy Function (presentation)
d-AC04	2010	Corporate Strategy Department Booklet
d-AC05	2008	Introduction of AutoCorp's New Strategy Process (presentation)

Appendix IV: List of Effectiveness Measures

Respondents were instructed: Please read the following statements and indicate the extent to which each describes the current state of strategy work in AutoCorp's strategy department. Responses to the items for seminal effectiveness, lagging effectiveness, routine effectiveness, rushed effectiveness were on a five-point agreement continuum (1 = strongly disagree; 5 = strongly agree).

Seminal Effectiveness

Relational dimension

The corporate strategy department ...

- R1 ... takes responsibility for joint projects
- R2 ... recognizes and bundles the organizational competences
- R3 ... builds a bridge linking the business and functional units within the organization
- R4 ... provides the necessary support in the organization
- R5 ... is for me on a par with an equal partner
- R6 ... together with divisions and functions presents themes to the board of management
- R7 ... disposes of support with executives and the board of management in the organization
- R8 ... trusts colleagues from divisions and functions

Cognitive dimension

The corporate strategy department ...

- C1 ... initiates an alignment of interest between divisions and functions
- C2 ... is able to persuade divisions and functions of the importance of themes
- C3 ... shows willingness to conduct critical discourses
- C4 ... challenges current conventions
- C5 ... embeds strategic themes within the organization's overall context
- C6 ... provides appropriate processes and formats to develop strategic thinking
- C7 ... adopts a cross-divisional strategic perspective
- C8 ... elaborates with divisions and functions on a shared understanding for strategic themes

Functional dimension

The corporate strategy department ...

- F1 ... describes not only the goal, but also the way to achieve it
- F2 ... knows what it is talking about
- F3 ... understands technical themes to an appropriate extent
- F4 ... acts as strategic-thinking leader in the organization
- F5 ... translates strategies into practical implementable plans
- F6 ... recognizes important themes for the organization at an early stage
- F7 ... supports the implementation of strategies
- F8 ... clearly maps the organization's strategic direction

Lagging Effectiveness

Relational dimension

The corporate strategy department ...

- R1 ... seems distant from the operative business
- R2 ... acts merely as attendant without shaping the strategy
- R3 ... is barely perceptible in the collaboration
- R4 ... is often not present at strategic themes
- R5 ... is not clear about its own role

Cognitive dimension

The corporate strategy department ...

- C1 ... gets lost in abstract/detached discussions
- C2 ... is not heard in the organization
- C3 ... conveys major strategic interrelations in an incomprehensible way
- C4 ... competes with divisions and functions in terms of strategy development

Functional dimension

The corporate strategy department ...

- F1 ... deals superficially with strategic themes
- F2 ... tackles strategic themes without seeing the bigger picture
- F3 ... acts mostly reactively
- F4 ... focuses predominantly on organizational and process-related issues
- F5 ... neglects the implementation of strategies

Routine Effectiveness

Relational dimension

The corporate strategy department ...

- R1 ... establishes a positive collaboration atmosphere
- R2 ... is open in collaborating with others
- R3 ... is pleasant in the collaboration
- R4 ... establishes an efficient information exchange
- R5 ... involves the right partners from divisions and functions

Cognitive dimension

The corporate strategy department ...

- C1 ... interprets strategic information for the organization
- C2 ... is focused on reaching rapid consensus
- C3 ... takes a moderating rather than a content-driven role in discussions
- C4 ... eases arrangements with divisions and functions, but ultimately all do their own thing
- C5 ... summarizes information so that it is comprehensible for divisions and functions

Functional dimension

The corporate strategy department ...

- F1 ... coordinates the strategic process in a structured way
- F2 ... does what is necessary, but nothing more
- F3 ... gets lost in alignment loops with divisions and functions
- F4 ... pursues corporate themes (e.g., battery, fuel cell) with no clear goal

Rushed Effectiveness*Relational dimension*

The corporate strategy department ...

