



UNDERSTANDING THE STRATEGY MAKING PROCESS

A descriptive case study in a software start-up in Dublin

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Abstract

Understanding the strategy making process: A descriptive case study in a software start-up in Dublin | **Virginia Molina Ramirez**

The term strategy has undergone different interpretations along time, especially since it has been adopted in the business world. One of the main reasons for discussion around the term has been how strategy is formed in the organizations. Two main and opposed views exist in this matter: on one hand, a sector of scholars affirms that strategy is the plan that allows the firm to reach its goal; on the other hand, another sector, headed by Mintzberg, defends the fact that strategy is the result of a learning process that is alive within the firm and develops thanks to the decisions and actions that emerge without planning. Following Mintzberg's view, the aim of this thesis is to understand if and how this theory can be applied to a real-world case.

For this research, a descriptive case study methodology has been chosen, which allows to gain a deeper understanding on the topic. The subject under study, Start Up Ltd, has been chosen from a highly competitive environment as it is the software industry in Dublin. The results of such study have highlighted how the company has survived thanks to a flexible approach to strategy, confirming that, in this specific case, Mintzberg's model perfectly explain the strategic evolution of the firm. The study leaves open to further research the investigation of a wider sample, which may allow to create or update the theory.

Declaration

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This dissertation represents the final step in my two-year learning journey. And what a journey... A master's degree in a second language and a global pandemic that broke in our lives during the second half of the first year of the program. What seemed to be a 2-weeks outbreak became a 180° change for everybody. This change affected the way I faced this master's program (I had always sworn to never join an online course because I would end up abandoning it) and taught me the meaning of resilience. For this reason, I want to give special thanks in the first place to Giuseppe, that was always there to support me and encourage me to continue during the hardest times of these pandemic months. Without him, this dissertation would just simply not exist.

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Introduction

The objective of this chapter is to present an overview of the topics to be discussed in the literature review and how they link with the subsequent case study. This chapter also summarizes how the study was designed and the justification behind the choices made.

This thesis is structured in the following way: first, an overview of the topic will be presented, together with the literature reviewed in relation to that topic; next, the research objectives and questions will be outlined, followed by an explanation and justification of the methodological choices made to design the study. Finally, the findings of the research, the analysis of these findings and the conclusions will be summarized.

About strategy and interest on the topic

There is a general difficulty that management students encounter when defining strategy and the concepts related to it. This difficulty a priori can be concerning, since these students will be entering in the professional arena without a clear and unified understanding of what strategy is or how it is formed; however, it perfectly highlights the fragmentation of ideas, views, theories and perspectives that exist within the field and remarks the importance of a comprehensive understanding of the concept rather than the identification of a static definition (Ferreira *et al.*, 2014).

The existing literature review on the topic certainly presents an intricate picture. For over five decades, scholars have been unable to find a single definition of strategy and to reach an agreement in regard to its interpretation, due to the complexity of the term and the myriad of perspectives that exist around it. Strategy is what constitutes the core of a business (Argyris, 1989) but the discussion about its formation is constantly under debate.

The number of theories and views that exist on the topic, as Harrington *et al.* (2004) highlight, make it difficult to confirm if the strategy creation process is more about a rational process that sets the steps to reach certain goal or, by the contrary, it is more of a learning process.

As one of the main exponents of the latter view, in his numerous works, Mintzberg highlights the pitfalls of the rational prescriptive perspective and proposes a different view in which the strategy-making process is understood as a natural process that happens within organizations and that is not always being planned. This process, that he calls emergent strategy, presents a more realistic view on how strategy is formed because it takes into consideration the unplanned actions, mostly result of learning, that make organizations fit in their environment and hence succeed. The strategy making process becomes then a pattern of actions taken over time that alternates periods of learning and periods of formalization of this learning to get it included in the strategy itself. This results in a conception of strategy as a change process that is alive and in continuous development within the organizations and evolves along time

to allow the firm to survive to the changes in the environment within which it operates.

Since the author of this thesis considers Mintzberg's view of strategy making as the theory that better seems to explain the strategy creation process, because it takes into consideration the unplanned actions deriving from learning that become part of the overall strategy, the aim of this research is to try to observe if this theory can be applied to the specific case of study.

Context on the study

Ireland, and specifically Dublin, has become one of the most important Tech Hubs in Europe in the last years: the European Digital City Index in 2016 (Digital City Index) ranked Dublin in 8th place in terms of support to digital entrepreneurs. In 2018 the tech start-up industry alone raised 523 million of euros in the Irish capital (Talent Garden). These numbers show the importance of this industry for a Country that heavily relies on this kind of firms in terms of economy and innovation (Enterprise Ireland, 2020). In this scenario, Fintech firms stand out specially, making Ireland the fourth largest exporter of financial services in the European Union (Irish Advantage).

Given this picture, the author of the thesis considers interesting to utilize one of these fintech organizations as subject of the study because of the competitive nature

of the industry and, therefore, the need of the firms to rely on a strong strategy that allows them to survive in such environment.

The study

Due to the nature of the research questions and objectives, which aim to understand the level of rationality and emergence in the strategy making process of the organization studied, as well as identifying the change cycles within this process and management awareness of strategy as something alive, it is considered that the most suitable research method is a qualitative investigation based on a case study strategy.

The case study presented in this thesis would fall under the category of intrinsic case study proposed by Stake (1995). Intrinsic case studies are accomplished not because they will help building new theory, but because they represent a matter of interest for the researcher, who has an intrinsic desire of gaining a deeper understanding on the phenomena under examination.

The author understands that the research presents certain limitations and that its results may not increase the overall existing knowledge on the strategy creation subject, however, it is expected for the researcher to gain a valuable view on the phenomena observed, which may open up to further investigation on the topic. The study has been built based on semi-structured interviews to the founders of the

company under analysis to gain insights on the strategy formation process from the primary actors.

