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Fairness in Strategy: A Fair Process Evaluation of Strategy Schools

Koen Tackx, Ludo Van der Heyden and Paul Verdin

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Procedural justice theory is relevant to this discussion. It states that when people impacted by a process consider the process as 'fair' they demonstrate a higher level of trust and commitment, and performance increases.

This article evaluates the extent to which traditional 'strategy schools' comply with the tenets of procedural justice theory and highlight the non-compliance with these tenets for each of these schools. We then propose a new strategy process model which has a greater fair process dimension than any of the more traditional 'strategy schools' and as such offers the potential to bring greater effectiveness to the strategy process.

"These men ask for just the same thing, fairness, and fairness only. This, so far as in my power, they, and all others, shall have."
Abraham Lincoln

Keywords: Procedural Justice, Fair Process, Strategy Formulation, Strategy Implementation, Strategy Schools, Change Management

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A Fair Process Evaluation of Strategy Schools

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Abstract

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Outline

0. Introduction

In most large companies, senior management invests an important amount of energy and time in formulating and implementing a strategy. This typically consists of a vision for the future, a path to realize that vision, as well as company priorities and an associated competitive posture.

The strategy process has been under discussion for (at least) the last three decades, both academic and corporate worlds presenting many variants on how a strategic process ought to be effectively run. The importance of the question was recognized, but no satisfactory conclusion to this debate has been presented. The discussion applies both to the efficiency of the strategy process – too time consuming and mobilizing too many resources and parties - and the effectiveness of it – not leading to the 'right' outcome.

This discussion has resulted in a number of 'strategy schools' expressing different views on the 'ideal' strategy process. An underlying premise of all these schools is that the process largely determines the outcome, including the performance impact on the company.

The purpose of this paper is to bring a new and integrative perspective to this debate using procedural justice theory resulting in a new strategy model which has a true process dimension compared to the main strategy schools.

Procedural justice theory - stemming from psychology and with origins in legal theory - states that when a decision making process is considered 'fair', people to whom the process is applied demonstrate a higher level of trust and commitment to the decision, resulting in higher outcome performance. Procedural justice theory makes a clear distinction between the fairness of the process and the fairness of the outcome, arguing further that the perceived fairness of the process, being an antecedent to the perceived fairness of the outcome, ought to be considered a critical determinant of overall success.

Procedural justice theory was translated into management and became more commonly referred to as 'fair process theory.' Applying fair process theory has proven to positively impact multiple fields of the management domain, including that of strategy creation. Despite its introduction in the strategic management field more than 20 years ago[1] - and numerous applications to analyze various strategic and other business domains and propose different principles to be respected - there is still no agreement on how such a 'fair process' would look like, nor are corporations converging towards a best practice strategy creation process. In this paper we apply fair process theory to the different views existing in the literature on the strategy creation process.

Remarkably, no real 'process' was presented in the fair process / procedural justice literature, in the sense of a sequence of steps to be followed to substantiate the notion of process.[2] Recent contributions by Van der Heyden et al (2005) and Van der Heyden and Limberg (2007) have aimed to fill this void by proposing a fair process framework that clearly highlights the steps that need to be followed in order to fully capture the benefits of fair process and avoiding the risks of violating them, with ensuing performance implications.

This approach has two benefits: it allows a finer process analysis of the different strategy schools while also identifying the fair process risks of

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[1] Kim and Mauborgne's kick-started the thinking process in the nineties of previous century with a series of articles (Kim and Mauborgne, 1991, 1993, 1999). Their work generated enthusiasm around the topic, e.g. "given the increasing use of teams in strategy formulation and implementation and the importance of procedural justice to get teams to work effectively, this (fair process) notion will very likely become one of the mainstream strategy concepts" (Cool, 1998).

[2] A second interesting feature was the interchangeable use of process and procedure, when procedure connotes the rigid application of a set of rules, whereas process does connote a fixed set of steps, but with a certain flexibility at each step.

each of the traditional of strategy formulation and implementation 'schools.' Finally, it also highlights the importance of the leadership of the strategy process, providing a "human" face to the question and underlining the critical influence of the process leaders on the actual process and on the results.

The structure of this paper is as follows: after a general overview in section 1, we review in section 2 the key strategy schools – which we further qualify as 'pro-creation,' 'in-creation,' and 're-creation.' We highlight the main elements of the discussion surrounding each of them. Then we present in section 3 the concept of 'procedural justice' and show how recently 'process' was more formally introduced in the domain. By then we are ready to analyze the different strategy schools using the 'fair process leadership' lens, also identifying the key performance risks embedded in each of the schools (section 4). We conclude this article in section 5 by suggesting avenues for further research and re-emphasizing the article's relevance for (strategic) management practice**.**

1. Views on the strategy process: real divergence or variants on a common theme?

The academic literature contains a longstanding, existential and occasionally emotional discussion on how strategy is to be created. This discussion is not only about diverging opinions about a particular and relatively technical point, it extends into the nature of the domain itself. Even for the more integrative views on the process of formulating and implementing strategy, there is no agreement, let alone a common term (Hamel, 1998, Regnér, 2003, Carlopio, 2009). Few authors make a formal link between “craft thought and action” (Mintzberg, 1999). Regnér (2003) focuses on “the generation and development of radically new strategies” and puts forward the term “strategy creation,” even referring to Schumpeter (1934). We will use ‘strategy creation process,’ or more briefly the ‘strategy process,’ as the term for the integrative process of formulating and implementing a strategy.

Ronda-Pupo and Guerras-Martin (2012) performed a co-word analysis to investigate the meaning of strategy over time. They stated that “the strategic management field appears fragmented and lacks internal consistency”. This fragmentation is based upon major disagreements “that run so deep that even a common definition of the term ‘strategy’ is illusive” (De Wit and Meyer, 2014). A search for “What is strategy?” in the academic search engine Google Scholar[3] - resulted in approximately 12800 hits. As a comparison, a similar search for “What is finance?” listed only ample 194 hits. Although anecdotal, this search underlines the lack of a common definition of strategy and the large number of (continued) attempts to find a definition that would end this debate.

[3] Search performed on May 23th, 2016.

Our paper falls in this tradition of searching for the ‘holy grail’ in the strategy field that would provide an integrative framework where various strategy schools can be placed and differences and specificities identified.

The lack of an integrative framework is also reflected in practice. While talking to middle managers often heard critiques include that “the strategy is not clear”, “the strategy changes all the time”, “the strategy is not actionable.” The cross-industry survey of Verdin et al. (2011) observed that more than 80% of employees saw elements related to vision and motivation as critical for enabling the implementation of change in their company. It is not evident for a field that does not share a common definition to present a consistent image, let alone a common language, and benefit from a clear identity inside corporations. An observer might naively comment that the field is deficient in not following its own premises of consistency and integration.

In such a context it is hardly surprising that there are continuing doubts about both the efficiency and effectiveness of the strategy (creation) process. Too often questions are raised as to whether the strategy process is not too formal, too much driven by top management, insufficiently stimulating creativity, consuming too much time, and not actually leading to effective strategic decisions. In 1990, Mintzberg sparked this discussion by a plea for “reconsidering the basic premises of strategic management.”

More than 20 years later, Reeves et al (2012) wrote an HBR article with the provocative title “your strategy needs a strategy”. Frequently used strategy tools, such as the “Porterian” tools, are too often still described as too theoretical and lacking relevance for the business environment, as Denning (2012) stated. Mankins (2004) observed that top management teams spent on average only three hours per month on strategic issues, adding that these “discussions tend to be diffuse and unstructured, only rarely (are they) designed to reach good decisions quickly.”

