

## **STRATEGIES IN A MULTI-POLAR WORLD: OPPORTUNITY FOR APPLICATION OF PROJECT MANAGEMENT APPROACHES**

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### **ABSTRACT**

*This paper is based purely on the review of literature and indications emerging from the review. The aim of this paper is to examine literature in the area of (a) multi-polar world and its impact on strategic management (b) applicability of project management approaches in strategic management in order to find how they can help strategists to function better in the multi-polar world environment.*

### **INTRODUCTION**

This paper explores what is multi-polar world and what its implications to the businesses. The next section discusses how this dynamics of multi-polarity is affecting strategists and what challenges it is posing to the field of strategic management. This section is followed by a section where linkages between Project management and Strategic management are explored. This section remains focused only on what can be learned from project management to function better in the multi-polar world. This paper is based purely on review of literature and concludes with discussing a way forward in this area for further exploration.

### **MULTI-POLAR WORLD: MEANING AND IMPLICATIONS**

In literature across various disciplines, a number of studies like Howorth (2010), McMillan (2009) and Dimirovski *et al.*, (2006) indicated that multi-polarity in the world is growing. Mostly polarity in the world was discussed with reference to the power dynamics in the international politics (Etzioni, 1965; Best & Bracken, 1995; Hanqin, 2011). The transition in the world geopolitics witnessed shifts from bi-polar world to uni-polar world and then from the uni-polar world to the multi-polar world (Howorth, 2010). Researchers like Wasdell (2011, p11) gave credit of multi-polarity to the changing geopolitics but indicated presence of other power groups like “*multi-national corporations, global industries and financial institutions*”. He argued that besides nation states these power groups also add to the multi-polarity. Similarly, Zoellick (2010) highlighted that the end of “*third world*” and the growing participation of developing

countries in the world economy has contributed to the emergence of multi-polarity. He indicated that shifting of economic powers from the industrialized nations to the developing nations as the main contributors to this phenomenon. Accenture (2010) conducted a series of studies starting from 2007 on this issue. Accenture (2010, p6) defined the term “multi-polar world” as follows:

*“.....the diffusion of global economic power across a widening range of regions and countries, with that diffusion accelerated by information technology, greater economic openness, and the growing size and reach of multinational companies.”*

This study further indicated five dimensions of multi-polar world as (a) talent, (b) capital, (c) resources, (d) consumers and trade and (e) innovations.

Researchers (Zoellick, 2010; McMillan 2009) indicated that multi-polar world demands taking responsibility, wider use of open multilateralism, managing local and global dynamics, acceptance of the contributions of new growth engines (developing countries) of world economy and understanding the importance of emerging power centres like Asia, Africa, EU, Latin America etc in the world economy. Dimirovski *et al.* (2006) opined that such business environment requires interdependent approach and innovation in mindset and technology. Zoellick (2010) indicated that the adaptation of collaborative approach in the multi-polar world will have challenges and risks like maintaining intention, consistency, speed, flexibility, innovativeness and accountability.

The literature suggests that multi-polar world is a certainty and with the growing globalization and technological progression, most institutions including businesses, are required to either adapt their approaches or innovate new approaches to remain efficient and effective.

### **MULTI-POLAR WORLD AND ITS IMPLICATIONS FOR STRATEGIC MANAGEMENT**

Emergence of various power centres, political or economic, globalization (McMillan, 2009) and advancement in technologies (Dimirovski *et al.*, 2006) contributed to the emergence of a complex and dynamic business environment. While discussing changing world arena and its impacts, Ohmae (2005, p5) stated:

*“The interconnected, interactive, global economy is a reality. It is often confusing and disorientating: It challenges both the way we see business and the way we do business.”*

Further highlighting the challenges faced by new generation strategists, Ohmae (2005) mentioned that in this environment, it is difficult to clearly define competitors, company, customers and their relationships as they are continuously changing i.e. dynamic. Similar

thoughts were expressed by D'Aveni, Dagnino and Smith (2010) who pointed that due to fast pace of change and blurring of boundaries of industries, it is hard to characterize competition and buyer-supplier power. Pearce and Tavares (2000) indicated that this changing landscape of trade and economics impacted functioning of various companies operating in different countries.