Findings

The case study performed in this thesis is focused on the development of Start Up Ltd, a Dublin based software start up founded in 2016 by two actuaries and a software developer, and it describes the evolution of the strategy in the company and how it matches with the models described by Mintzberg. The study shows the different phases that the strategy of the company followed and how they resulted from the experience that the founders accumulated as well as from the needs dictated by the environment. While the results of the study provide an interesting picture on how strategy is formed and conceived in the case under research, it also opens up the need of further investigation to understand if the case of Start Up Ltd should be considered particular or if, by the contrary, the same phenomena can be observed in other companies in the same business or with different configurations.

Literature Review

The objective of this chapter is to review the existing literature around the concept of strategy and the two main theories that exist regarding it. Next, the author will deepen on the view of strategy as a change system and present the role of learning as the trigger of this whole process.

The study of strategy

Origin of the Strategy concept

The word strategy derives etymologically from the word *strategos*, which identifies the person who in the Ancient Greece held the political and military power. The *strategos* was an expert in taking decisions and coordinating the army to defeat the opponent (Cummings, 1993). Therefore, it makes sense that a great part of the strategic management discipline is focused on the content of the strategy itself, on what should be done in order to achieve the victory -the business success or competitive advantage- as that is intimately linked to its warfare origin.

The term 'strategy', originally used in the military world, involves great complexity in that environment (Baris *et al.*, 2015), and that complexity is being translated into the business world. For that reason, and the great dynamism it comprises, it is so difficult to define strategy (Ferreira *et al.*, 2014).

According to Freedman (2013), although the idea of strategy had been applied to the business context by other authors, it was Chandler who first explicitly used the term strategy in a business setting. Chandler (1962) defined strategy as “setting long term goals, adopting the course of action, and allocating the necessary resources to achieve that goal”. This definition, however, can be criticized because it is static, as it does not take into consideration the complexity of the environment in which firms operate.

Strategy content, context, and process

The discipline of strategy has been studied and developed from three different approaches: content, context, and process. Strategy content focuses on what decisions are taken to drive the firm’s performance; strategy context focuses on the study of the forces that interact to allow the firm to pursue its goals; and strategy process refers to understanding the process of strategy creation by analysing initial events and final outcomes and linking them both through the decisions and actions taken along the way (Whittington, 2017). This division of the discipline, however, is being outpaced by some authors that consider this only provides a partial vision on what strategy is, therefore an intersectional understanding of strategy including content, context and process would help to fill the gap (Sminia, 2009). Due to the broadness of the topic, this thesis will focus on the strategy making process, leaving out any discussion related to content and context.

Strategy as a process

The 5 Ps

Due to the complexity of providing a single definition for strategy, Mintzberg (1987) proposed a model of five different interpretations and their interrelationships to get a more complete idea on the concept of strategy. Thus, strategy is defined as a plan, a ploy, a pattern, a position, and a perspective.

Understanding strategy as a plan implies the assumption that the strategy is a linear process in which a mental exercise precedes an action in which the conceptualization is materialized to result in the expected outcome. This conception of strategy, sustained by a number of scholars, can be considered incomplete due to the fact that, in order to be true, it implies that the realization of the plan will perfectly fit the plan made ahead. This point will be argued in further detail in this thesis, when planned and emergent strategies are discussed. In relation to defining strategy as a plan, there is the second definition in which strategy is understood as a ploy, or a specific movement towards the goal.

The third definition for strategy would be a pattern, this is, the development of intentions through actions. As opposed to the understanding of the strategy making process as a plan that is first conceptualize and then put into action, understanding the process as a pattern implies that a series of informal actions have been put into place and then formalized, as it will be discussed later in this thesis.

Since the environment is in constant change, strategy as a position refers to the need for the firms to find their niche in that evolving environment.

Finally, defining strategy as a perspective supposes that strategy is a shared abstraction that exists in the minds of the people that are part of the firm, which makes it difficult to understand the strategy formation process, since it implies the translation of the collective idea into intentions through the organization.

Therefore, according to Mintzberg (1987), strategy could be defined as what allows to position the firm in a desired place within its environment, by following certain preconceived decisions and specific manoeuvres or pattern of actions that may have not been decided beforehand but that are formalized at certain stage in the core of the organization and translated into intentions. This is the conceptualization of strategy that will be the one used along in this thesis.

Strategy process schools

Based on the focus of their study, ten different perspectives or schools of thought can be identified in relation to the strategy process. These perspectives can be interpreted as ten different processes to make strategy and, at the same time, ten different parts of the same strategy making process (Mintzberg and Lampel, 1999). Elfring and Volverda (2001), classify the ten strategy process schools into two groups

based on the conceptualization that these schools make of the strategy making process.

The prescriptive group includes the Design school, the Planning school and the Positioning school. These schools share a view of the environment as something immobile. The strategy process become then a rational decision-making process that allows the firm to adapt to that environment. The prescriptive view of the strategy making process can be criticized as unrealistic, since the internal and external environment of the firm are rarely static and influence the outcome of the actions taken in order to adapt to them (Sminia, 2009).

The descriptive group includes the Entrepreneurial school, the Cognitive school, the Learning school, the Power school, the Cultural school and the Environmental school. These schools describe strategy based on the empirical research. For some scholars, only a descriptive approach to the strategy making process would ensure that strategy is successful, since the dichotomy planning-implementation would be the root reason for strategic failure (Martin, 2010). While this view seems to be the most accurate, since it takes into consideration the changes in the environment as a factor that influences strategy, it can be criticized because it only explains how strategy has been formed based on what has happened, but it does not offer responses about what could have happened if different choices had been applied. For this reason, some scholars argue that only an intersectional understanding of strategy including content, context and process would allow to fill that gap and provide a complete

perspective of how strategy is formed and what the best strategic choices would be (Sminia, 2009).

The prescriptive view

Traditionally, the prescriptive schools have divided the strategy making process into two phases: formulation and implementation. This tradition visualizes the strategy formation as a static top to bottom process in which formulation and implementation are clearly defined (Elfring and Volverda, 2001). The two phases, independent but interdependent, relate to the conceptualization of the strategy and the transformation of that formulation into action.

When looking at the formulation-implementation dichotomy, different scholars have highlighted that, while it exists broad literature about strategy formulation, there is a general lack of focus on the implementation, even if there is a general agreement among the academics on the importance of strategy implementation as the realization of the strategy (Argyris, 1989; Aaltonen and Ikavalko, 2002; Hrebiniak, 2006).