The ineffectiveness of a strategy formulation process results in serious risks. It can make companies too focused on the short term, too focused on the internal organization and its issues, and insufficiently addressing external competitive challenges. Other risks of not having a sufficiently formal and complete process include the possibility that the resulting strategy is too implicit, excessively hostage of the actions of one or a few (senior) executives, or insufficiently understood and endorsed by the 'middle' management team, let alone by the rest of the organization.

The lack of an endorsed strategy will typically result in negative influences during the implementation phase, such as a lack of direction (different parts of the organization focusing on different paths to the future), a lack of innovation or wrongly focused innovation, and/or a lack of accountability and commitment (people executing tasks mechanically, with insufficient discernment and commitment).

As a result – and this is then hardly a surprise - the domain has seen the emergence of 'strategy as practice,' where strategy increasingly became seen as a social activity, something that 'people do' rather than something that 'organizations have' (Whittington, 2006). Under the umbrella of strategy as practice, a wide variety of other academic fields - like linguistics, philosophy, ethnography, social psychology and communication - where used or called upon in order to further fine-tune strategy language and approaches.

The view of Liedtka and Roseblum (1996) is particularly interesting in this context: they see strategy creation as a 'conversation,' where managers look for a coherent pattern that allows them to understand the corporate intent and implement it. Engaged managerial conversations improves strategy execution.

The need for and benefits of engaged dialogue was also one of the main points made by Kim and Mauborgne (1997, 2003) when they called on procedural justice theory to point to the essential need for procedural fairness in the strategy process – a point that resulted from the study of the effectiveness of legal processes. Kim and Mauborgne were particularly interested in the poor quality of the process between corporate executives and their correspondents in the subsidiary companies.

Procedural justice theory underlines the process-outcome duality in the strategy creation process: strategy consists not only of the definition or formulation of a plan, for the process followed to define or formulate the chosen strategy can be demonstrated to be equally critical to the quality of the resulting outcomes (e.g. Korsgaard et al, 1995).

Mintzberg et al (2009) argued forcefully that the definition and implementation phases should not be seen as two distinct activities, and that greater attention ought to be given to the inter-dependence of these two aspects of the strategy process. It is by now agreed that a better strategy creation process leads to: a) the selection of a better strategy; b) improved implementation and firm performance. The following matrix highlights the potential outcomes of these two interrelated strategy elements.

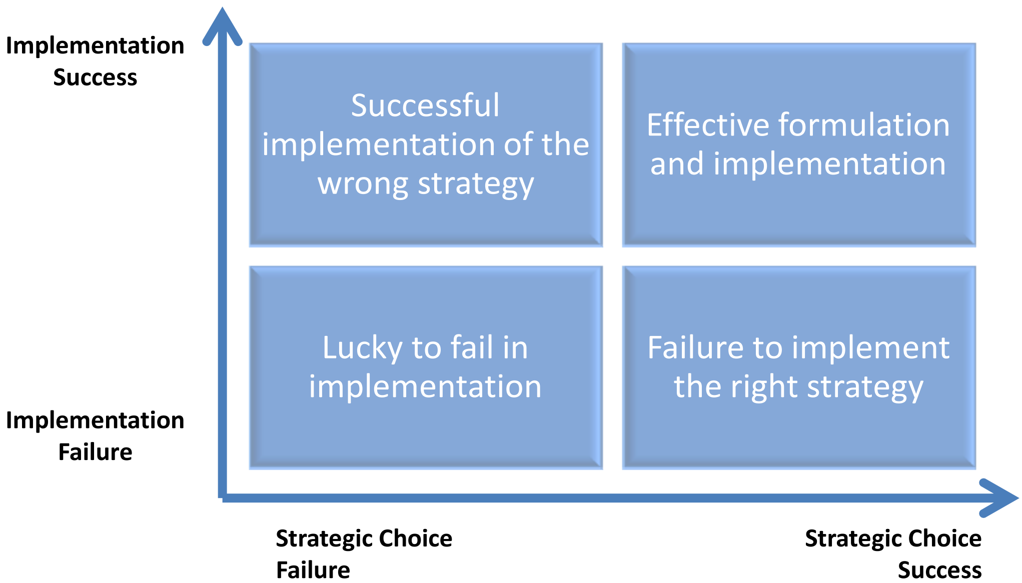

Figure 1: Illustrating the strategic choice/implementation duality and the various categories of strategic failure.

It is clear that an effective implementation of the right strategy is the ultimate goal of the strategy process. It does not matter in terms of outcome performance if a company fails to choose an appropriate strategy, or fails in its implementation, or in both.[4] Selecting the wrong strategy might destroy a lot of value, particularly when it is successfully implemented. Damages might be limited when companies fail to implement the inferior strategic choice, possibly because the implementers realize the value destruction potential of the chosen strategy. Companies in the lower right box fail to implement the selected strategy, though it was the “right” one and suffer from an underdeveloped implementation capability. It also ought to be stressed that one can only judge the strategy formula if it is well implemented: that is why effective strategy execution is a pre-condition for effective evaluation of the strategic formula.

[4] This point is more commonly recognized in military strategy than in business or policy circles.

2. A brief review of strategy schools

To facilitate a reasonable evaluation of the strategy schools, we group the different views on strategy into three distinct schools: 1) the strategic planning school; 2) the emergent school; 3) the entrepreneurial school. These encompass a large number of variants on the traditional strategy process. Although some authors see a larger number of process variants (e.g. Mintzberg et al, 2009), we believe – and will argue this further – that it is possible to capture the most frequently cited ones into our three categories (or schools) in line with the original thinking of Mintzberg (1973).

2.1. The (strategic) planning school

The planning school sees strategy formulation as a formal process taking into account a number of internal and external variables, using a number of standard tools, leading to an explicit formulation of the strategy that then 'merely' needs to be implemented. The design of strategy is typically embedded in a strategic planning process, often in a yearly cycle. It presents a vision of the future company and specific goals (or milestones) to be reached over a certain time horizon which can range from a couple of months in software to something that can last over 20 years, as in the energy industry where plant lives span several decades.

The planning process consists normally of different sub-processes or phases, generally including an environmental scan, a diagnostic review of current capabilities, and a creative phase where a number of distinct strategic options are identified. It leads, in fine, to a choice of 'the' or, euphemistically, 'our' strategy (when in reality the ownership resides with the planners). The resulting strategy is seen as a framework to guide a multiplicity of more operational choices inside the organization. The definition and implementation of the strategy are regarded as two different activities, and the planning school proceeds on the premise that the selection of 'the correct strategy' will naturally be implemented by a willing and convinced organization, and lead to superior corporate performance.

Grant (2013) stressed the importance of having an explicitly formulated strategy: “Strategy cannot be implemented until it has been formulated.” Having stated this, Grant added that perhaps the most important aspect of strategic planning is the strategy process, as a good process produces a thorough and enlightening conversation between members of the organization, whose commitment is thus secured.

There is a lot of variety in the tools that are deployed to facilitate and support the strategy process. Two of the more frequently used are the so-called “five forces” framework of Porter (1979) and also the “Blue Ocean Strategy” approach of Kim and Mauborgne (2004). The “five forces” analysis focuses on the attractiveness of a company in a given industry and more specifically on its ability to capture and keep value. It provides means for an assessment of a company’s position in a competitive and industrial landscape. It aims to identify actions that enhance this position. “Blue Ocean Strategy” on the other hand presents paths for innovating this position, by identifying how a company might excel in new market segments by modifying its customer offer.

In this framework product market boundaries are not considered fixed, successful “blue ocean” innovators moving across and even changing these boundaries. One of the novel ideas is that a company should be willing to give up on customers in certain segments in order to address and gain new ones, these being identified as “non-customers.”