- R1 ... involves divisions and functions at the last minute
- R2 ... is very engaged
- R3 ... becomes encumbered with more than it can handle
- R4 ... gets bogged down in themes

Cognitive dimension

The corporate strategy department ...

- C1 ... directs only initial attention to a strategic theme, which then becomes less important in the organization
- C2 ... creates no continuous commitment to strategic themes (e.g., resource allocation)
- C3 ... takes little time to discuss strategic themes thoroughly
- C4 ... often does not think themes through
- C5 ... creates duplications through lack of transparency within the organization

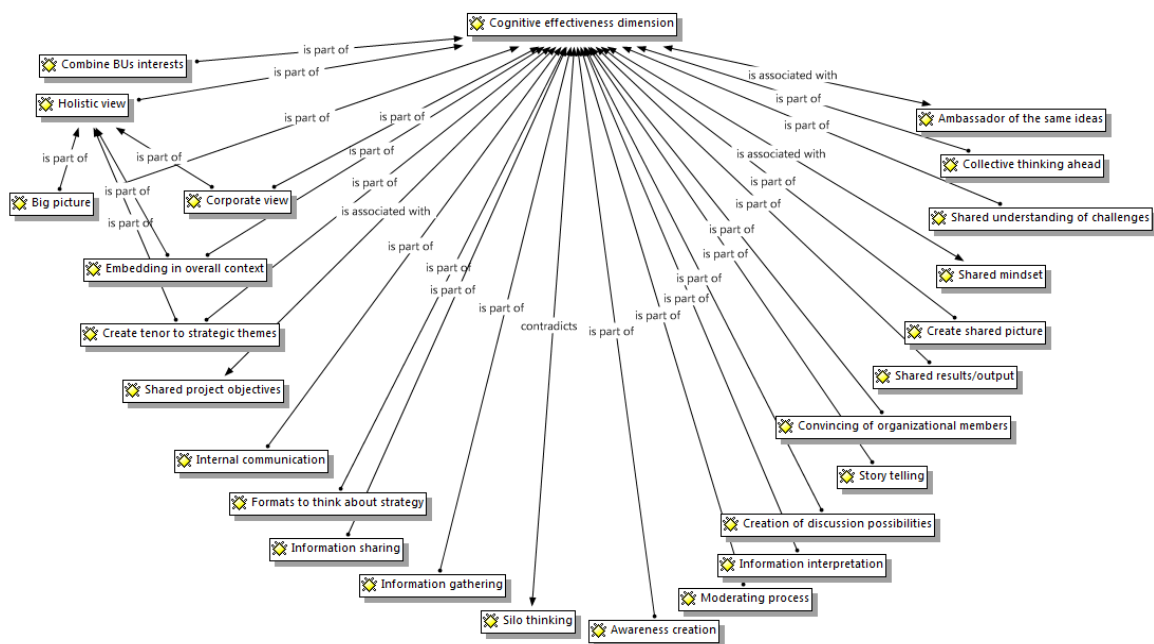
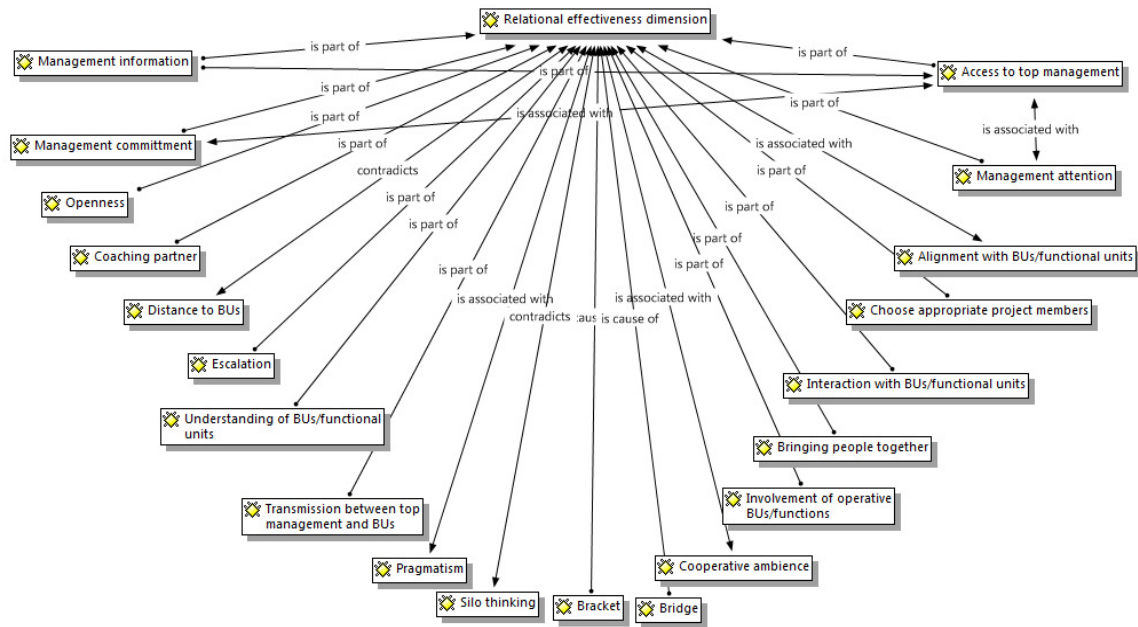
Functional dimension