D'Aveni, Dagnino and Smith (2010) highlighted that when the environment is turbulent, complex and is changing at high pace, sustaining any competitive advantage is difficult. They observed that the growing multi-polarity, fast pace technological advancements, globalization and privatization all are adding to the new era of "*temporary advantage*". They (p1375) indicated the need of freshness in the approaches of doing and managing businesses and while discussing its consequences they mentioned:

*"Consequently, there is a need for a new dynamic theory focusing on the action/reaction level of analysis that is more revealing to these dynamics."*

Zoellick (2010) indicated that such inter-connected multi-polar world requires organizations that are practical, accountable, flexible, quick in responding and which have collaborative and open attitude.

If we summarize the work of these researchers, it clearly indicates the need of strategic tools which can handle dynamism and complexity, manage temporary competitive advantages and risks, produce time bound results, can be used to network with various stakeholders and deliver to their diverse objectives.

## **PROJECT MANAGEMENT AND ITS ASSOCIATION WITH STRATEGIC MANAGEMENT**

It is interesting to observe that reviewed literature on project management and on its relations with strategic management indicates possibilities of its applications in answering concerns of multi-polarity and temporary management discussed in earlier paragraphs.

Project are known for their clear-cut boundaries in terms of initiation and completion, their ability to achieve specific objectives (deliverables can be product or process or results) for which they are designed and their progressive nature (Project Management Institute, 2004). In an interesting definition projects were defined as transitory and dynamic organization (Shenhar, 2001). Explaining distinctive identities of projects, Association of Project Management (2006, p1) highlighted:

*".....a project has a clear objective and deliverables, with a defined start and end, that must be completed on time, within budget (cost) and to the agreed quality and, of course, it must deliver the agreed benefits."*

Milosevic and Srivannaboon (2006) used strategic project leadership framework for exploring alignment between these two areas of management. They identified that besides supporting business plans; project management has much bigger role to play as they have influence on business strategy. While reviewing the discipline of project management, Yiu (2008) observed that it was developed alongside with the systems theory and therefore indicates linkages with strategic management. In further analysis, Yiu (2008) stressed on the ability of project management in handling dynamism, temporary activities, and networks of multiple organisations.

Srivannaboon (2006) explained that research in the area of project management and strategic management covers three main streams where researchers cover: (a) issues related to how strategic management can affect project management (b) issues related to how project management influence strategic management and (c) the perspective of mutual influence. Grundy (1998) explored these areas through many tools and techniques from both disciplines and stressed about bright prospects of cross-fertilization of these two disciplines.

This paper intends to remain focused only on what can be learned from project management in order to have strategies which can best suited to the nature of multi-polar world.

While canvassing the wider applicability of project management in formulating strategies, Cicmil (1997) stressed that project management ensures optimal utilization of scarce resources, competitive advantage of the organization and integration of interests of various stakeholders which are critical for any strategist. Yiu (2008) in his review of applicability of project management clearly highlighted that the popularity of project management in engineering or technology based sectors is because it is able to manage challenges of a dynamic and complex environment where general management constructs fall short.

Van Der Merwe (2002), argued that more emphasis on 'project' aspect than on 'management or behavioural' aspect by the practitioners of project management was one of the reason why association of project management with strategic management remained a less explored area. He also indicated possibilities of applicability of project management principals during strategy implementation. Similar were findings of Longman and Mullins (2004) and Dietrich and Lehtonen (2005). These researchers attempted to convince that discipline of strategic management can benefit a lot from project management approaches especially during execution of strategy. McElroy (1996) determines that projects are a good mean to implement strategic change in an organization.

While reviewing literature it was observed that in the maximum number of research studies, application of project management was explored at functional and operational level of strategies. However, very few numbers of studies were witnessed when it came to application of project management (PM) at business and corporate level strategies. It is worth mentioning that business level strategy deals with issues related to positioning in market and competitive advantage while corporate level strategies looks at coherence in overall strategies of a multi-business firm (Gamble and Thompson, 2011). In order to address issues related to multi-polarity

and 'temporary advantage' there is a need for further exploration of application of project management approaches at all levels of strategic management. Without pre-empting what is covered in the next section it is important to acknowledge the existence of a number of PM tools which deals with the issues of planning, implementation and control phases of any project and literature suggests that these phases are also fundamental in corporate strategic management. These phases and their respective stages when embodied in the project-life cycle have a potential to improve significantly the traditional approaches of dealing in a multi-polar world.