In this scenario of the strategy making process divided into two phases, in which implementation always follows formulation, both parts are indivisible and consecutive. Hrebiniak (2006) highlights the importance of the implementation being in the mind of the planners during the formulation process, as well as the

participation of the implementors, until certain level, in the planning process. As opposed to the rigid formulation-implementation model presented by Hrebiniak (2006), Rose and Cray (2013) propose a view that integrates Mintzberg and Waters' strategies (1985) and agree that strategies are born deliberated, but they become emergent during the implementation process. This strategy would still be considered successful if the formulation and realization matched. This view can be considered an intersection between prescriptive and descriptive theories, however, it still includes a strong prescriptive weight, as it considers that even if the strategy may change during the implementation, its formulation will still be separated from its implementation, this is, from its realization.

Other prescriptive scholars, however, defend that the key for success in the implementation would come from the correct interaction between intention and reality through interaction, interpretation, adoption, and action. The amount of people involved in the implementation makes communication and coordination key to ensure success. In this process, middle management plays a key role as communicator and intermediary: middle managers must pass the information from top to bottom to ensure that the employees understand their role. Leadership must ensure that they set goals and objectives for employees that are aligned with the general strategy, overcoming the issues created by conflicting activities and events that divert from strategic objectives (Aaltonen and Ikavalko, 2002).

Strategy as a plan

The prescriptive view can be summarized as a conceptualization of the strategy making process as a plan. One of the main arguments that Mintzberg (1981) presents against this view is the lack of consensus about the definition of 'planning'; as he argues that, while it is not easy to find a clear definition, it is needed to find a description that focuses on both the conceptual and, most importantly, the operational side of the term.

Mintzberg (1987) defines plan as a conceptual phenomenon of something deliberated, developed in advance consciously and purposefully. The purely planned strategy must involve leaders dictating their intentions with a level of detail and employees putting it into practice with minimum distortion from the original plan. To ensure this, the plan must be articulated with detail, without leaving space for confusion. Decisions are only in leadership hands while employees will act following those decisions. Environment must be predictable in order for those strategies to be realized, since the environmental behaviour must be taken into consideration in the formulation. Describing strategy as a result of planning implies that it is a conceptual phenomenon that exists in the mind of the planner and follows a linear top to bottom process without space for feedback [fig. 1]. Only in such a scenario the dichotomy formulation-implementation would make sense (Mintzberg and Waters, 1985).

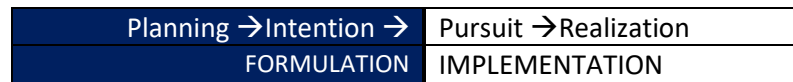


Figure 1: Strategy as a plan, based on Mintzberg

The rigidness of a plan developed in advance makes it unable to cope with change: if there are changes in the internal or external environment around that plan, the plan will get outdated, and the outcome of the strategy will not be the expected one, resulting in an unrealized strategy (Mintzberg, 1977; 1993). Since having a strategy is in the organization's own nature, an unrealized strategy would translate in a mismatch of the organization with its own purpose (Argyris, 1989).

The descriptive view: emergent strategies

The descriptive view questions the accuracy of understanding the strategy making process as a result of a plan and uses the evolutionary Darwinian theories as a metaphor to demonstrate the inaccuracy of a prescriptive approach: since the environment is in constant change, the role of strategy is allowing the firm to adapt and react to that change in order to survive instead of planning a course of action based on conditions that cannot be foreseen and will not remain the same (Mintzberg, 1967). Following this line, Mintzberg (1977, 1987, 1987a) proposes a descriptive analysis in which the strategy develops through the implementation without an orthodox formulation, what he calls 'emergent strategy'.

The strategy making model proposed by Mintzberg focuses on the realization that emerges as a result of a pattern of decisions and actions taken with consistency towards a goal, even if there is no explicit statement of intention. Understanding the strategy making process as a pattern of actions implies that there is a realization as a consequence of a decisional behaviour that is afterwards formalized (Mintzberg 1977, 1987, 1987a). This thesis is also supported by other scholars (Martin, 2010), who consider the strategy making as a single process that is formed as a result of unique streams of choices in which the strategy is built while the decisions are taken. Thinking and action are not to be separated, as they are part of the same process in which past experience and the feedback gathered from action -learning- play a key role. The strategy making process becomes then more of a strategy crafting process.

The reconstructions of the intentions and choices that lead to the final outcome, however, are sometimes difficult to track back when looking at the result of the strategy, since the decision-making process is not always structured and depends on a number of factors such as the level of consciousness in which decisions are taken or the collective inputs that help forming those decisions. For those reasons, when looking at a strategy process it is important to focus not on the decision-making process, as it may guide to establish false cause-consequences relationship without taking into consideration all the intermediary undecided emergent actions, but on the continuous process of change that happens within the context in which the strategy is developing (Mintzberg *et al.*, 1990).

The strategy continuum

Given this scenario, when analysing strategies, it is possible to find different levels of deliberation or emergence: it is rare -even almost impossible- to individualize purely deliberate or purely emergent strategies in an organization, and these are better to be considered as the two poles of a continuum in which other intermediate strategies develop. Mintzberg and Waters (1985) present a model in which eight different strategies can be identified, based on the level of emergency they display: planned, entrepreneurial, ideological, umbrella, process, unconnected, consensus, imposed [fig. 2].

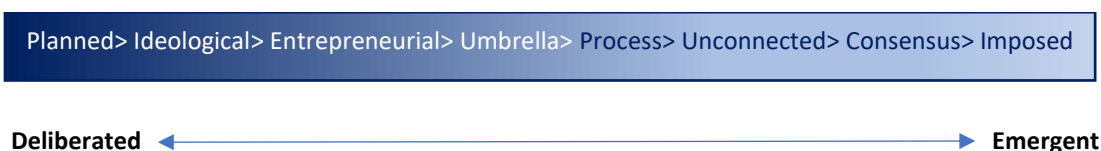


Figure 2: Continuum of Strategies, based on Mintzberg and Waters, 1985

These strategies, except for the planned one, that follows a well-defined formulation-implementation pattern, are characterised by different levels of intention that set the limits in which the emergence happens. Normally, leadership sets up the boundaries of a vision or a goal and the strategy will develop emerging from the actions taken while defining that goal (Mintzberg and Waters, 1985). Some authors defend this strategy formation model of streams of choices within boundaries as the most successful for the firm, since it increases the employee connection to the firm by allowing them to become part of the construction of the overall strategy and hence fomenting the feeling of belonging to the organization (Martin, 2010).