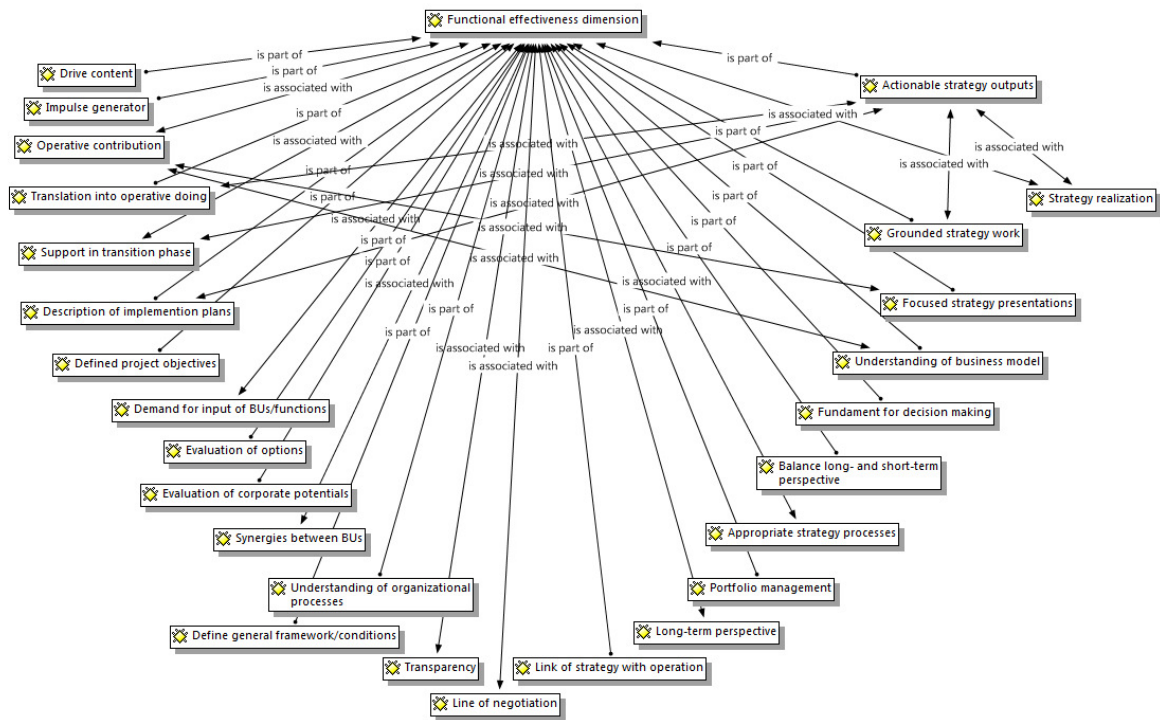
The corporate strategy department ...