The extent to which the word ‘planning’ became contaminated and outdated is demonstrated by Cummings and Daellenbach (2009). Their graph below shows that even in a journal naming itself ‘Long Range Planning’ the word ‘planning’ itself had completely disappeared from the abstracts of the articles it published in 2004, having been replaced by ‘strategy.’

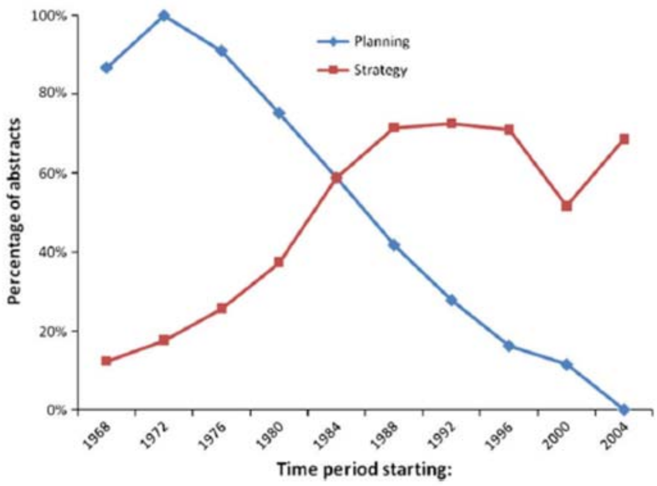

Figure 2: The decline of ‘Planning’ and rise of ‘Strategy’ in Long Range Planning abstracts (Cummings and Daellenbach, 2009)

The recent management literature – particularly in its more modern versions such as Blue Ocean Strategy - seems to witness a revival of support for traditional planning techniques. Kaplan and Beinhocker (2003) see strategic planning as “one of the most important tasks for senior executives.” Collis and Rukstad (2008) list three components of a strategy statement: ‘objective, scope and advantage’. Such a statement “will energize and empower your people, and will raise the long term financials performance of your organization.”

The main focus in these approaches lie in the “front end” of the strategy process. There is typically a predefined period of gestation of the strategy during the strategy process, before the strategy is delivered to those that will implement it. The process is typically started with environmental reviews and multiple appeals to creativity. Operational planning and corresponding budget negotiations, associated with the end of the process, can leave participants with sour tastes (and reduced motivation).

The planning process results the appearance of a ‘new’ strategy that is presented to the rest of the organization that is left no choice but to applaud this latest creation, to endorse it enthusiastically and implement it with full conviction. The quality efforts deployed in formulating the strategy and the overall quality of the result produced deserve no less in the eyes of the creators of the strategy.

2.2. The emergent school[5]

A lot of questions were raised with time on the planning school. A major voice was that of Mintzberg (1990). He referred to the planning school as a “biblical version of strategy formation” where somehow the strategy is “handed over to” the top of the organization, who then hands it over to the middle management and, from there, to operational managers.

The proposed alternative to the planning school was that of a strategy that emerges out of actions that are reviewed for results, this evaluation leading to modifications of previous decisions and revised plans and actions. The theoretical basis for this emergent view on strategy goes back to Quinn (1980) who coined the term “logical instrumentalism”. In Quinn’s view – and also Pascale’s (1984) - strategies were developed as a consequence of a number of consecutive actions, eventually converging to a consensus on where the company ought to go. Farjoun (2002) referred to an organic perspective where strategy consists of “co-aligning coordination of goals and actions”: continuous feedback and interaction within the organization and with the environment were viewed as preeminent contributors in this view. Strategy creation becomes a process that is much more distributed and dispersed, in the organization, as well as in time. In such a “regenerative” mode, the initiative taken by organizational actors is crucial, the role of top management is more focused on endorsement and support of actions and plans that come from below (Hart and Banbury, 1994)

[5] By no means do we use the term to refer to activities other than working or consider this school as less serious than the other schools.

The main point in this approach is that strategy lies inside the organization and results from discussions and actions taken by its members. The latter continuously re-create strategy. It typically is only defined in final form after facts have materialized, thoroughly analyzed, and approved by the top leadership. Strategy, in this view, is a composite of a multiplicity of actors, their interactions, and the analysis of the outcomes and challenges thus generated. Furthermore and almost organically, whenever the organization or the environment requires it, the strategy is adapted and re-created.

2.3. The entrepreneurial school

The entrepreneurial school is the less researched of the three schools, although in strategy practice it may be the most prevalent one.

According to this view, strategy is conceived in the head of the CEO (or his Chief Strategy or Chief Commercial Officer), who has developed a vision for his or her company (often of relatively smaller size). This vision serves as a guidance for the organization that is tasked with having to realize the vision, and to develop it as appropriate.

This school fits the framework provided by, e.g., Hart and Banbury (1994) who describe a command style of strategy where top management provides direction(s) and where the rest of the organization 'obeys orders'. Issues arise when the guidance is not clear enough and decisions in the field need to be taken based upon a guidance that is or becomes insufficiently clear 'down the ladder'. In the extreme form, this may lead to paralysis, when people inside the organization are at a loss to execute the vision that the leader is so excited about, and they increasingly disenchanted with. Milder forms amount to incomplete action, where followers wait for further instructions and specifications from the leader(s), who surely will show up to check progress. 'Strategic drift' arises when organizational members fill in the holes but in ways that become less aligned with the vision ‘at the top’ and with the actions taken by various sub-units, and that are not re-aligned.

When leaders in fact have a less clear and/or stable vision (for they keep “improving it,” strategy might become a post-factum rationalization of decisions and actions taken, and this approach then slides into ‘an emergent strategy,’ where strategic leadership is warped into re-wording and pretense more than reality or intent.

Mintzberg et al (2009) suggest that the strategy creation process in the entrepreneurial is deliberate in definition – through the formulation of the vision of the strategy leader - and emergent in execution. It can be further argued that also the development of a vision can be emergent, changing when the leader changes his mind as a function of internal or external stimuli. In a more extreme case, the leader is replaced by a successor who, in this school, in turn brings a new vision with her or him.

Mintzberg et al (2009) underline the contribution made by intuition in leaders’ decision making, citing the work of Dane and Pratt (2007). The latter authors highlight that the effectiveness of intuitive decision making is dependent of not less than eight different factors, suggesting that success is far from guaranteed, but also acknowledging some key benefits (e.g. speed of decision making and reactivity to changing conditions or lack of results).

A further challenge to effectiveness in this approach is that even if an effective decision is made, the manner in which it comes about can jeopardize effective implementation. Also according to Dane and Pratt (2007), intuition is a non-conscious process, involving associations that are produced rapidly and even subconsciously. They typically result in affectively charged and biased judgments. Confronted with fast and forceful decision-making by a strategy leader based upon a number of largely personal assumptions, organizations typically enter a cumbersome implementation phase.

An interesting aspect of this school is that the strategy can be said to be 'in-created', referring to the old English adjective 'increate' meaning 'to exist without being created'. The strategy indeed exists in the head of the leader long before it is well understood inside the organization. Even when it becomes understood for its change implications, further time typically elapses before it is executed by the organization, and more time might be required to have an implementation plan more fully aligned with the leader's vision and intent.

2.4. An ongoing debate between schools on the what and the how

The debate amongst the proponents of the various schools has never quite abided. The discussion between 'deliberate' versus 'emergent' approaches to strategy even became polarized at times. We already mentioned the rebuttal of the planning school by Pascale (1984). Mintzberg (1990) followed suit by presenting seven premises underlying the 'planning school,' followed by a very strong response by Ansoff (1991).

