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GENERIC STRATEGIES: AN EMPIRICAL INVESTIGATION OF TYPOLOGY VALIDITY AND STRATEGY CONTENT

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Field research was conducted in 34 Canadian companies/business units to determine the validity of a generic typology of strategies and the content of each type. Two questionnaires, secondary data, and interviews were used to identify strategic types and explore their strategic characteristics. A typology of generic strategies was proposed and tested, and comprehensive descriptions of their characteristics were developed. The findings provide support for a methodology for measuring and identifying strategy, a basis for research on contingency theories of strategic management, and a practical tool for managers to identify and communicate strategic choices and the implementation issues involved.

INTRODUCTION

Organizational effectiveness depends on the ability of the organization to adapt to its environment, which is in turn influenced primarily by the strategic management of the organization. Strategic management includes making such major choices as which environments in which to compete (corporate-level strategies) and how to compete within those environments (business-level strategies). These choices may either diminish or enhance the probability of specific types of management actions and plans, thereby influencing business performance outcomes (Child, 1972; Hambrick and Mason, 1984; Pfeffer and Salancik, 1978).

Business performance, however, is not only a function of how well strategy is formulated. Business performance also depends on whether the strategy which was chosen is actually implemented, and how well the implementation is done. In other words, performance is likely to depend on the extent to which 'intended' strategy and 'realized' strategy are the same (Mintzberg, 1978). Insight into the nature and content of business-level strategies *as realized* may lead to a better understanding of business-level strategic choices, the patterns of managerial actions by which their implementation is accomplished, and reasons for their relative effectiveness.

Research has lagged, primarily because of the difficulties involved in manipulating the numerous situational variables involved in strategic activity (Hofer, 1975). Hambrick (1984) points out that some classification system is necessary for studying organizational strategies, a means by which the large number of potential variables is reduced to a manageable (yet powerful) few. Given such a classification system, individual and situation-specific strategies may be classified according to their commonalities, be seen as broadly applicable across situations—and become *generic*.

A generic strategy is a broad categorization of strategic choice which would apply generally regardless of industry, organization type or size, etc. Such a generalization is, at the broadest level, a 'grand strategy' within which variation may be expected to occur according to contingencies, choice and situational development; yet such

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a typology will still capture the essence of the decision, reducing the complexity of strategy-based variation.

The utility of generic strategies takes several forms. First, they highlight the essential features of separate, situation-specific strategies, capturing their major commonalities in such ways that they facilitate understanding broad strategic patterns. Second, they provide guidance at the corporate level, for portfolio strategic alternatives and directions, and serve as a basis for allocating resources among diverse subsidiaries and business units in complex organizations. Third, at the business level such categorization reduces the myriad variables that demand managerial 'art' to a manageable set of factors with high communality. General patterns of managerial strategic behavior may then be able to be derived, yielding a model of the situation and broad guidelines for action; as a result, more control and coordination towards common goals may be introduced by reducing any unwarranted variability of strategic action, particularly that stemming from the personalistic attributes of the general manager (Herbert and Deresky, 1983b).

Conceptually, such uses are appealing. Largely untested, though, is whether or not specific strategies are sufficiently pervasive so as to be able to be captured in terms of a generic typology. While frequently discussed in the literature and used by consultants, very little empirical research has been conducted; this is due in part to methodological difficulties in identifying and measuring business-level strategy, for which no generally accepted approach has been developed (Hambrick, 1980). Little is known, too, of the content of business-level strategies. Do companies operating under the same strategy utilize the same means of implementation, possess the same strategic characteristics? Do such characteristics support those described in the literature? An empirical base is necessary to provide a reliable method for understanding and predicting strategic behavior, and for managing strategically.

GENERIC STRATEGIES—DEVELOPMENT OF PROPOSED TYPOLOGY

A number of partial theories or typologies of business strategy have been developed (Hofer *et al.* 1980). The portfolio models (BCG; GE/McKinsey/Shell), for example, deal with strategy in terms of the relative investment the firm should make in each of its businesses, dependent on its relative position in the industry and on the industry's attractiveness. Hofer and Schendel's typology (1978) also deals primarily with the investment variable, dependent on market postion. These typologies are well established in the literature.