Strategy as a change process

Strategy learning cycle

The conception of strategy making as an emergent process opens a view of strategy as learning system complementary to the view of strategy as control (Mintzberg and Waters, 1985). The succession of actions taken based on the feedback defines the final result, and the lessons learned during this process get afterwards formalized, resulting in a cyclical process in which learning and control (formalization) are parts of a continuum (Mintzberg, 1977) [fig. 3]. This cyclical view opposes the traditional linear structure formulation-implementation and provides a new perspective in which the feedback loop merges formulation and implementation in a single indivisible process.

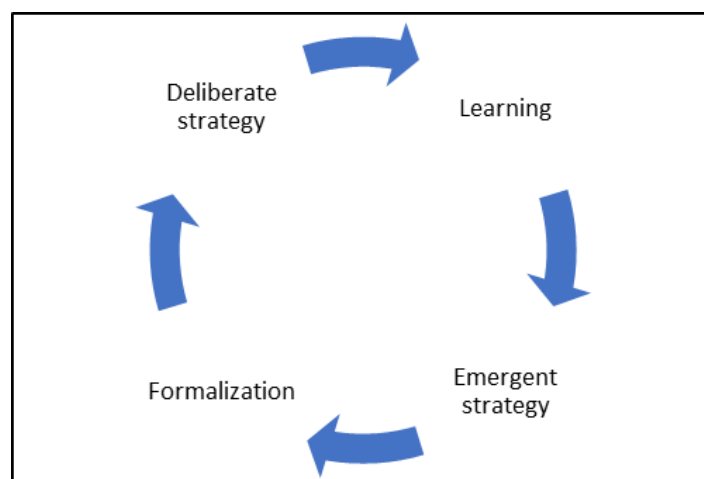


Figure 3: The strategy cycle, based on Mintzberg

The control phase or strategy formalization happens in a 'retroactive' process after a realization has taken place. Formalization plays an important role in the strategy making cycle; however, it can be risky for organizations if too much weight is given to it through bureaucracy, since that can lead to an over-realization of the strategies, which may break the momentum of the learning process implicit in the emergent strategies (Mintzberg, 1977). The learning process will be discussed further in this thesis from the perspective of strategy as change.

Paradox of stability and change

In a deeper analysis of the strategy formation, Sminia (2009), following Mintzberg's ideas, highlights two kind of events that conform this process: events of stability and events of change that occur as a result of the feedback. The strategy formation becomes a paradoxical change process that aims for stability: a strategy sets guidelines to provide steadiness to the firm by establishing a set direction -Mintzberg (1977) describes strategy as the "set of consistent behaviours by which the organization establishes for a time its place into the environment"- but at the same time, it allows organizations to adapt to change. Since strategy can be defined as what allows to position the firm in a desired place within its environment, the strategy formation process implies an interaction between the environment that is in continuous and unpredictable change, the organizational operational system (bureaucracy) that seeks for stability, and the actions of management, that tries to find a balance between both.

Sometimes, organizations have found their niche within the environment or are highly bureaucratized. These well-established firms normally experience a quantum leap change scheme in which the organization follows a formulation-implementation strategy model during the long stability periods, with just small changes to their strategy. In these organizations, the power of bureaucracy is so strong that leadership is unable to maintain the balance bureaucracy-environment and becomes part of this bureaucracy. The strategy becomes steady, and the stability of the organization can only be broken by sudden changes in the environment that oblige to introduce change in the strategy in order to save that leap (Mintzberg, 1977). These large strategy shifts normally happen in rare occasions within the life of an organization, but when they happen, they suppose a strategy revolution.

On the other hand, creative companies -in which the weight of bureaucracy is smaller- embrace change and respond more efficiently to the constant fluctuations of the environment, still including cycles of periodic convergence and divergence but without big strategic shifts. This model, based on a smaller cycle than the quantum leap scheme, is also normally contained within the other one.

While the two models differ from each other, they both show a balance between moments of change, consequence of inductive learning, and moments of stability, characterised by the integration of these new information and behaviours into a new deductive vision and formalized planning. Mintzberg (1987a) identifies that organizations which are not able to make this differentiation are doomed to strategic

failure because of identity crises as a result of the continuous change or because of their resistance to change. The role of strategy managers must not be getting obsessed about change or stability but being able to recognize patterns, assess opportunities as they rise and understand when to exploit those opportunities.

The role of learning in the change process

The strategy formation supposes a continuous change process following two main patterns -lifecycle and change/ continuity- in which organizations adjust to the environment aiming for balance (Mintzberg, 1987a).

Strategies are born and develop until reaching certain point after which decline starts, to end with the death of the strategy. This organic process is known as strategy lifecycle and affects all strategies at a broad level. Within that lifecycle, smaller events of continuity and change come after each other following different patterns.

These events of change can happen at different levels in two main dimensions: the organization or the strategic direction. Just like strategies can be conceived beforehand or emerge during realization, change can follow a deductive process, materializing from the abstract to the concrete level or, on the contrary, it can follow an inductive process in which change in the concrete triggers change in the abstract. In the same way as strategies cannot be considered purely planned or purely

emergent, change is inductive and deductive at the same time, as a consequence of its continuity.

Change can be originated as an outcome of formal planning, can be initiated by a single leader in an informal way, or can be the result of inductive learning. These three change processes are not substitute for each other, but instead, complimentary parts of the same learning process.

Independently of the change actor, change initiates with the acquisition of new information, learning, which leads to a change in the mindset of a specific sector or the entire firm. Then change is formalized in a process in which desired consequences are programmed and a plan to reach them is formulated. While the 'formalization' steps of sharing the information, changing the mindset or even the planification of the consequences may be skipped, there cannot be change in an organization or a department without learning (Mintzberg and Westley, 1992).