The wording used by authors to describe other schools even reflects emotion, subjectivity, and bias. Liedtka and Roseblum (1996) called the traditional strategy framework 'balkanized' while Farjoun (2002) rephrased the 'deliberate' versus 'emergent' into 'mechanic' versus 'organic.' Of course, no CEO or strategy leader would see her or himself as 'mechanic' or would want to be labeled as such.

Already quite early, Hayes (1985) described the formulation-implementation dichotomy in strategy as making choices regarding 'ends-ways-means' where ends (corporate objectives) are to be defined before the strategy (ways) is developed and resources are allocated (means). The resource-based view of the firm, as defined by Wernerfelt (1984) and developed by Dierckx & Cool (1989), Prahalad & Hamel (1990) and Barney (1991), would counter this view by turning the sequence around:

their alternative view can be labeled ‘means-ways-ends’ where strategy starts with the development of (core) competences, which lead to the identification of particular ways and produce certain ends. According to Brews and Hunt (1999), the planning school defines ends before means using a formal process, whereas in the emergent school process steps are less explicitly distinct, more simultaneous and interdependent.

For Campbell and Alexander (1997) strategy boils down to determining a “well-articulated, stable purpose through discovering, understanding, documenting, and exploiting insights about how to create more value than other companies do.” The entrepreneurial school places itself in the middle in the ‘ends-means-ways’ triad: the entrepreneur has a long term vision, but the strategy leading to the realization of this vision is insufficiently explicit and thus incomplete, and thus only becomes fully articulated through a number of adaptive actions taken ‘along the way.’

Different authors structured the debate along various dimensions. Indenburg (1993) made the distinction between goal orientation (weak or strong) and process orientation (weak or strong). He ended up with four different types of strategy development. Farjoun (2002) observed a number of contradictions, or at least tensions, between the mechanic and organic views: discrete versus incessant time, directional versus interactive, and internally differentiated versus integrated constructs and models. At a macro level, these comments echo the debate between the planning and the learning school (whether in an emergent or entrepreneurial fashion).

In this context, it is worth to mention Gavetti and Levinthal (2004). These authors provided a historical overview of strategy practice and plotted different strategy research methodologies across two dimensions: the level of analysis (structural versus situational) and the assumptions on the core process (behavioral/inductive versus rational/deductive). They foresaw a convergence through the mechanism of ‘evolutionary economics.' As such the schisms between process versus content research and between design versus implementation would reduce with time.

Even Mintzberg (1994), though critical on the traditional planning process, admits the benefit of a strategic plan, in particular as a tool for communication and implementation: "Plans (…) can be prime media to communicate strategic intentions and to control the individual pursuit of them". Others remain less optimistic. Mankins and Steele (2006), for example, put it very starkly: "Strategic planning doesn't really influence most companies' strategy" before proposing an almost continuous discussion on key strategic issues as an alternative.

It is in this context of unsettled debate and ongoing discussion that this paper proposes an integrating framework that actually allows various schools to putting emphasizes of differing aspects of an 'ideal' strategy process. The framework that we propose offers the surprise that it is able to integrate the different schools. It emanates from the procedural justice literature. It is interesting to note that a google search on the words 'fair strategy' revealed 0 hits.

The review of the strategy schools from a fair process leadership allows the identification of differences in fairness in the schools, with resulting implications on the commitment of the organizational members and hence performance. We therefore pursue the paper by first reviewing the the 'fair process leadership' framework in greater detail. Having done so, we will be in a position to evaluate and contrast the different strategy schools from a fairness lens.

3. Procedural justice and strategy creation

In his seminal theoretical work, *A Theory of Justice*, Rawls (1971) saw the necessity for a set of principles of social justice to “provide a way of assigning rights and duties in the basic institutions of society”. These principles should regulate interactions, agreements and government. Justice requires both a criterion to decide what is a fair division of society’s resources, and a process to reach such outcome. As an illustration of procedural justice, Rawls (1971) mentioned the classic example of dividing a cake between two men: one makes the split, the other one first chooses his share.

The concept of procedural justice is, in the recent literature, credited to two social scientists, Thibaut and Walker (1975), and their work *Procedural Justice: A Psychological Analysis*. These authors studied the judicial process from a psychological viewpoint, with a particular focus on perceptions of fairness. They coined the term ‘procedural justice’ in order to differentiate the concept from traditional theories of distributive justice that examined the perceived fairness of share allocations with no attention to the procedure or process followed in determining the shares and their allocations.

Leventhal (1980) is generally credited as having first asserted that procedural justice (as applied in the court of law) was greatly relevant outside legal settings as well. Researchers started applying this concept to a host of social settings and diverse cultures, confirming Leventhal’s assertion in contexts as varied as education and politics. The seminal reference in this regard is Lind and Tyler (1988).

Greenberg (1986) was one of the early scholars who applied procedural justice concerns to business issues. His early interest centered on performance evaluation for promotion and pay decisions. He observed that organizations, like societies, are communities of individuals sensitive to procedural justice.

Kim and Mauborgne (1991) provided substantial empirical evidence to evidence the necessity for fair process in relations between headquarters of global companies and their local affiliates. In later papers, Kim and Mauborgne (1993, 1997) elaborated on the critical requirement of 'procedural justice' in the strategic decision making process.

Stemming from law and psychology, procedural justice theory states that if a decision making process is perceived as fair, people to whom the process is applied demonstrate a higher level of trust and commitment. This in turn generates greater and more informed effort, and results in improved collective performance as well as higher individual satisfaction with outcomes and process. Procedural justice theory makes a clear distinction between the fairness of the process and the fairness of the outcome: people's sensitivity to process ('fair play') influences their perception of outcome ('fair share').

Figure 3 succinctly represents the causal link between procedural fairness and performance, as described by Hosmer (1994): "Trust generates commitment. Commitment ensures effort, and effort that is cooperative, innovative and strategically directed is essential for success in a competitive global economy."

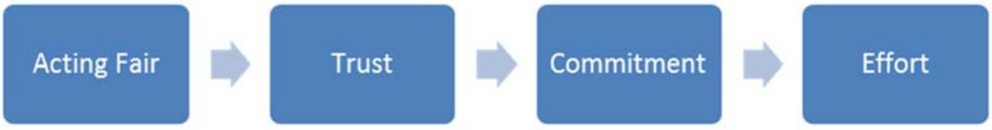

Figure 3: The Fair Process success chain: why fair process is key to unlocking performance (adapted from Hosmer, 1994).

The benefits of applying fair process in a professional environment are numerous, and nicely summarized by Brockner (2006): more satisfied and loyal employees, a culture that fosters innovation, creating goodwill with customers, and … more support for new strategies! There is broad evidence of how procedural justice can increase the performance of the individual by an increase in organizational identification, employee engagement (He et al, 2014) but also by a decrease of the feeling of job insecurity (Loi et al, 2012).

Various studies demonstrated how procedural justice could improve different functions of the corporation. According to Brockner and Wiesenfeld (1996), procedural justice becomes even more important when outcome fairness is low, which is typically the outcome of strategic decision making by the top leadership. Indeed, outcomes on particular units, managers and employees are mostly unequal, very positive for some and quite negative for others. Fair process is thus key in processes such as lay-offs, restructuring, outsourcing or other drastic strategic change where segments of individuals are subjected to negative outcomes.

Van der Heyden and Limberg (2007) found 'remarkably strong' correlations between the degree of compliance to fair process steps and the performance of both the strategic product planning and serial development process in 15 German factories. Their results are in line with the earlier research of Kim and Mauborgne (1991) who observed that applying procedural justice in strategic decision making processes increased organizational commitment, trust in the management of the head office and social harmony. Moreover, the application of procedural justice in strategy making processes increases the compliance in the subsidiary with strategic decisions and stimulates global learning and strategic renewal (Kim and Mauborgne, 1993).