- F1 ... deals with strategic themes in an unstructured way
- F2 ... attempts to finish projects as quickly as possible
- F3 ... is creative, but spends little time on long-term thought processes
- F4 ... initiates a new strategic theme every few weeks
- F5 ... focuses heavily on thematic details
- F6 ... often pursues tangible/apparent quick wins

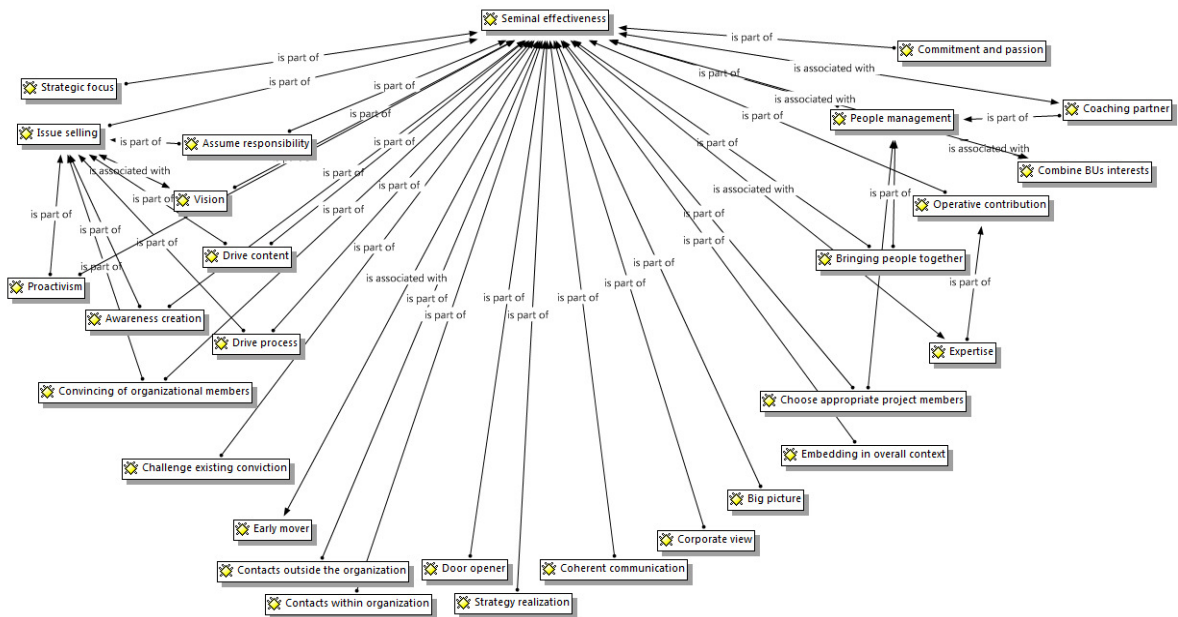
Appendix V: Coding Networks

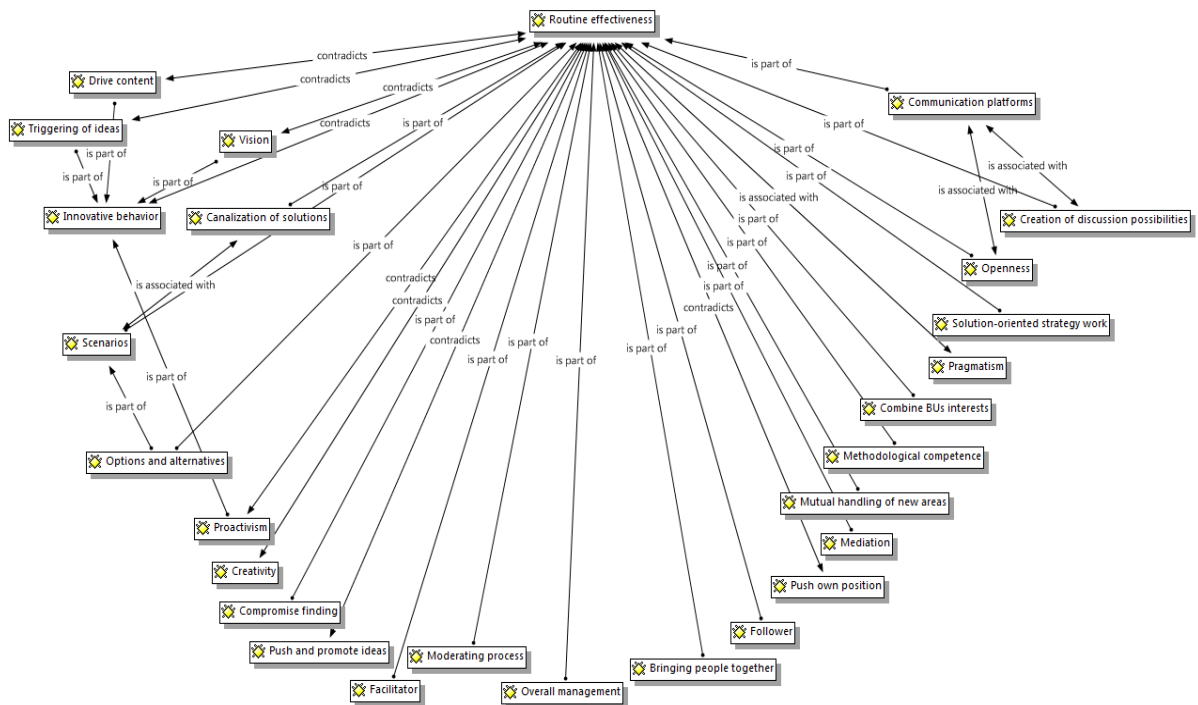
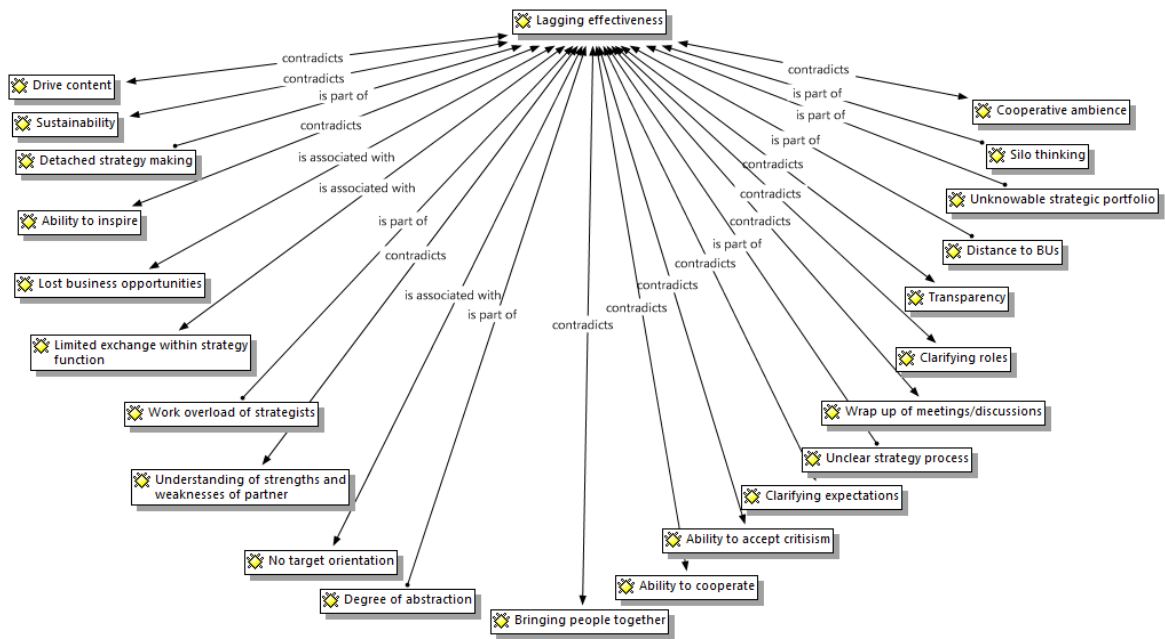
Effectiveness dimensions