The learning process

While it seems clear that learning is the key for the development of a strategy over time, as it is the trigger that initiates the change cycle that allows the organization to adapt to the environment, there is not an individual learning theory that allows to understand how individuals start to think and learn strategically. Casey and Goldman (2010) propose a framework of learning to think strategically that integrates strategy,

cognition and adult learning to articulate a model that explains how this happens [fig. 4].

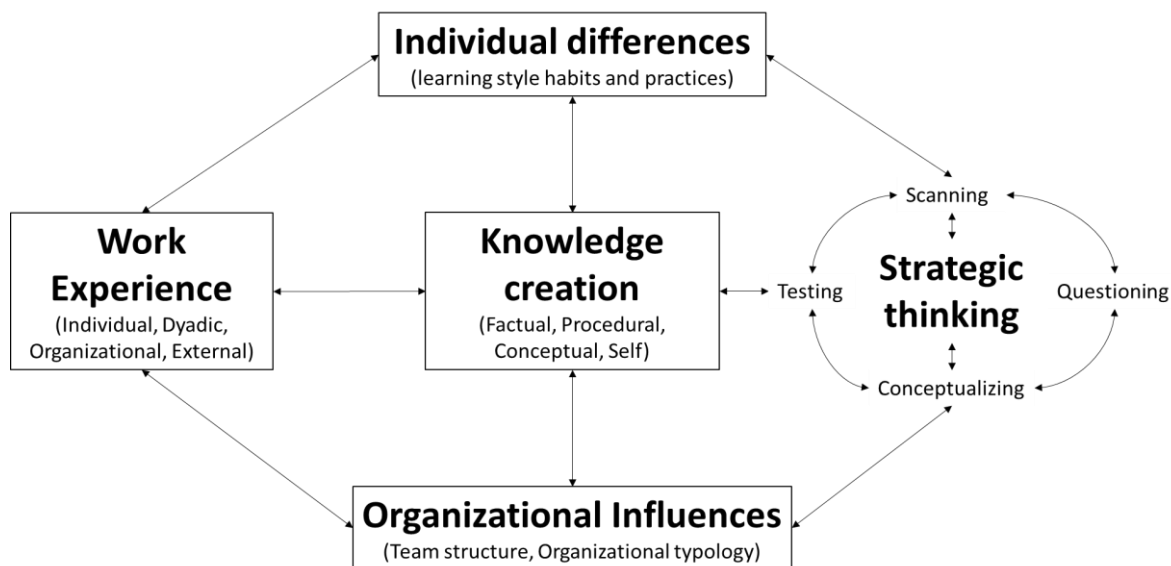


Figure 4: Model of learning to think strategically (Casey and Goldman, 2010)

The strategic thinking process is composed of four phases: scanning and questioning the current situation and environment, which lead to opening to new insights, conceptualizing new solutions and ideas, and mentally testing their impact, consequences and outcomes and how these would align with the organization. Each of these four phases requires a different kind of knowledge (factual, procedural, conceptual and own thinking), each of them fed by different sources (organizational influences, work experience and individual differences) which they also influence.

This framework provides a comprehensive understanding of the elements that interact in the strategic thinking process and how they all combine to allow the

strategic learning to happen. Furthermore, this model integrates perfectly Mintzberg's strategy making cycle [fig. 5], providing further insights about how the learning that leads to emergent strategies is acquired.

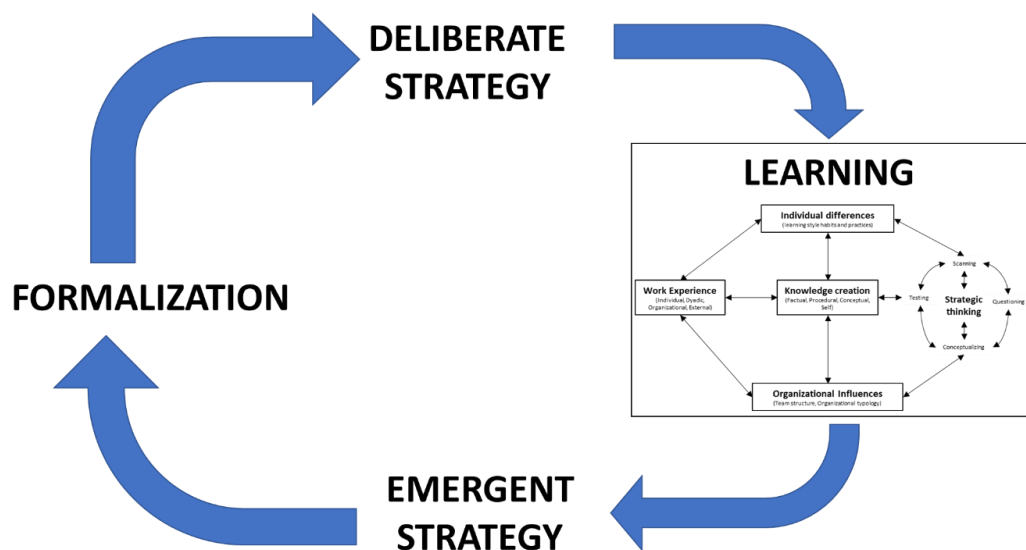


Figure 5: Integration of Casey and Goldman's learning model into Mintzberg's strategy making process

Barriers to learning

Firms apply learning to their strategy making process in two main ways: mature organizations generally follow deductive processes -comprehensive analysis that leads towards actions that, based on that analysis, will have the best outcome-, while younger organizations or organizations in really ambiguous environments use trial error -learning after the fact instead of beforehand.

As previously mentioned, learning holds a key role in the change process, as it is not possible to conceive change without learning; however, there are occasions in which

organizations may borrow the learning from other firms in an analogy process. This process not only imports the learning from the external firm but, due to the close link between learning and vision building, it may also import the vision of that company (Mintzberg and Westley, 1992).

The use of analogies may cause mistakes if the company adopting them does not have a complete understanding of the internal and external context of the other firm and the differences that these contexts may have in relation to the original one in which the strategy was put in place. If these considerations are not taken into account and the strategy is not adjusted to fit to the specific conditions of the firm in that moment, the expected outcome would be realization failure (Gavetti and Rivkin, 2005).