However, business strategy deals with two parts of the overall question of how a firm should compete in a given business/industry. The first part relates to investment decisions among its businesses. The second involves how the firm should integrate its activities in order to optimize these resources (Hofer *et al.*, 1980). The above-mentioned models do not deal sufficiently with the latter issue of the specifics of the strategy.

Other typologies also show the same basis for broad categorization; these are based on product-market evolution stage, and include those of Wissema *et al.* (1980), Fox (1973), and Glueck (1980). These show some marketing considerations, in addition to using some of the same variables contained in other typologies. In addition, Porter's three generic strategies (1980) give more detailed marketing and product policy information as sub-strategies to the proposed typology.

Structural aspects are the central focus of Burn's and Stalker's (1961) typology, as they are with the life cycle theories of Chandler (1962), Scott (1973), Wrigley (1970), Rumelt (1974), and James (1974). These add to the variables to be considered to develop a full strategic description, although alone each is insufficient. More comprehensive typologies have been empirically tested, including those of Galbraith and Schendel (1983) and Miles and Snow (1978), the former incorporating 26 variables of strategic posture, strategic change, and their interactions.

A review, synthesis and categorization of the literature on strategy classifictions led to the development of four generic strategies: 'Develop', 'Stabilize', 'Turnaround', and 'Harvest' (Deresky, 1984; Herbert and Deresky, 1983b). Table 1 shows a comparison of some of these classifications of strategic activity, typically associated with the stages of product-market evolution and/or the corporate life cycle.

Being based on the diverse typologies in the

Table 1. Comparison of generic strategies

Corporate life cycle (James)	Product/ market evolution	Glueck	Hofer and Schendel	Galbraith and Schendel Consumer Products	Galbraith and Schendel Industrial Products	BCG	Buzzell, Gale and Sultan GE/Shell McKinsey	Wissema	Miles and Snow	Burns and Stalker	Proposed
Emergence	Introduction		Share increase	Builder	Growth			Explosion	Prospector	Organic	
		Growth				'Stars'	Build				Develop
Growth	Growth		Growth increase					Expansion			
Maturity	Maturity	Stability	Profit	Cashout		'Cash cows'	Hold	Continuous growth	Defender	Mechanistic	
		(combination)		Continuity	Maintenance				(analyzer)		Stabilize
			Market Concen-tration/ Asset Reduction	Niche	Niche			Consolidation			
Regeneration			Turnaround	Climber							Turnaround
Decline	Decline	Retrench	Liquidate or divest	Harvest	Low commitment	'Dogs'	Harvest	Slip Contraction			Harvest

literature, the proposed typology is felt to provide a model more complete and with greater validity, since it is based on common (or overlapping) variables and characteristics of strategic types found in the literature. As such, considerable convergent validity is indicated to support this typology. Any single typology tends to reflect only a part of the overall spectrum of strategic types, or the coverage of essential variables within each category. The proposed typology, however, has its categorical base common to several of these theories, and reflects a more complete description of the strategies by combining variables such as marketing, investment, product policy, or structure. Such grounding and richness is necessary to provide strategy descriptions sufficiently comprehensive and recognizable to facilitate (a) accurate strategy identification, or (b) exploration and testing of its components. A limited description of the strategy types would not have permitted these two objectives. In addition, the use of any one typology would not have provided a sufficiently valid basis for research purposes and conclusions.

It should be noted that each proposed generic strategy is potentially independent. This means that, because of the variable of strategic choice, a strategic path may be undertaken independently of the other strategies or the forces or organizational or product development stages. Such a choice, for example, may be to 'Harvest' in the midst of a rapidly 'Developing' business. The 'Turnaround', in particular, may be contrary to developmental stages. Regardless of their likelihood, such possibilities exist because strategy is subject to human judgement (Herbert and Deresky, 1983a); one must consider each strategy independently. Thus it is not proposed that these are necessarily related to any specific organizational life cycle or product life cycle stage, or related to one another in any particular sequence.

It is hypothesized that this typology encompasses/explains major and common types of generic strategies and their characteristics. That is, all companies/strategic business units (SBUs) in the study were hypothesized to be found to be categorizable within this typology, and there would be common patterns of strategic content as proposed and described in this typology. It should be noted that the focus of this research is on the existence and content of generic strategies. Therefore such issues as the process of strategy formulation, and the appropriateness of strategic choices, are outside the scope of this study.