With respect to the drivers of fair process, Leventhal (1980) identified the behavioral characteristics of a fair process:

- **clarity** (or transparency),
- **communication or voice** (providing the opportunity for those affected to express themselves, possibly through their representative, with no fear of retaliation for the opinions voiced),
- **consistency** (absence of bias across people, issues and over time, or, stated positively, uniformity in treatment),
- **changeability on the basis of new evidence** (in order not to contradict the previous criterion of consistency), and finally
- **a culture of ceaselessly pursuing the truth and doing "the just thing."**

For easy memorizing we will later refer to the Leventhal characteristics as the '5C' of '**fair play**.'

Kim and Mauborgne (1997) nicely summarized the three cornerstones for the application of fair process (representing common violations): engagement of the employees by providing them with a voice (and asking them for their input, allowing them to discuss other's ideas and assumptions), a thorough explanation of the rationale for the final decisions, and clarity with regards to the expectations on future behaviors by self and others (in particular with regards to implementation) once a decision is made.

Introducing "process" into procedural justice

Van der Heyden et al (2005, 2007) – observed the absence of an actual process description in the fair process literature. Kim and Mauborgne had identified the most common 'missteps' in fair process, but did not present a normative model for a process that could be labeled as fair. With co-authors, Van der Heyden proposed to fill this void by calling on the fundamentals of Kaizen-type continuous improvement processes, on the contributions to fair process theory presented by Kim and Mauborgne (1991, 1993,1997), and on progress in decision-making processes, as summarized by Russo and Schoemaker (2002).

The principal contribution of Van der Heyden et al (2005, 2007) is to specify fair process as consisting of a number of manageable steps (5 in total), mimicking closely the process of court proceedings. Building on the insights of the various authors mentioned in the previous paragraph, and in particular those of Kim and Mauborgne, strategic decision making would indeed start with a thorough engagement phase where employees would be consulted about strategic framing and priority setting. In a subsequent and distinct sub-step, they would then be asked to come up with strategic options, which could then be presented to the leadership, who would then both be informed of the opportunities and risks, and could then make strategic decisions, well informed by those engaged in the process at earlier steps.

Doing so substantially contributes to addressing the so-called 'implementation gap' as strategies elicited from those in charge of execution would always be implemented with greater commitment and force than decisions that are 'dropped' upon them by the top in a "decide and announce" fashion. The process also points to the need for adaptation and corrective action, based upon the information generated in the formulation and execution phases, evaluation being fully feasible only once decisions have clearly been made and executed.

We now briefly review the 'process' introduced into a literature that was consistently mentioning 'process' – as in 'fair process' – but where none formally appeared. We will subsequently apply this framework in a rather straightforward way to examine the fair process potential of the various strategy schools discussed earlier in the paper.

The resulting process consists of five steps or phases:

- **Phase 1 - "Engaging, Seeing, Framing"** This step is devoted to engaging those affected by the issue and forthcoming decision, or those possessing relevant expertise and information. Those individuals are probed for what they see to be the issues at hand, and what their diagnosis of their version of the 'problem' might be. This sub-phase concludes with a clear framing of the key question(s) that need to be addressed in subsequent steps.
- **Phase 2 - "Generating, Exploring and Eliminating Options"** In this phase, individuals and (typically) teams with expertise and knowledge on the issues identified in the previous step generate options or potential solutions, and explore them – typically through constructive dialogue and debate. Implementation pitfalls are brought to the surface and analyzed, while options that are clearly seen as inferior are eliminated. A small number of strategic options is then presented to the leadership, with adequate coverage of implementation and performance risk.
- **Phase 3 - "Deciding, Explaining and Setting Expectations"** That is the time when the process leaders review the options generated and explored in earlier steps. It also is the time of decision making, where a clear decision is 'taken' and where leaders explain which course of action has been selected and the rationale for this choice. Finally, leaders clearly communicate their expectations on what will be executed, how execution will actually proceed (resources, timing, coordination ...), what results and targets are aimed for, and which rewards (or alternatively sanctions) can be expected as a result of attaining them (or not). Strategy having been well prepared and decided, execution can start.

- **Phase 4 – "Executing, Realizing and Rewarding"** Execution of decisions now starts, in a disciplined and informed manner according to a clear plan. Results are gradually realized, with marginal adaptations as required. Should new information be generated that indicates that successful execution is actually not possible, leaders formally ends with the distribution of rewards (or alternatively sanctions), in line with the achievement of announced targets and in line with expectations communicated at the prior decision step.

- **Phase 5 – "Evaluating, Learning and Adapting"** The final phase is devoted to a thorough post-mortem of the entire process that was followed. Results delivered are reviewed, as well as how each step of the strategy process was executed (all the way to Step 1). The actors search for errors (including omissions) that may have entered the process and why, what their impact was, at the step and on subsequent steps. The phase then moves to an identification of the key learning points. It ends with a disciplined implementation of the adaptations to the organization that ensure that errors will not repeat and mistakes avoided in the future.

A number of points need to be made for full clarity of what is proposed here. Each of the 5 phases consists of three sub-phases or sub-steps. The sequence matters: for example, in the execution phase, one starts by executing the decisions (respecting a time sequence), results then gradually appear, and once results are there, rewards given in line with expectations announced at the decision step.

One then proceeds with the evaluation phase, where prior process phases are reviewed, including, e.g., the allocation of rewards awarded at the previous step. This contrasts with performance management practices where 'bonuses' are only announced at the end of the budget year, after an ‘objective evaluation interview’ with the boss. This practice presents serious potential for unfair process, as the boss at that time may alter expected rewards, introduce new arguments unrelated to the performance of the individual in this process and unannounced at the time of decision making. Finally, incentives if they are to incentivize must be known at the start of execution, and not announced during or after execution has ended.

The danger of any process is that its execution becomes mechanical (this is probably less the case for the strategy process as compared with operational processes in manufacturing). It is the requirement of procedural justice, as defined by Leventhal (1980) and as identified by us as the ‘5C’ of fair play that turns the process into a ‘fair process,’ with subsequent results in performance.

For example, it is the quality of communication that provides the depth of discussion and dialogue in the engagement phase. At the opposite of such practice, it is often the bias of the fair process leaders that limits this engagement phase, and the quality of framing that this phase ought to produce. By communication and voice, we also mean the voices of dissent and critical thought, and the fact that these are expressed and heard. It goes similarly for the other C’s that define ‘fair play.’ One shall further note that most case of fraud and intended value destruction (e.g. such as Madoff, or the Mafia) involve great processes that are simply not fair.

It is the ‘changeability’ criterion in the 5C’s of Leventhal (1980) that allows the fair process leader to adapt matters as a function of ‘new evidence.’ This adaptation might result in generating a new ‘fair process’ cycle.

The point is that the fair process leader need not follow the 5 phases mechanically: should new information become available, e.g. a change in context, the fair process leader will consider whether he needs to turn to the evaluation phase before initiating a new cycle, or 'stick to implementation.'

The fair process leader operates using a method or leadership platform that she controls and is on top of. The big change compared with 'command and tell' leadership is that leadership rests on a process, but is otherwise very open as to possible outcomes. In that sense, fair process is not democracy, but a process that the leader abides by in exercising the responsibility and authority he or she has been given.

We ought to underline the reinforcing and interrelated nature of the Leventhal fair play criteria (shorthanded earlier as '5C') with the '5E' process discipline description. The 5C values and corresponding behaviors are necessary for the fair process not to become an 'unfair procedure': indeed, procedures – like policies – do not allow for changeability, or voice for that matter, leading to the paradoxical conclusion that, from a fair process parlance, procedures are necessarily unfair.