### **A WAY FORWARD: POSSIBLE AREAS OF STRATEGIC MANAGEMENT FOR APPLICATION OF PROJECT MANAGEMENT APPROACHES**

Gummesson (1974) looked at project management as a mean to handle change in order to remain effective and efficient in changing business environment. Years after, Mullaly and Thomas (2009), explored correlation between dynamic "fit" and construct of "value direction". They identified that intersection of these two constructs from two different disciplines gives organization an understanding of today (through fit) and route of tomorrow (through constructs of value direction). Gummesson (1974) and Mullaly and Thomas's (2009) work could be qualified by advancing an argument within the broader theme of this proposal that contemporary thinking in strategic management in a multi-polar world could be strongly influenced or enhanced by project management fundamentals. There are strong indications to suggest that strategy could be effectively implemented through projects.

According to Gray and Larson (2006) two major dimensions of strategic management are: (i) responding to the changes in external environment and allocating scarce resources of the organisation to improve its competitive position and (ii) internal responses to new action programmes aimed at enhancing the competitive position of the organisation. They argued that constant scanning of the external environment for changes is a major requirement for survival in a dynamic competitive environment. They also emphasised that the nature of responses depends on the type of business, environment volatility, competition, and the organisational culture. Furthermore, Gray and Larson (2006) argued that strategic management provides the theme and focus of the future direction of the organisation. Their work supported consistency of action at every level of the organisation. It also encouraged integration because effort and resources are committed to common goals and strategies.

Studies (Accenture, 2010; Zoellick, 2010) indicate that businesses in multi-polar world are invariably part of local, regional and global system and thus get influenced by dynamics in these systems. In the light of the report by Accenture (2010) and the work of Gray and Larson (2006), following are the main questions in-front of strategists in the multi-polar world:

- a) How to remain aware with the changes in local, regional and global business environment and their impact on business?

- b) How to keep strategies aligned with continuously changing local, regional and global business environment?
- c) How to network with various stakeholders in local, regional and global system?
- d) How to manage local, regional and global resources for the competitive advantage?
- e) How to manage risks which arises because being a part of local, regional and global dynamics at the same time?
- f) How to ensure that internal organization understands the dynamics of being part of multi-polar world?
- g) How to align internal organization culture with the dynamics of multi-polar world?

On prima facie, it seems that project management can help in solving these questions by contributing to address (a) the complexity of functioning in multi-polar world (b) challenges of temporary advantage and (c) the issues of dynamism. If management of an multi-national organization at local, regional and global levels can be taken as a separate project, principles of project portfolio can be handy in managing businesses at all these levels. As per the earlier discussions, the components of strategic management in a multi-polar world should be closely interlinked, and should direct toward the future success of the organisation. Since project management philosophy frequently deals with the issues of alignment of various needs of different stakeholders it may be able to address this demand also. Strategic management in this complex world requires strong linkages among *mission, goals, objectives, strategy and implementation* (Gray and Larson 2006, Rwelamila 2007). As literature suggests, the *mission* gives the general purpose of the organisation, *Goals* give global targets within the mission and *Objectives* give specific targets to goals. It also indicates that objectives give rise to the formulation of *strategies* to reach objectives. Finally, it suggests that strategies require *actions* and *tasks* to be implemented. In most cases, the actions to be taken represent projects, which could be grouped in programmes or portfolios. The issues of temporary advantages like how to remain competitive can probably be addressed through project management approaches where one project based on one set of advantages can followed by another project based on another set of advantages. In other words, applicability of project management approaches may give space to the possibility of continuous newness (may be innovation in some cases) while transition from one project to another. Moreover, each project has a limited life span (Association of Project Management, 2006). This characteristic gives projects the opportunity to handle the issues of dynamism. The changes in the business environment to some extent can be addressed within the duration of a project's lifespan through flexibility and risk management approaches. From these discussions, it can be concluded that there are strong indications that the understanding of project management philosophies and approaches may be helpful in addressing the issues faced by the strategists in the multi-polar business environment.

This is important to mention that this paper is based purely on review of literature, observations made in practice and indications emerging from them. There is a need for several field research studies to explore answers of all the above mentioned questions in the light of project management approaches as a tool in managing strategy.

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