RESEARCH METHODS

Subjects

We studied either individual companies or business units operating under a distinct strategic direction; all were located in Montreal, Canada. Identification, clarification, and descriptions of the strategy of each company or business unit were provided by top-level executives in each company or group. Those contacted were presidents, vice-presidents, and/or people in a staff capacity who were also in a position to provide the necessary information; a typical example of the latter is VP for Strategic Planning. These are all referred to herein as 'top managers'. More than one informant in each firm/SBU was interviewed for each case, in order to gain convergence on data.

As a result of the identification and description process provided by these informants, and described below, the sample was composed of 34 companies/business units in Montreal. These were of varying sizes, ranging from 10 employees to 28,000 employees, and in a variety of firms dealing with the manufacture of industrial products, and with services. These included pulp and paper products, glass and china products, plastic packaging and containers, metals, chemicals, industrial textiles, consumer apparel, commodities, sugar, health products, mineral resources, banking, investing and financial holding operations, aerospace and defense, pharmaceuticals, machinery manufacture, and retail chain stores. Such a variety was desired in order to be able to generalize the research results across types of industry, company size, etc., as suggested by McKelvey (1975).

The set of businesses studied was non-random, since sample composition was constrained by the availability of contacts and also by the need to obtain a reasonably even distribution over the strategic types in order to facilitate analytic comparisons. All executives contacted agreed to cooperate; such cooperation was made possible by approaching initial contacts through university and professional affiliations.

Measures

Consistent with the conclusion of Snow and Hambrick (1980), that multiple sources of information be used to enhance the validity of strategic measures, several methods of identification of strategy were developed for the study. The first questionnaire requested the top manager to write a short description of the current strategy of the organization/unit. A self-typing questionnaire, requiring a forced choice among strategic descriptions developed from the literature synthesis, was used as the second instrument for identifying the strategy of each organization/unit, following the recommendations of Snow and Hambrick (1980) and Snow and Hrebiniak (1980). This instrument had been refined after pretest interviews with similar informants, who provided feedback regarding their understanding of the descriptions and their practical application.

Procedure

The first stage of the data collection involved a interview in which informants were asked to write a free description of the strategy of the organization or units identified. This was done as soon as possible in the interview to avoid any possibilty of contamination or influence from discussion about the nature of the research. Further, the concept of 'Strategy' was not defined in the questionnaire or otherwise, being left open to interpretation in order to gather all possible information in this exploratory research.

Only after this information was given was the executive asked to complete the second questionnaire. This instrument requested (a) that a forced choice be made among the descriptions of the four strategic types in order to select the one which best described the current SBU strategy, and (b) other objective information about the SBU. (The strategy descriptions used in the forced choice are not shown here, but are discussed later as they are incorporated in the results, with the minor revisions shown necessary by the research). Part of the objective information requested consisted of information regarding the stage of strategic implementation, that is, newly undertaken, in full swing, or in final stage of completion. This permitted additional control and homogeneity by eliminating from the sample any units with strategies in a state of transition, so that results would be descriptions of mature 'current' strategies.

Further discussions on the SBU's strategy typically ensued, yielding general information about the company, its environment and operations, clarification and elaboration of strategy, and the applicability of the descriptions of the strategic types. Secondary data regarding the company, derived from such sources as annual reports, were also collected at this stage in order to provide additional information by which to corroborate the strategy identification for each company. These data were submitted subsequently to an expert panel to validate independently the executives' strategy identifications, and to provide support for investigator conclusions drawn from field research, as recommended by Harrigan (1983).

RESULTS

The industry sample yielded two sets of data. The first was the free strategy descriptions gathered prior to any discussion or information regarding the generic strategy types. The second set was the self-typing choice, by which one of the four generic strategy descriptions was selected as most applicable to each organization or unit. Additional data sources (corporate annual reports, newsletters, etc., as well as independent sources such as newspapers or government studies) which might indicate strategic activity were also consulted. Examples of the free descriptions and the secondary data are shown in Table 2.

Comparing the information gathered from the two formats revealed only one case of identification inconsistency between the free descriptions and the forced-choice strategy identification; one informant described the SBU strategy in a way inconsistent with that of another SBU informant. This was attributed to the differing levels of the managers involved in this particular case (Hambrick, 1981). That SBU was eliminated from the sample. For all other resulting units in the sample, the executives of each of the units agreed on their SBU's strategy.