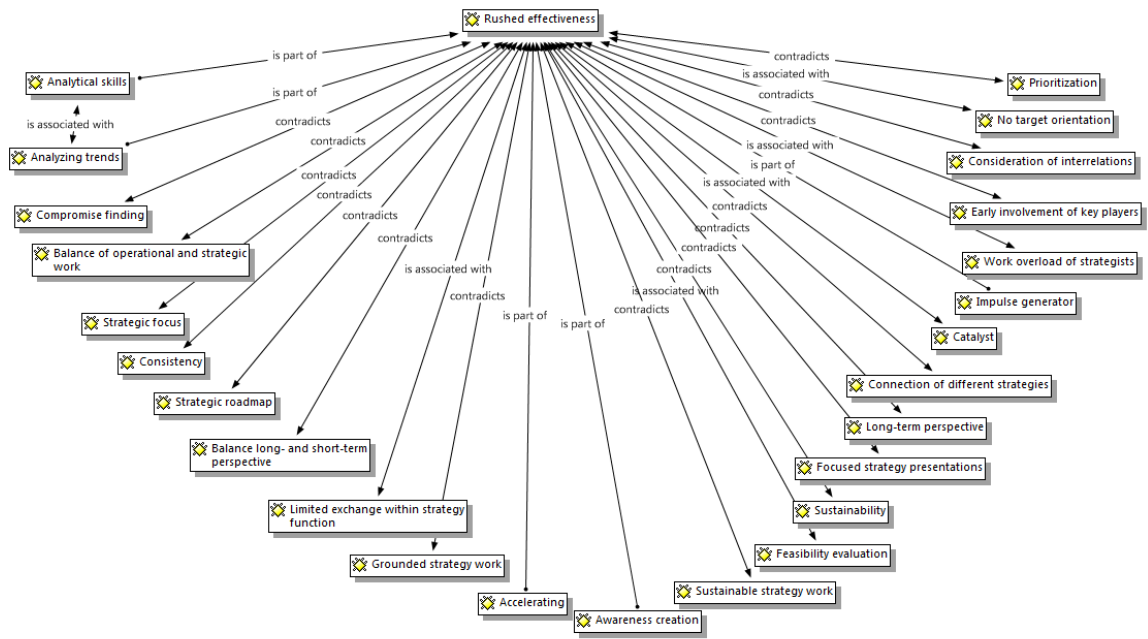




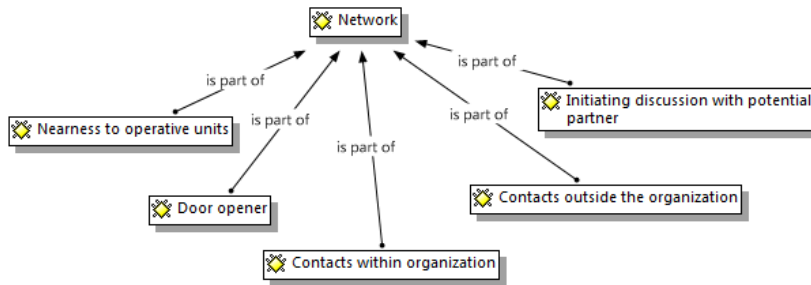
Effectiveness states

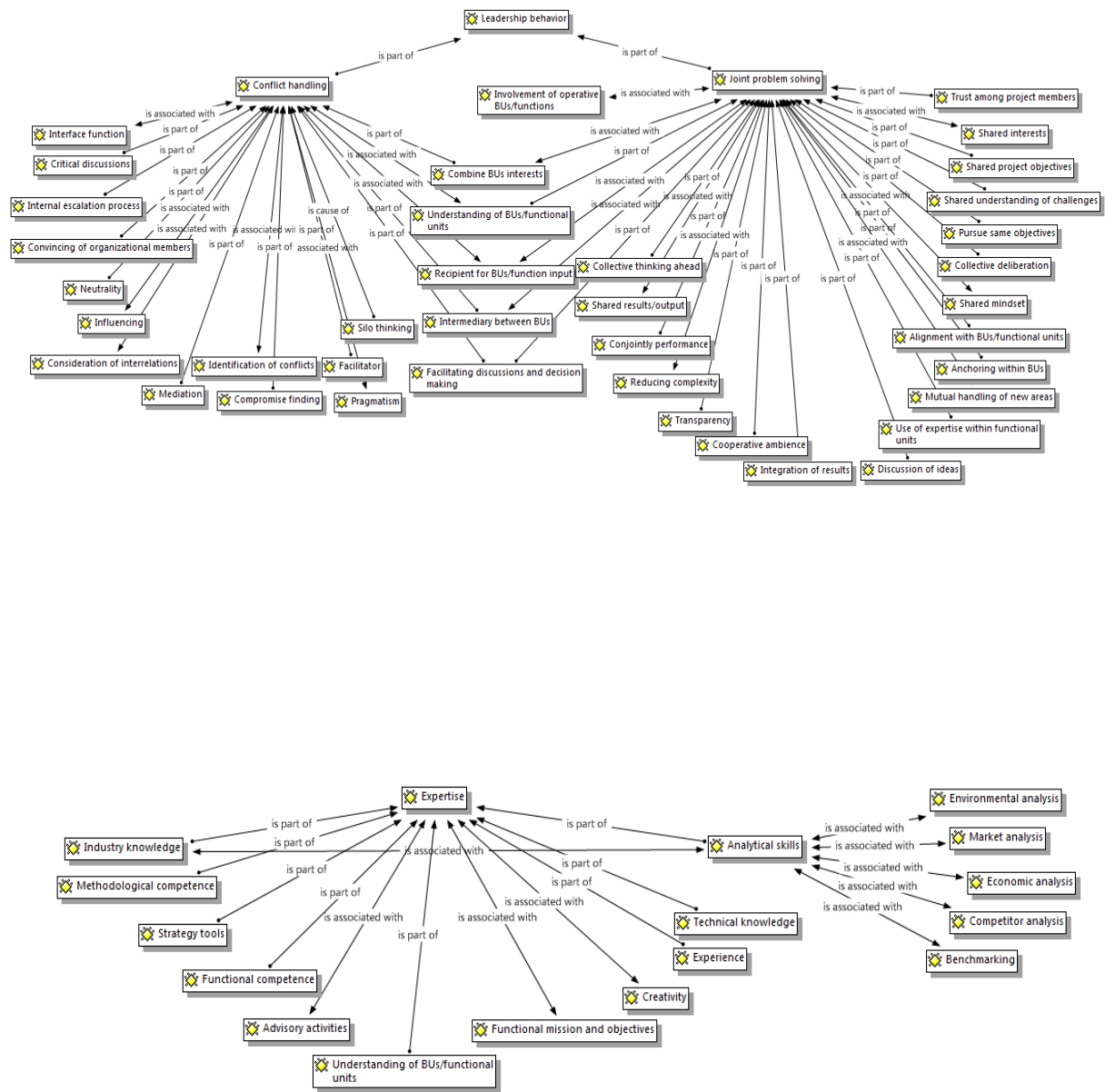


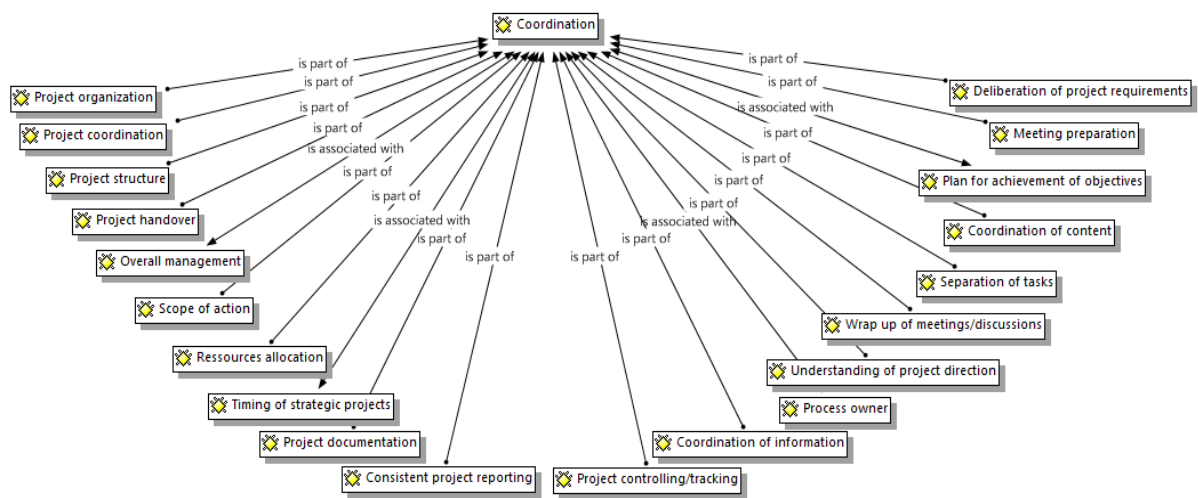
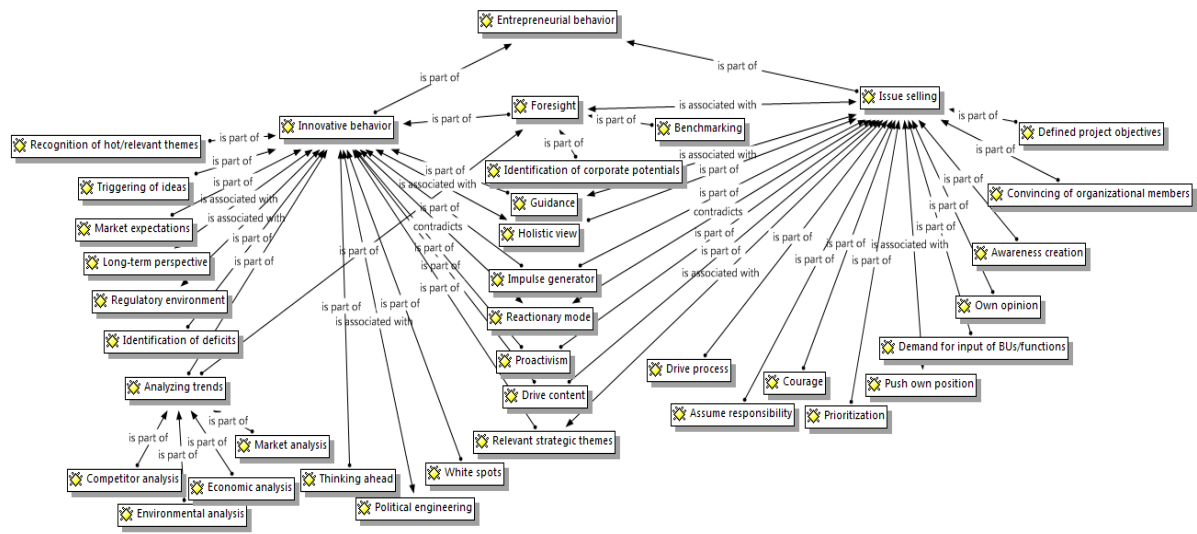




Effectiveness enablers







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Curriculum Vitae

Luzia Stähli, born 1982 in Altstätten (SG), studied Business Administration at the University of St. Gallen. She graduated as Bachelor of Arts HSG in Business Administration in autumn 2005 and as Master of Arts HSG in Strategy and International Management in spring 2007. Between September 2009 and September 2012 she completed Ph.D. studies in Management at the University of St. Gallen. She has worked as a doctoral student with AutoCorp from spring 2010 until spring 2012 and as a strategy consultant with an international management consulting company from April 2007 until today.