The self-defence routines that firms acquire to avoid embarrassment, including management's self-justification for the sake of the status quo, are another barrier that organizations encounter during the learning phase. This lack of learning often leads towards strategic failure, emphasizing the importance of a company culture that enhances the learning and celebrates mistakes as opportunities (Argyris, 1989). The role that the company culture plays in the overall strategy has been highlighted by different scholars who found a direct relationship between business success and the shared patterns of behaviour and understanding of the environment of different firms. Culture is difficult to change because it is rooted deeply in people's behaviours,

and it is reflected on attitudes, values, management styles and the problem-solving abilities of the employees. Company culture influences management behaviour, and with it, the decisions taken in regard to strategy. A lack of fit between the company culture and the strategic decisions of a firm steers the firm towards strategic failure; for that reason, the evaluation of the company culture is key to understand how to manage an organization in times of strategic change (Schwartz and Davis, 1981).

To sum up

While it is difficult to define the concept of strategy, it can be understood as the process that allows the company to find its niche in the changing environment. Due to the unpredictable nature of this environment, the adaptation cannot be planned beforehand, but instead, can be something that emerges as a response to the needs of each moment and as a result of a previous learning. The company culture plays a key role in this process, as it enables the learning processes and the response of the firm towards them, allowing the change to happen. This topic opens to future investigation, such as the role of culture as learning enabler or a deep understanding of the learning process as trigger of change.

Research questions and objectives

The objective of this chapter is to identify the aim of the research and how it links to the reviewed literature.

Introduction

The study of the strategy making process and the debate between planning and learning theories triggers an interesting discussion regarding which of these theories would better explain today's business environment. While there is a general tendency to equal strategy with planning, that model cannot accurately predict today's everchanging environment. For this reason, the author of this thesis considers the learning approach to strategy making as the theory that better explains how strategy is formed, as it takes into consideration all the unplanned -emergent- actions that end up becoming part of the strategy.

Following Mintzberg's definition (1987), this thesis considers strategy as what allows to position the firm in a desired place within its environment, by following certain preconceived decisions and specific manoeuvres or pattern of actions that may have not been decided beforehand but that are the result of learning and get formalized at certain stage in the core of the organization and are translated into intentions.

Thus, the aim of this research is to understand, in a specific context, if Mintzberg patterns of strategy making as result of learning can be observed.

Research objectives

While tracking strategies over time seems to be the most suitable method to comprehend how strategies are formed through the patterns of continuity and change and the learning process that strategies incurred until their formalization (Mintzberg, 2007), this method is unrealistic for the present thesis, because of time constraints. The author also understands that with such a small sample, results cannot be translated into a bigger context. However, it is still of great interest for the author to understand the formation and evolution of a new company in a booming industry with great competition and how the firm has been able to find its niche in its own environment.

Therefore, this research has the following objectives:

- Explore how strategy is formed in the context of a small software start up in Ireland to understand if the strategy creation process is conceived as a rational process or as a learning process in which the lessons are to form part of the strategy as it is formed.
- Assuming that strategy is conceived as a learning process, identify the different cycles that the strategy has followed to confirm if it can be

considered an element that is alive within the firm, continuously evolving, and whose changes are recorded by the firm's bureaucracy; or on the contrary, it is a passive element that gets reviewed once a year to establish what has been done since the previous period.

- Finally, the study will also try to explore management's level of awareness of these natural processes of strategy creation.

Research questions

Based on the objectives outlined in the previous section, the research questions that the study will respond are as follows:

- Is strategy making a preconceived process in which expected results are planned beforehand in the context of the study?
- Can patterns of change and stability be identified in the firm's strategy together with the learning trigger of those changes?
- At which level is management aware of the evolution of this strategy and how much importance do they give to learning as a key element of change?

Methodology

Introduction

The purpose of this chapter is to develop the methodological framework utilized for the study, justifying the reasons behind the choice made, and, when possible, exploring alternatives and their suitability. This is a key chapter in the research, as it confers reliability and validity to the overall study.

This chapter will expose the choices made during the design process of the study and the methodological reasons behind such choices. In order to follow certain structure, the chapter will be based to a great extent on the 'Research onion Paradigm' [Fig. 6] proposed by Saunders et al. (2019). This framework pictures the research process as a dartboard in which the researcher must move from the external circles to the inner ones in order to design how the study will be developed.