The free-response strategic descriptions from multiple sources within each company/unit, together with the secondary data, were presented to an expert panel for content analysis and

Table 2. Sample typescripts of executives' (informants) written descriptions of firm strategies in response to questionnaire I, with sample excerpts from secondary data. (Any identifying information has been removed to protect the confidentiality of the company)

'Develop'—Company A

Informant I: 'Average product life is 4 years—therefore, need new products; growth; entrepreneurial; key is stay 3/4 months ahead of competition. New products; wild products; limited constraints on capital.'

Informant II: 'Most rapid moving new technology developing section of ____ field. Challenge to be leader introducing new products and processes in Canada. Capital-intensive, technically complex part of business. Shy away from ordinary ____ Achieve this through combining new processes and technology on world-wide basis; trying to become licensees and acquire rights to produce.'

Excerpts from secondary data: 'Innovation has made us the most diversified ____ company in Canada'; ____ 'Innovation has played a major role in our success. ____'s strength is due, in no small part, to our constant search for better ideas in ____. This search takes us around the world. It has led us to the development of associations and licensing agreements with ____ leaders in Europe, the US and the Far East to bring world-wide alternatives to our customers.' 'Added to this international network is our own research program. With the two-fold objective of research and development, our efforts are not only directed to finding new alternatives for your ____ problems, but finding better methods for our current products and systems.'

'Stabilize'—Company B

Informant I: 'Quality and service is No. 1. Remain competitive—style, design packaging. Very mature industry; have to be as good as top competition, must give ultraservice and top consistent quality because of number of competitors. Product redesign/manufacturing innovation of basic commodities. Maintain quality image; reduce costs; hang on to share of market; maintain position in marketplace.'

Company C

Informant I: 'Strategy is to be technical leaders (production technology); cost efficient; close down facility and improve other facilities rather than go with new ____; problem of price-squeezing.'

Informant II: 'Reduce costs, improve quality; technological innovation, automation, only methods to make profit because price so low.'

'Turnaround'—Company D

Informant I: 'Last 2/3 years bad—need improve situation with strict cost control; cleaning the products; same time looking for other lines to complement which have better growth potential. Short term: cost and financial control. Sensitivity to organizational effectiveness and efficiency. Medium term: find new products at beginning of life cycle through licensing agreements. Improve productivity.'

Excerpts from Annual Report: '1982 was a very difficult year, with overall losses totalling ____, of which $4.3m. came from operating expenses and ____ from closing of ____ equipment resale division. This shutdown was considered a necessary element in the company's reorganization program, which included restructuring of personnel, new investments from ____, and a wage reduction from all personnel. These measures reflect ____'s determination to remain a competitive force in the industrial market place. The 1983 outlook: ____ intends to expand its traditional and international markets while continuing to develop new and promising product lines. However, the results will be strongly influenced by the economic recession'.

Harvest—Company E

Informant I: 'We are managing for eventual divestment by minimum amount of capital investment to maintain minimum competition. No change in production processes; lower costs; maintain existing equipment.'

Informant II: 'This division is not meeting criteria. Goal is 20% ROA ... no hope in ____ will improve; doesn't fit business strategy; doesn't fit categories of core businesses.'

Company F

'We can no longer justify the bucks for this business. Developments from the energy crisis drove us into the ground. We looked at half a dozen alternatives. Innovations and reducing costs have kept us in the game; our marketing has helped us harvest for as long as possible. We told our main supplier "look, we're coming to the end", so they reduced the price to keep us in business a little longer."

classification into one of the four proposed strategic types. This panel consisted of academicians considered to be experts in the field of business policy/strategic management. No indication of which strategic types had been identified by company personnel was given to the panel members.

The inter-rater reliability of the decisions made independently by each of the three expert panel members was measured. Using the binomial test, all comparisons of the decisions of pairs of judges showed significant agreement at the 0.01 level. Similarly, the extent to which the expert panel members' decisions agreed with the strategy-identification decision from sources within the companies was tested. All comparisons were significant at the 0.01 level.

Although there were a few individual inconsistencies, analysis revealed high inter-rater reliability, both within the expert panel and between panel and company sources, concerning agreement of strategy identification. The use of this multi-method, multi-source approach therefore enabled any limitations or conflicts inherent in a forced-choice procedure to be offset.