Finally, one cannot but stress the importance of leadership: changes do not happen on their own, they are managed by people. The quality of any process does depend on the quality of the leader: if the leader is ineffective, the process will soon follow the leader on the path of ineffectiveness. That is the significance of the Leventhal requirements on the leader: transparent on the use of fair process, consistent across time, people, issues, giving people affected by the process or having expertise on the issue a voice, willing to change when there is sufficient evidence that the chosen path or a new context requires modification, ceaselessly pursuing improvements in the search for greater fairness. Process without a fair leader quickly becomes procedural or mechanical, and thus unfair.

4. A fair process evaluation of strategy schools

We now examine the different strategy schools on their fair process characteristics. What we will be looking for, based upon past literature and personal assessment, is whether the phases suggested by the fair process leadership framework are present, as suggested by the approach, or not, and to which degree. Our objective is not is to assess the performance of the approach in a particular context, which to a large extent is a function of the actors involved. What we verify is whether the logic advocated by each approach meets the precepts of each fair process phase, as defined by Van der Heyden et al (2005, 2007). Our assessment is thus conceptual, not empirical. Further empirical work would be the next step in this line of research.

4.1. The (strategic) planning school

The formulation of the strategy in this school is typically in the hands of a limited number of (senior) executives and experts, who identify the issues to be addressed. Though a larger group of individuals might provide inputs - e.g. on environmental elements like market structure, technology or customer characteristics - such people are rarely involved in the actual formulation of the strategy. As such, the system may take over, or as Mintzberg et al (2009) described it: "systems (are) expected to do better [...] than flesh and blood human beings".

Exploration of options is done in great detail, typically by a limited number of 'designers', with the risk of producing a conclusion that is seen by others as too technical and static, or as put rather sharply, again by Mintzberg (1990), "because analysis is not synthesis, strategic planning has never been strategy making". A lack of bilateral communication will not only decrease the quality of the chosen strategy, it will also reduce commitment to the strategy inside the organization (Kim and Mauborgne, 1991), jeopardizing subsequent implementation.

The strongest point of the planning school is that through the formal process, a direction is set, meaning is provided, agreement on shared goals created, if not enforced, and as such, consequent execution ensured (Vilà and Canales, 2008). A disadvantage is that feedback loops may not be organized to a sufficient extent (depth of feedback and frequency), and not formally enough in terms of engagement of relevant actors. Indeed, the strategy is "carved in stone" and "formal plans outlining precise intentions, (have been) formulated and articulated by central leadership" (Hax & Majluf, 1988).

Another risk is that insufficient engagement of managers down the line results in implementation shortcomings that could have been solved at the planning stage as well as at the decision stage, where decisions need to be made on the degree and scope for autonomy that is given to the implementation teams: "a strategy which has been formulated without taking into account its ability to implement is a lousy strategy" (Grant, 2013). The approach being more 'top-down,' learning and adaptation is not really a top agenda item. Indeed, the planning school's risk with respect to procedural justice resides particularly in the beginning and the end of the process, as Table 1 shows.

4.2. ***The emergent school***

The emergent school addresses the point of involving a broader platform of managers in the creative phase, whether that be on diagnosing and identifying issues or on exploring of answers. When strategic views of managers were seriously considered prior to a strategic decision, these managers "saw the process as fairer, had greater commitment to the decision, greater attachment to the team and greater trust in the leader" (Korsgaard, 1995). In such a process a consensus to ensure effective implementation of strategy can be more easily reached. Formulation and implementation of strategy are not seen as separate phases but interrelated, with implementers bringing up ex ante execution issues, and then tasked with generating proposed solutions.

The strength of this approach is a number of iterations and a richer dialogue (Floyd and Wooldrige, 1992). These authors define strategic consensus as agreement between different management levels regarding the key organizational priorities, and distinguish a ‘cognitive’ understanding of the strategy from an ‘emotional’ commitment to its execution. The simultaneous process of defining objectives and allocating resources typically increases strategic effectiveness (Brews and Hunt, 1999).

The emergence of strategy from ‘within’ is however not without risk. Expectations on the organization’s members are often not clearly enough spelled out, potentially jeopardizing a disciplined execution. Grant (2013) described it well: “action must be preceded by intention”. This is particularly the case in a context of complex linkages amongst organizational units (e.g. matrix structures), insufficiently explored at the beginning of the process due to a lack of directive leadership at the top.

This creates issues in execution, as managers need deliberate strategy to provide the organization with a sense of purposeful direction (Hax and Maljuff, 1988). Another risk is that many managers might feel that their inclusion in the process by the emerging leaders is too cosmetic, resulting in them “tuning out” and, if this virus spreads through the ranks, creating the risk that the organization becomes paralyzed (Cool, 1998).

On the other hand, one of the strengths of this approach is that companies following this approach are more adept at correcting strategic directions, when required by changing environmental and contextual conditions: “Because circumstances change and unforeseen issues arise, inevitably the strategy changes” (Grant 2013).

From Table 1 it is clear that the main risk of the emergent school lies in the middle part of our five phase strategy process, were a lack of clarity and explanation on strategy jeopardizes implementation.

4.3. The entrepreneurial school

An entrepreneurial orientation is characterized by innovative and pro-active behavior of an entrepreneur, endowed with a specific (and very likely biased) risk-taking attitude (Anderson et al, 2014). In this variant of strategy, vision stems from the views of a strong leader, possibly enriched with the views of a number of close confidents. The vision is often focused on prospecting new products and markets. Successful "prospectors" define a clear and comprehensive goal without bothering excessively about the formality of the process behind the strategy, which they would dismiss in any case, referring to such processes as stifling or bureaucratic (Slater et al, 2006).

The organizational view is largely externally oriented, directed at capturing market opportunities. Execution risk is that the entrepreneur, being highly convinced of her or his vision, might not sufficiently engage the strategy actors responsible for execution. This lack of engagement of experienced and knowledgeable actors also limits the depth and quality of the decision, leading to a lack of concreteness of the strategy for those at lower levels of the organization. The number of people truly engaged in formulation being too limited, their engagement being too superficial, resulting expectations are typically too imprecise and insufficiently framed in the language of the actors. Translations into business objectives for the relevant units is then insufficient.

As different personality traits are required to initiate and implement strategic change (Herrmann and Nadkarni, 2014), these "strong" leaders select a limited number of "followers" very focused on disciplined execution. Insufficient emergence of implementation issues and of their exploration typically results, coupled with insufficient autonomy during execution. It would not be uncommon that the entrepreneur would, when meeting implementation difficulties, make changes during execution, including leadership changes, which invariably make execution even more chaotic and cumbersome. Regular adaptation and learning being excessively dependent on the characteristics and personalities of a limited number of leaders – which in addition are typically too operationally focused and tackle one issue after the next one. Insufficient discipline (due to insufficient clarity and/or excessive changes) and commitment in execution is often the outcome of this approach.

The main strengths and risks of the entrepreneurial school (see also Table 1) can be derived from Wrapp (1984), who defines a good manager as the one who is "able to move his or her organization significantly toward the goals he or she has set" but highlights further that "the good manager also knows that it is impossible to state objectives clearly enough so that everyone in the organization understands what they mean." Mintzberg et al (2009) too identified serious deficiencies in the entrepreneurial school: the process remains a "black box, buried in human cognition" and the "leader may end up in the clouds, enamored of a vision that lost its roots."

4.4. Summarizing our fair process scoring of the strategy schools

We try to summarize our above evaluations in Table 1 below, using three summary ratings for the quality of each of the 5E's of the fair process model: LOW, MEDIUM, HIGH. These evaluations are based upon our descriptions of each of the schools in the preceding sections. Our evaluations are informed by how scholars have described the different strategy schools (with representative quotes mentioned).