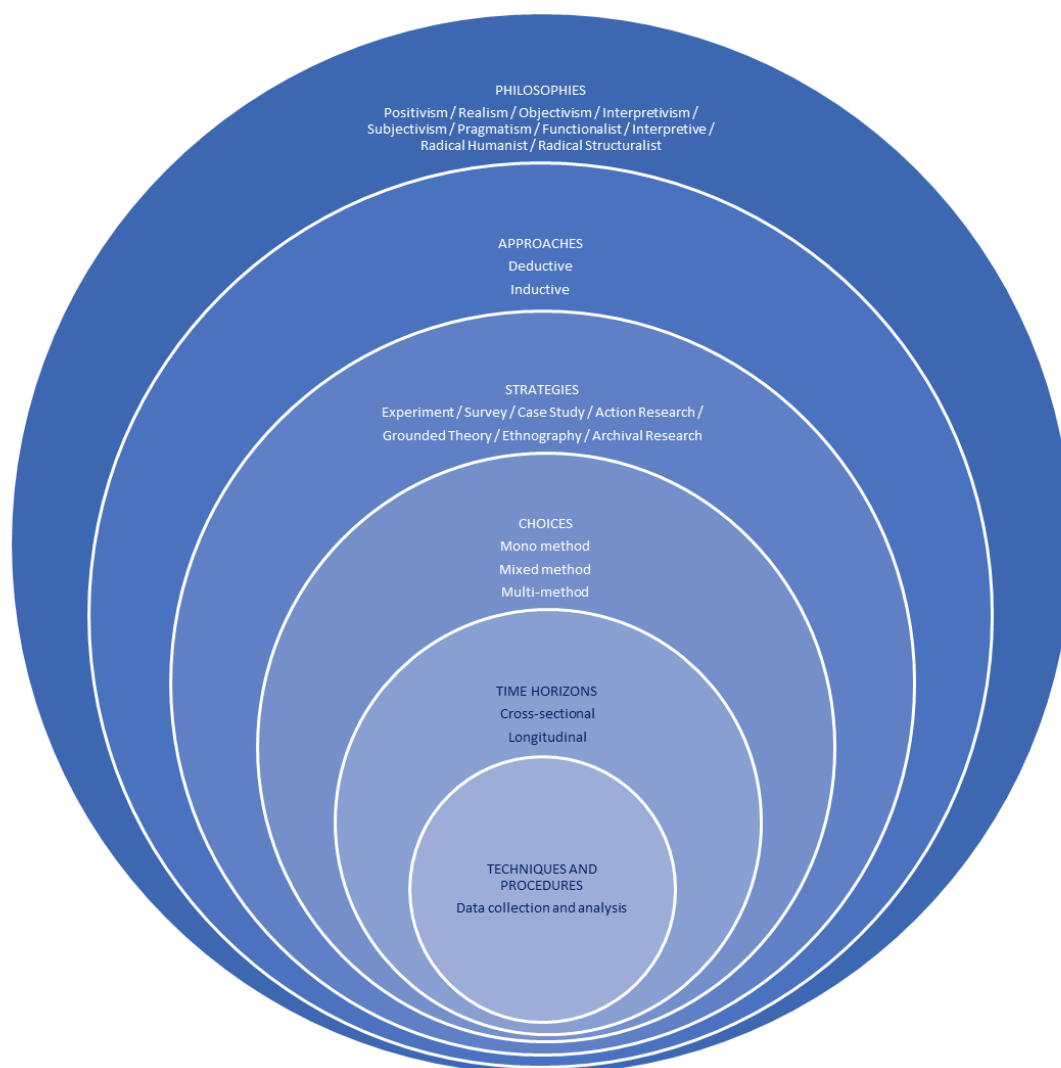


Figure 6: Research Onion by Saunders et al. (2019)

This thesis presents a cross-sectional, qualitative research that follows a descriptive, single holistic case study strategy. Since the focus will be put on the strategy making process as a result of learning directly experienced by the participants to the research, it has a subjectivist nature. The researcher understands the limitations of the use of this methodology, which will not allow to apply its results to a context different from the one under study. Nonetheless, it has been decided that given the key role that the participants hold in the creation of the subject under study, it cannot be built around a different methodology.

The study will collect data through semi-structured open-ended interviews and documentation. The use of semi-structured interviews allows the researcher to present the topic to the interviewees and learn from the experiences of the participant, adapting the questions to the discourse as it advances. The researcher is aware that, while this method is considered the most appropriate for the current study, it presents some limitations, because the openness of the questions may lead the interviewees to go off topic and provide non-relevant information for the research.

Philosophical framework

The concept 'research philosophy' refers to the development and nature of the knowledge: what constitutes the nature of the knowledge (ontology) and what constitutes acceptable knowledge (epistemology). Currently, there is no agreement among scholars in the existence of a single philosophical approach to the management research; moreover, two opposed currents have arisen between those who affirm that a single philosophical approach should be used and those who defend the multiplicity of approaches that enrich the acquisition of knowledge for the discipline (Saunders *et al.*, 2019).

Nonetheless, it is important that philosophical considerations are taken in regard to the study to understand the assumptions made during the whole research process.

The present research has a subjectivist nature because it will analyse the data provided directly by the social actors and it will be framed into a constructivist paradigm in which the researcher will collaborate with the participants in order to understand their actions and beliefs and how these built the phenomena that can be observed in the present moment. From an ontological perspective, the strategy making process will be studied as a process that results from human actions and choices, being these actions and choices planned or emergent; on the other hand, from an epistemological point of view, the knowledge will be built based on the opinions and understandings of the social actors that were directly involved in the strategy making process that is object of the study.

Moving to the following ring of the onion paradigm, an inductive approach will be taken for this study: while the aim of this research is not to develop a new theory from the observations over the sample, the inductive approach will allow to develop explanations of the phenomena that are observed in the real case. The reason behind this approach is intimately linked to the methodology chosen: due to the nature of the object of the study -the strategy making process, understood as a construction that results out of people's behaviours and actions- the overall research presents strong social implications. The strategy making process will be studied through information gathered directly from the social actors and their own interpretation of the reality and of the events that conformed the decisions and actions that built the strategy. It is considered that a deductive approach would not be suitable for this

research, among other reasons, because of the qualitative nature of the investigation, that would not provide the required flexibility to the study.

In regard to the methodological choices, the research will follow a mono method based on a qualitative analysis. The qualitative method allows to gain an understanding of the context around certain phenomena through the experiences of social actors (Lanka *et al.* 2021, Baxter and Jack, 2008). As Mintzberg and Westley (1992) affirm, in order to gain an understanding on how strategy is formed, it is necessary to get visibility on the context in which the actions and choices were taken, otherwise the analysis of the end result will not provide a comprehensive explanation of the whole change process that led the actions that built the strategy observed in the present moment. The premise that the strategy making process is a phenomenon that results from the actions and behaviours of the participants justifies this choice and leaves little to no room for a quantitative research.

Research strategy and purpose

There are different strategies that can be used when accomplishing a qualitative research, each of them best adapted to the nature of the object under study. Although the social implications of this research, the aim is not an understanding on the social actors and their interactions -for which an ethnographic methodology would work-, but instead an understanding on a phenomenon built through human actions and understood within its own context. For this reason, the most suitable

method for study is the case study, as a close connection exists between the phenomenon under study and its context. According to Yin (2009) the use of case study is the most suitable method to understand “a real-life phenomenon in depth” when the understanding of such phenomenon implies the understanding of the contextual conditions in which it developed.