Since convergent results were obtained from the identification of strategy through multiple sources, including executive identification and the expert panel, it was concluded that there are patterned regularities in business-level strategies that are able to be described generically. The sample breakdown by strategic type is shown in Table 3.

Strategic content

Following is a discussion of the subsample for each strategic type and some of the indications of common strategic components. A concluding summary is then given, representing a consolidation of the findings from all the businesses in that subsample, resulting from the multi-method, multi-source approach as described.

The Develop strategy

Those companies/units found to be operating under a Develop strategy were typically new or 'young' businesses (for example, a health diagnostic equipment manufacturer), those with a rapidly changing technology and product line (for example, a plastic packaging company and a merchant banking group), or those seeking to enter new fields in anticipation of increasingly stagnant or competitive existing markets.

The central strategic thrust found under the Develop category was that of long-term growth through finding and developing new product and market opportunities. This was met through constant communication with the relevant environments, in order to keep us with technological and market developments and to find opportunities in logical extensions of existing company strengths; required was the building of internal expertise of 'marketing and technology people' to seek out and appraise opportunities. Innovation was emphasized. This took the form of the development of new technology and its application to new products, product innovation, and new processes, and by investing in contracts, patents, joint ventures, etc. Surprisingly, given the emphasis, research and development was not always 'in-house' but frequently 'purchased' or contracted out.

The 'challenge to be the leader' and 'to stay ahead of competition' were noted in the interviews of several CEOs. These requirements are expressed as market research expertise, need to search for new markets in high-growth environments, including foreign markets.

Such product and market innovation was noted to require what informants described as 'investment and skill building to create new businesses', 'risk management of new opportunities', and the flexibility of 'rolling with the punch', and rapidly 'adapting to new markets'. In addition, diversification sometimes took the form of new business acquisitions.

> The basic strategy for this unit or organization is to grow through locating and exploiting new product and market opportunities. Research and Development and marketing expertise are crucial in order to meet the objective of concentrating on product design, product quality, and product positioning. Such product and market emphasis is pursued through: contintual monitoring of the external environment to keep pace with technological and market changes; high investment for developing and launching new products and processes, market development and intensive pursuit of market share; flexibility of operations and technology; risk-taking, competitive pursuit of new opportunities. Desire to generate long-term earnings (rather than short-term profitability and cost efficiency) may include acqui-

Table 3. Sample strategy types

Company/unit product type	Size: employees	Strategy
Plastic containers/packaging	1000	Develop
Pharmaceuticals	110	Develop
Specialty newsprint	1200	Develop
Merchant banking	300	Develop
Chemicals	10	Develop
Retail chain	2500	Develop
Real estate	178	Develop
Health diagnostic	80	Develop
Newsprint and pulp	6000	Stabilize
Yarn	1200	Stabilize
Aluminum	12,600	Stabilize
Glass products	3750	Stabilize
Consumer apparel	3200	Stabilize
Newsprint products	2935	Stabilize
Sugar	400	Stabilize
Retail banking	28,000	Stabilize
Glass products	2935	Stabilize
Publishing	1050	Turnaround
Forest products	12,500	Turnaround
Industrial textiles	150	Turnaround
Machinery manufacturer	425	Turnaround
Financial holdings	50	Turnaround
Distillery	500	Turnaround
Packaging	3800	Turnaround
Aerospace and defense	500	Harvest
Consumer textiles	210	Harvest
Mineral resources	380	Harvest
Retail apparel	100	Harvest
Industrial textile product	180	Harvest
Construction division	350	Harvest
Consumer apparel	90	Harvest
Building materials	90	Harvest
Paper mill	40	Harvest
Forest products	400	Harvest

sition or merger, or diversification and expansion.

The Stabilize strategy

The sample companies/units operating under the stabilize strategy were in mature, stable industries, such as paper products, textiles, sugar, chemicals, glass products, and retail banking.

The central strategic thrust for remaining viable in such homogeneous markets was through the price/cost margin. Such a strategy involves maintaining both competitive position and earnings; the most predominant method was through a cost leadership approach, using efficient manufacturing processes and procedures. Cost control through 'technical productivity', and 'people productivity' was frequently noted by informants; as a result, capital reinvestment was required to remain competitive technologically on the basis of automation/production efficiency, and/or product innovation. Product-line streamlining, capacity utilization, and standardization were emphasized for this strategy.