We observe that a higher ranking in Table 1 means an increase in the likelihood that a specific fair process phase (or principle, row headers) is respected by the corresponding strategy school (column headers), while a lower ranking means that the likelihood that a process phase is not respected or ignored altogether becomes more substantial.

Table 1 shows that the major focus in the planning school is in the middle steps of the process, with a clear risk of limited engagement in the beginning, leading to insufficient and biased exploration, and also evaluation. The major risk of strategy in the emergent school is that the communicated strategy is insufficiently understood, resulting in insufficient implementation and insufficient discipline.

Companies that follow a planning or entrepreneurial approaches should pay attention that the framing and evaluation of strategy objectives is not the privilege of one person or the “happy few,” this again jeopardizing implementation later on. The fair process advice would be for a slower start with more substantial engagement at the framing stage, providing benefits during the subsequent stages, including greater value capture during the execution phase.

There also is a major difference between these two approaches lies in exploration, which should typically be better in the planning school. However, entrepreneurs being obsessively focused on producing results, and committed to their visions and decisions, execution may typically be more purposeful and adaptive than in the planning school.

Concerning the emergent school, this exercise identifies the main risk at the level of the decision making and explanation step, where typically leadership is insufficiently clear, and leadership contests make things more obscure than they should be.

Fair Process Step	Planning School	Emergent School	Entrepreneurial School
Engaging	**LOW** as a relatively limited number of people is involved, typically at executive and strategic function levels (Hart & Banbury, 1994)	**MEDIUM** as strategy is seen as a conversation to which all managers and even operational people can contribute (Liedtka & Rosenblum, 1996); however, unclear as to why a single framing would result for clear strategic exploration and decision making	**MEDIUM** as the process is a "Black-box, buried in human cognition" (Mintzberg et al, 2009) and, we add, in the leader's intuition leading to low engagement of the actors; however, a market/customer oriented framing is present based on the leader's vision
Exploring	**MEDIUM** as a result of a relatively limited engagement at the prior stage, even if more people and greater expertise is typically involved at this stage (Mintzberg & Waters, 1985)	**HIGH** as the consideration of inputs from the various actors is seen as key (Korsgaard, 1995) and as different actors investigate their specific concerns and exchange these with colleagues	**LOW** as the goal is defined without a formal process (Slater et al, 2006) and often based on intuition and tacit knowledge (Mintzberg & Waters, 1985)
Explaining	**HIGH** as the planning unit extensively documents the proposed strategy allowing executives tell the story to their troops (Campbell & Alexander, 1997, Collis & Rukstad, 2008)	**LOW** as purposeful intent and direction is needed which requires alignment of concerns, frames, goals and actions (Farjoun, 2002, Hax & Maljuff, 1988)	**MEDIUM** as a clear and comprehensive goal is set (Slater et al, 2006) but which is difficult to translate into explicit strategic targets for the strategic actors and units (Mintzberg and Waters, 1985) particularly if the "leader may end-up in the clouds" (Mintzberg et al, 2009)
Executing	**MEDIUM** as plans have been formulated and communicated, but still implementation issues surface and remain, the result of engagement and exploration lapses at earlier phases (Mintzberg, 1994)	**MEDIUM** as shared and common intent is required for purposeful action (Grant, 2013); quality of execution is high on the strategic framing developed by the various units; the question is alignment of these actions into a single integrated strategy	**HIGH** as the organization is typically aligned and disciplined, moving in an aligned fashion towards the goals set by the leader entrepreneur and her or his followers (Wrapp, 1984)
Evaluating	**LOW** seen as biblical (Mintzberg, 1990) though with possibly periodical reviews (Ansoff, 1991), though overall insufficiently systematic and deep in terms of engagement of actors and individuals impacted by the strategy	**HIGH** as based upon (logical) instrumental steps by the various units; as a result, this step is both autonomous and relatively continuous (Quinn, 1980)	**LOW** as decisions are affectively charged, with the leader taking and being given the credit in case of success, and implementers being blamed in case of failure (Dane & Pratt, 2007)

Table 1: Fair process evaluation of the process steps (5E) in the planning, emergent and entrepreneurial strategy schools[6]

[6] The "engaging" element in the entrepreneurial school can vary significantly depending on the personal style of the entrepreneur

The main intent of the table is to demonstrate that our single integrative framework does allow the evaluation of the three schools, in a way that identifies implementation risks for each. A more definite evaluation of the strengths and weaknesses of each school on these five fair process dimensions would require further research.

Finally, and as already indicated, our description will not be valid for all companies adopting a particular school, as actual applications occur in a context, depend on the particular leadership, on a company's capabilities and culture, which are all critical factors of process performance. As a consequence, a company's leadership may have been exposed to and influenced by more than one school, creating their own "hybrid" version.

4.5. Towards a unifying framework

Perhaps the most significant result of Table 1 is that it suggests that the fair process approach to strategy formulation and execution offers the potential to combine "the best practice" of the different strategy schools, as previously identified and discussed. A fair process approach perfectly executed would obtain the ranking HIGH on the five different evaluation criteria.

As such fair process is both a meta-model, and a strategy school or approach by itself. However, the full argumentation in favor of this school is outside of the scope of this paper which aims at presenting fair process leadership as a unifying framework allowing us to evaluate the various strategy approaches existing in the literature, and in particular identifying their trade-offs and risks in terms of successful implementation.

The final point we wish to make about the fair process framework is that in this approach the traditional and artificial academic or strategy consulting distinction between "formulation" and "implementation" evaporates. The strength of the fair process approach to strategy creation lies in the recognition of the multiple roots for strategy failure. Indeed, the framework posits that the difficulties in execution may be the result of at least 4 types of ineffectiveness:

- Ineffective framing of the main strategic challenges (Step 1);
- Ineffective exploration of the pitfalls and opportunities of the various strategic options (Step 2);
- Ineffective decision making, explanation and expectation setting (Step 3)
- Ineffective evaluation of previous strategies and insufficient learning and adaptation to ensure the avoidance of repeating previous errors (Step 5 of a previous fair process cycle).

Anecdotally, when middle and senior managers are sampled for their views on the step they wish their superiors would do better, they, in great majority identify the first step - Engaging, Seeing and Framing - as the step that requires the greatest attention by their superiors, who themselves tend to identify execution (Step 4) as the biggest culprit to performance. The identification of this strategic dissonance is one of the practical values of this framework.

4.6. A final comment on fair play and leadership

Having evaluated our three strategy schools on process aspects (5E), we could briefly turn to their evaluation on fairness, and in particular, fair play aspects (5C). The results would result in another, similar to Table 1.

We do not present these results here for three reasons. The first is that this is typically less conclusive than the evaluation according to the fair process steps (5E). The second is that when evaluating each of the fair process steps, quality of execution of each step ought to be judged in light of the fair play aspects, hence Table 1 implicitly contains an evaluation of the fair play aspects of each approach. Thirdly, these aspects are very much driven by two factors: the (fair play) culture of the organization and the (fair play) behavior and aptitude of the leader(s) of the strategy process.

Fair processes do not arise if they are not led by fair play leaders. The leadership dimension allows us to further distinguish our three schools. In the emergent school, there is no leaders driving the process; rather, the emergence of strategy is coupled with a leadership contest. In the emergent school, there is a formal leader at the head of the organization, but the “real” leader(s) needs to emerge, and that emergence is the result of a process itself. The question then becomes: who will provide such leadership, and will it lead to a fair process (so essential for effective strategy)? In such context, fair process will be a challenge, unless fair play is already part of the organizational culture.