The second aspect of this strategy, defending a brand though some kind of market niche or specialization by which to maintain competitive position, was less predominant than the cost leadership component. Typically this involves offering a high-quality product and service, and through close contact with major customers to focus on their specific needs regarding product, pricing, distribution, etc.

> The basic strategy for this organization or unit is that of maintaining its competitive position through efficient asset utilization and/or market segmentation. This is typically pursued by defending brand/s by (a) increasing earnings by producing a limited set of products with strict cost control, efficiency of standardized operations, and technical production leadership, and/ or (b) focusing on a niche which is difficult for competitors to penetrate. In this way, profitability is maintained in a mature market with either a 'cost leadership' approach to stable and technical market conditions, and/or pursing market advantage though product specialization/ high quality product/distinctive service, etc. Capital reinvestment is typically necessary to pursue this strategy by providing for updated equipment in order to compete technologically on the basis of production efficiency or product specialization.

The Turnaround strategy

The essence of the Turnaround strategy was succinctly expressed by a CEO in the publishing industry, a person renowned as a turnaround artist of very different types of organizations, who said that a turnaround is a matter of 'stopping the hemorrhage and rebuilding'. The term 'survival' was frequently used by respondents. Survival consisted of two main strategic components: urgent reversal of a cash flow problem and tightening up, and the redirection of the organization/unit if it is considered to be worth saving.

The first component, running a 'tight ship', consisted of cost and efficiency controls, as in the Stabilize strategy. It also included rationalizing the product line—that is, phasing out unprofitable assets/units/products. The second component, that of redirecting or rebuilding the SBU, consisted of reorganization, diversification and expansion, acquisitions, and mergers.

> The basic strategy for this organization or unit is to arrest and reverse the declining fortunes of the business as quickly as possible—that is, to 'revive' the business when it is considered that its long-run going-concern value is greater than its liquidation value. Short-term cash generation to maintain viability is of immediate and common concern, necessitating changes in management and budgeting and control systems, cost control, product streamlining, divestment of unprofitable units. Depending on the cause of decline, other methods to pursue this strategy may include: diversification, expansion, acquisition, integration, mergers. Some form of drastic change is typical under this strategy.

The Harvest strategy

The central strategic thrust for the SBUs operating under the Harvest strategy was that of holding and managing an SBU with an eye toward removing that SBU from the corporate portfolio; in the case of a single-business firm this would become a wind-down of that business, its potential sale, or its liquidation. The reasons for such contemplated divestiture or liquidation varied; various criteria—were cited—old or new—which were not being met by the SBU. These included such financial criteria as ROA; other criteria included compatibility with core businesses, culture, or perceived expertise of the company, and perceived fit with a revised corporate strategic direction. Some SBUs were reported to have undergone unsuccessful turnaround attempts; in other cases informants stated that the company was facing long-term structural changes in its business or industry that would render the SBU a liability no matter what short-term remedies were taken. Frequently, then, the short- or long-term Harvest strategy was the choice among 'end-game alternatives', (Harrigan, 1980).

The generalized description of the actual Harvest situation is more complex than those for the other three strategies. The pattern of results for the Harvest SBUs seems to fall into two types, which might be described as 'tendencies toward directions of deliberate and emergent' (Mintzberg and Waters, 1985: 258).

The 'Deliberate Harvest'. The first is planned on a long-term basis; usually as a part of portfolio strategic planning, the SBU has been slated for 'winding down' or disinvestment. Herein, the Harvest strategy is precipitated because the SBU faces long-tem industry structural or competitive difficulty. This condition tends to be much more nearly the familiar Harvest situation as described in the literature. No major expansion programs or non-operationally warranted investments would be allowed. The thrust is to keep the business viable and capable of returning financial and other benefits to the parent or attracting buyers; this includes generating sufficient cash flow or other synergistic benefits that would allow various minimum targets to continue to be met. When the point of intersection of ROA/cash flow trends and capital requirements is reached, the SBU will have already been considered a prime divestiture or liquidation prospect.

Here intentions are clear in terms of divestment, liquidation, or diversion of asset use to other product lines. Examples included a large government-contract SBU slated to be cut off 5 years hence, for which only investment activities necessary to complete current contracts were to be approved; a textile-product SBU in which eventual sale or alternative use of remaining assets was intended, with current activities of streamlining operations, reducing plant size, people and fixed overhead. Other SBUs—for example, a construction division and a paper products division—were similarly described in terms such as 'slow wind down', '[in the] divestment category for 5 years', 'use baling wire and chewing gum, with no attempt to turn around', or 'maintain existing equipment and operations with a minimum investment, while seeking a buyer'. The 'deliberate' (or at least 'intended', if not 'realized' (Mintzberg and Waters, 1985: 258)) or 'planned' 'Harvest' type was the more predominant in the sample.

The 'Emergent' Harvest. The other 'Harvest' pattern arose as a result of either (a) unsuccessful turnaround attempts, as, for example, a clothing materials division and an industrial fabrics SBU for which informants stated they had long sought solutions but finally had decided to sell or 'get out' of the businesses; or (b) unanticipated forces from the environment, becoming an 'imposed' strategy (Mintzberg and Waters, 1985). As such, this Harvest condition might be described as more emergent (Mintzberg and Waters, 1985), or incremental (Quinn, 1980), since the original intent was to keep the SBU in the corporate portfolio, if possible.

Obviously and usually, a successful turnaround effort would forestall the contingent decision to initiate Harvesting. An unsuccessful Turnaround attempt, too, may be dropped, to be *replaced* by the Harvest effort, as was the case with several of the SBUs in the study. It seems important to recognize that in this case (the unsuccessful turnaround attempt) the Turnaround–Harvest sequence yields a 'strategy' that consists of two intertwined strategies; as a result, the strategic programs one might expect as being undertaken during the Harvest phase (such as tightening up operations, or cost-cutting) would already have been started during the earlier Turnaround phase. Top managers saw the significant strategic actions as having occurred during the Turnaround phase, while the Harvest portion of the sequence frequently became simply the decision to divest by sale as soon as possible. In large multidivisional companies this typically involved turning over the SBU to a divestiture expert or department, usually resulting in a sale within a surprisingly short time.

The unanticipated forces referred to above as leading to an 'imposed' strategy include rapid technological change and drastic competitive moves, as faced by a building materials unit (technology) or a mineral resources division (economic forces) in the study. In some instances the doors were simply and suddenly closed, 'mothballing' the plant until sale or some solution was found. In these cases, then, this strategy was a sudden one, with little time between choice and implementation.

In both types of Harvest situations, parts of this strategy were related by informants to entail much difficulty. Significant exit barriers (Porter, 1980) were recognized as major realities, and included those of legislative, social, and morale factors, as well as such management issues as pride, competitiveness, etc.

> The basic strategy for this organization or unit is to wind down, 'milk', and divest; to disinvest while retaining interim operational viability in order to generate at least minimum returns toward such financial targets as cash flow or ROA, and to attract buyers. Immediate or eventual divestiture (sale as an ongoing unit) or *liquidation (of some or all assets) is contemplated.* Immediate divestiture may be sought after an unsuccessful turnaround effort has failed to regenerate operational or strategic vitality; divestiture may also be sought because of recognition of long-term industry-structural/competitive inevitabilities. In either case, operational efficiency is emphasized, with intensive pruning of less profitable market lines/markets, cost and asset reduction, etc.; emphasis is on the short run. Market share is forgone in favor of cash flow or immediate profits; strengths are capitalized on and the business continued only so long as the SBU's products or services are needed for other vital company operations.

DISCUSSION AND CONCLUSIONS

It had been proposed in this study that the many situational variables of strategic choice and activity would be found to be categorizable into distinct patterns of strategic activity, regardless of industry, organization type or size. It was concluded that the independent generic strategies, Develop, Stabilize, Turnaround and Harvest to define major types or classifications by which to identify and research strategic operations. The existence and characteristics of these generic strategic clusters were established empirically.