The entrepreneurial school clearly locates the leadership in the organization’s head, the entrepreneur. The fair play dimension is then rather simple: is the entrepreneur fair play, or not, and does he have the aptitude and attitude to drive and support a fair strategy process?

The discussion of the planning school is not too far from that pertaining to the entrepreneurial school. Typically someone is in charge of the strategy process, typically the CEO or the Chief Strategy Officer (CSO). The fair play aspects of the strategy process will derive from the fair process aptitudes of the leader, with one difference: the CEO has the unique opportunity to be that leader, engaging the CSO and the entire executive team in a fair strategy process, where the CSO is only one of the actors, albeit a major one. That probably is a nearly ideal situation, allowing the CEO not to be captured by the biases of the CSO.

Another interesting point is the role of and the engagement of experts (whom we know from extensive research to be the most biased of them all). Again, fair play aspects abound in the engagement of consultants, as common practice evidences. There too fair process offers a direction and possible resolution.

A final comment pertains to the shift in strategic approaches when the leader changes: a strong executive emerging “from within” and becoming the leader/entrepreneur tilts the organization to the entrepreneurial school from the emerging school. The fair play aptitudes of the emerging leader will largely determine the fair play characteristics of the strategy process.

5. Conclusions and suggestions for further research

The strategy formulation and implementation process is arguably one of the most controversial processes in any company, and also in the professional literature. The academic literature echoes this controversy.

In many large companies, the strategy formulation process is seen as excessively disconnected from the business (in scope, people and process). Employees are demanding to see the direction chosen and the way to get there – in the form of formulated vision/mission/strategy statements, or through e.g. rules that guide them when taking the right day-to-day decisions. The question then concerns the choice of the appropriate way forward for the company, and progress along this path.

There is plenty of evidence that traditional strategy creation techniques make too great a distinction between on the one hand the originators and conceivers of strategic change, and those that are the main actors and implementers of change, too often managed as recipients of change. It is a common view that the latter ought to be engaged earlier and to a greater extent than is often the case. Doing so allows reduced ambiguity and uncertainty in the formulation of change (both in terms of content and in process), while also increasing the commitment of change actors and the eventual success of the chosen strategy. It blurs the boundaries between the creators and the actors of change, creating more of a collective strategic endeavor.

Fair process leadership offers a conceptual framework to bridge those gaps and reduce, if not eliminate altogether, any notion of trade-offs between quality of formulation and of implementation, between exploration and exploitation. Fair process leadership also offers an integrative framework for the examination and integration of the various strategy schools that have emerged and still dominate the literature. Perhaps most importantly, fair process leadership represents a conceptual breakthrough that provides a unifying conceptual basis for the strategy field, and with it, comes the possibility to unlock the full potential of an organization to build a superior strategy and increase the effectiveness of its implementation.

These arguments and propositions raise important and fundamental issues for strategy research. More specifically, our own “fair process” evaluation of the various strategy schools, as ultimately illustrated in Table 1 needs further empirical validation. This would amount to gathering information (e.g. on the basis of a survey or questionnaire) on the actual degree to which the 5E’s are or have been present in companies, taking into account their strategic contexts and approaches. In a more statistical approach, one could think of validating the fair process evaluation (on each of the 5E’s) of the different strategy schools or approaches described, as expressed in Table 1. One overarching hypothesis of this research would be the validation of the “fair process leadership” model as the unifying framework for strategy.

This unifying framework illustrates the different merits and challenges of each strategy approach. The analysis identifies “gaps” that each school might try to address, thereby improving its performance. Alternatively, one could imagine that as strategy is regularly referred to as the art of choosing, it may not be feasible, nor realistic or desirable to try and satisfy all 5E’s to the same degree and with the same energy across the board, in any context or situation. This would lead to a ‘contingent’ approach for the various strategy schools - and therefore the 5E’s of fair process - which would provide guidelines for prioritizing strategy schools and fair process steps, as a function of context or situation or point in time. These aspects may and should be further investigated and tested as the notion of fair process finds its way into strategy making.

One interesting aspect of the fair process leadership approach is to put “people back at the center of strategy.” It was already stated that fair process can only result if leaders are fair, and beyond that if this transcends to the culture of the organization and hence the behavior of its managers and employees.

The application of fair process takes place in a specific corporate and also national culture. What is perceived as fair and how fair process is put into practice typically needs to take into account the elements of language, habits, expectations, and perceptions that form the content of culture. The Japanese have contributed Kaizen, continuous improvement, quality circles and teams as fundamentals of good business practice. Fair Process leadership can be considered a managerial / leadership version of Kaizen (introducing the importance of framing, which in Kaizen is a given, centered on the notion of productivity).

So it might be interesting to validate whether fair process leadership is indeed associated with particular cultures, be they national or corporate cultures. One of the authors (Tackx, 2015) explored the potential impact of (national) culture on the fair process aspects of knowledge transfer and management within multinational companies. Anecdotal evidence confirms that sustainable high performance organizational cultures are associated with many elements of fair process leadership. More research is needed to make this more of a scientific statement.

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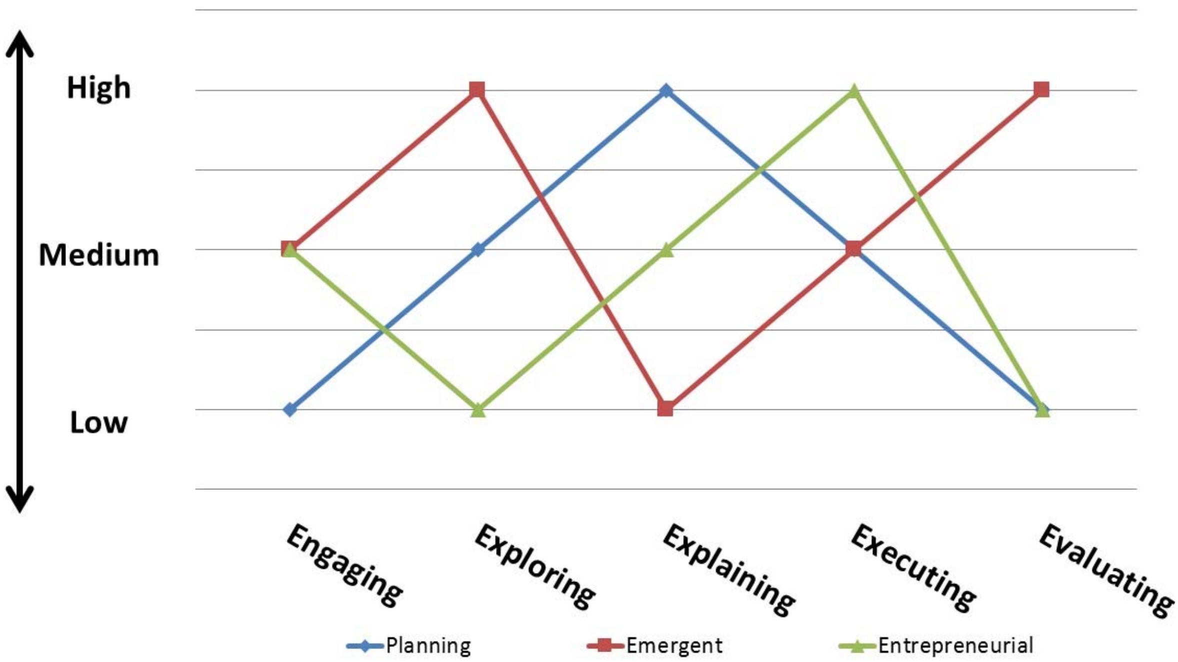
Appendix 1: Graphical Evaluation of the Strategy Schools according to fair process steps



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