It should be noted that there was an initial lack of Harvest situations in the sample. The reasons for the initial failure to obtain SBUs self-identified as Harvesting included that, even though initial contacts seemed tentatively to identify specific SBUs as potential Harvest situations, confirmation proved difficult to attain. Eventually, it became apparent that issues of pride, sense of failure, confidentiality, competitiveness, and so on, interfered with executives' abilities to acknowledge the strategy; in a number of cases, upper level executives acknowledged the Harvest strategy while the SBU general managers perceived, chose to report, or were misled by their superiors to believe that the SBU's strategy was something other than to Harvest. Further focused effort did lead to an additional group of SBUs which were identified as operating under the Harvest strategy by their top managers. Thus there were included in the final sample some units for which their harvesting had been completed; that is, which already had been divested or closed at the time the research was conducted. This was in distinction with the other units, which had ongoing strategies. Such modifications to the research design were necessitated because the Harvest strategy is sometimes very short-lived; together with the very sensitive nature of the ongoing Harvest situation and the fear of damaging confidential negotiations or of demoralizing the personnel operating under the Harvest strategy, in some cases data could not be collected until the strategy was completed. Still, it was considered important to include these units because they represented a specific kind of situation integral to the typology to be tested. To maintain as much comparability as possible with the other units studied, only the top managers who had been directly involved in these Harvest situations were those interviewed. There is the possibility, though, that the retrospectively studied Harvest results (Huber and Power, 1985; Schwenk, 1985) may differ in comparability with those of the other strategies. As a result the Harvest results should be interpreted cautiously, although there seem to exist no inherent or systematic reasons for these results to be too discrepant from the actual state of events reported.

The results of this study should be interpreted within the parameters of the research design. The strategy identification process was limited to the researchers' typology. The instruments for identifying strategy and the process for confirming those identifications were not intended to facilitate discovery of additional or different predominant classifications. The relatively small sample size and its non-random nature must also be taken into consideration. Given the broad representation or types and sizes of businesses, however, there is no prima-facie reason to suspect any systematic bias in the findings from business units within these firms. Thus the findings are considered to possess a reasonably high degree of generalizability.

The geographic confinement of the sample (Montreal) is also a potential source of bias to generalizability, because of the possibility of some differential effects on various organizations of adverse economic conditions or the government's role in Canadian business environment. Further research is needed, using a larger, random sample less constrained by geography.

IMPLICATIONS FOR RESEARCH AND STRATEGIC MANAGEMENT PRACTICE

There are important implications for research in establishing that there exist common patterns of strategic activity which can be classified generically. First, research and implications based on theoretical descriptions of strategic typologies have greater validity when empirically tested and confirmed (Galbraith and Schendel, 1983). Secondly, the confirmation of 'generic' strategies provides an important basis for research.

It is recognized that strategy is not static, but is formulated and implemented over time. However, the data show that consistent and interrelated patterns of actions are able to be found, and thus generic strategies do exist. Regardless of how transient they may be, generic strategies provide an important basis for research through which to develop contingency theories of business-level strategy. As developed in another portion of this research, one of these was the use of the typology of generic business strategies to develop a contingency theory of strategic implementation based on the manager–strategy fit (Deresky, 1984).

Further research could utilize this strategy typology to develop other contingencies related to the conditions under which each strategy is formulated, and the relationships with competitors' strategies and relative business performance. Such a broad typology might usefully be broken down to develop subsets of the generic strategies in order to account for variations within them, and allow for comparison of business performance.

In addition, it is thought that this study contributes to the field of strategic management by providing information regarding the issue of identification and measurement of strategy. Our finding is that there are ways to measure strategy; that strategies are able to be identified on this broad generic level, by concrete, verifiable attributes; and that classification can be done reliably as presented here when convergent information is attained from multiple sources and methods.

The findings from this research provide useful insight into, and guidance for, strategic management practice. The contents of the generic strategies found in this research provide a parsimonious model of the relevant situation, and a means to communicate their specific implementation variables. This allows clarification and communication, at all levels of the organization, of the strategic goals and the means by which to achieve those goals. As such, this can provide a training tool for managers not involved in the strategic formulation process, and a structured set of consistent and understood guidelines for choice of adaptation by those managers who are typically involved in an intertwined, incremental process of strategic formulation/implementation (Mintzberg, 1979; Quinn, 1980).

Such as descriptive typology also provides strategic formulators with more focus on the implementation requirements of specific strategic choices, such that the availability and desirability of resources, talent and actions, along with structural requirements and cultural considerations associated with such choices, may more readily be evaluated. In this way, such consideration of implementation requirements might produce more realistic and viable strategic choices. A systems approach to strategic planning and implementation might be taken, instead of the all-too-frequent situation of separate planning processes, resulting in failure to implement.

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