When choosing case study as research strategy, the researcher must delimitate the goal of the study to decide which type best serves this purpose. The purpose of the case study developed in this thesis is descriptive, since the aim of the research is to gain an understanding on the strategy making phenomenon through the context of the software start-up company under study. This choice allows to “reveal patterns and connections” related to theoretical constructs, as discussed on the Encyclopaedia of Case Study Research (Mills *et al.*, 2012). The choice of this typology of case study also opens up an opportunity for further research through an explanatory case study, which would focus on understanding the ‘why’ and ‘how’ of the phenomena under research once the descriptive study has pictured it (Brotherton, 2007). Thus, the research will be limited to describe the processes and cycles that intervene in the strategy making, without deepening on searching responses to why or how that happens.

The interest of the researcher on this specific case makes it fall under the category of intrinsic case study (Stake, 1995), thus the aim of the author is not that much to understand the abstract theoretical concepts through the case in order to then build

theory around it, but to better understand the case under study itself, even if the extrapolated results cannot be applied to different cases.

Research design

The case under study in this thesis will allow the researcher to extend their knowledge and understanding on what has been analysed in the literature review. Due to the time constraints, this thesis will not allow a longitudinal study, however, that option would fit the present research, allowing the researcher to gain a better understanding about how the strategy making process evolved in real time (the option of a longitudinal study will be, however, open for further research).

Following Yin's matrix of case study design (Yin, 2009), the present research is a single holistic case study: since the aim of this research would not be to compare results from different companies but to gain an understanding on the case under study, the researcher consider that a single case study would be the most suitable type for this specific case. Thus, the unit of analysis for this study is the company Start Up Ltd, around which the research will be focused.

Yin (2009) provides five main rationales that support the choice of a single case study type. While not all the rationales proposed would fit the present case, a single case study allows to test, confirm, challenge or extend the knowledge on the theory,

hence it will allow the researcher to understand if the theory can be also applied to the specific situation under study or, on the contrary, an alternative explanation is needed for the phenomenon under study. In case of a longitudinal research, a single case study would also be the most suitable type because it would allow to focus on understanding the evolution over time of the phenomena under study.

Once it has been decided that a single case study type will be followed, the following step is to choose between a holistic or an embedded design. It is considered that a holistic subtype is more suitable for the current research because it allows the researcher to gain a global view on the matter under study.

Time horizon

The present research is suitable to be studied both through a cross-sectional and a longitudinal design. The longitudinal one presents a great fit with single case studies, as argued by Yin (2009), and offers advantages when studying the development of a phenomenon during time, since it allows to compare the data from different points in time. For that reason, this design has been used by Mintzberg (Mintzberg and McHugh, 1985) when studying the strategy formation in different companies before developing his theory. Nonetheless, the longitudinal research is resource consuming, which makes it inappropriate for a master's dissertation.

Because of time and resources constraints, the present research has been designed to be cross-sectional, this is, to be focussed on a single point in time. Since the aim

of the researcher is understanding the process that the formation of strategy followed during certain period in the past, and the aim of the research is descriptive, it has been considered that a cross-sectional time horizon is suitable for this study.

Sample

Being the present research a descriptive case study which aim is the deeper understanding on how the topic developed in the literature review is reflected in a specific real-life case, it makes sense to follow a purposive sampling, specifically a generic purposive sampling.

Bryman (2012) argues that generic purposive sampling is used in qualitative research and while it is quite adaptable to the need of the research, it normally establishes the criteria of the sampling *a priori*, meaning that a set of generally two criteria will be set based on the research questions of the study and a sample meeting those criteria will be then chosen. In the specific case of the present thesis, the two criteria are a firm that is a tech start up and it is based in Dublin.

In regard to the sample size, the interviews will be carried on the three co-founders of the company. Although the apparently small size of the sample, they represent the C-level of the firm and the 100% of the strategy-makers during the start-up phase of the firm.

Data collection

There are multiple ways to collect data for a case study. As Phondej *et al.* (2011) highlight, the process of data collection should include three main elements: identification of sources of data collection, selection of the methodology for the data collection and planification of the time allocation.

In order to increase the reliability on the data collected, when the study was designed, it was considered to use two different sources of data: documentation and interviews. The multiplicity of data sources helps increasing the reliability of the outcomes.

The use of documentation as a data collection method allows the researcher to confirm or increase the evidence, as well as to corroborate the information collected through other methods such as interviews or direct observation. On the other hand, this method of data collection may present some issues such as being incomplete or barriers to be accessed (Yin, 2009). The main documentation that was considered to be used on this study will be the strategy files filled in by the company, which would represent the formalization step of the strategy process. While leading the interviews, however, the researcher realized that accessing to such documents would have not been an easy task due to lack of formal documentation approach that the company followed during the start-up period. The researcher then decided

to only use interviews as a source of data, since it would still allow to triangulate the result.

As per the previous paragraph, the weight of the data collection has been given to semi-structured interviews carried out with the co-founders of the company under study. The use of semi-structured interviews presents certain advantages for the researcher, as it allows to build a relationship with the interviewees and to develop a two ways conversation on the topic under study (Yin, 2011).

Interview protocol

The use of open semi-structured interviews for the data collection implies a need for the researcher to guide the conversation as an active participant without biasing the responses of the interviewees. This task is not an easy one, since the aim would not be to obtain predetermined responses, but to gain insights on the interviewees view on the topic. To maintain this flow, there will not be a predetermined set of questions, but instead a list of topics to be covered during the interview, which will guide the conversation (Yin, 2011). This method of data collection allows to gather the different perspectives from the different participants to the study without pushing them towards an expected answer that may bias the outcome.

Since strategy is a play between three forces -environment, bureaucracy and leadership- (Mintzberg, 1978), the interviews will gather information in relation to the following topics and questions:

1. In the first place, the interview will start asking questions that allow her to gain information about the context in which the company was founded. This will help to reconstruct the environment in which the strategy making happened.
2. Then, the conversation will be guided towards an understanding of the intended strategy in that first stage. The aim is to identify how this first goals matched the environmental situation and how it would have allowed the company to find its niche -or not.
3. Third, the interviewer will lead the conversation back to the environment, to understand which changes happened in it and how they affected the firm, breaking the initial equilibrium and obliging to make changes to find a new niche.
4. Next, the researcher will drive the conversation to understand what the leadership response to those changes was. At this stage, the researcher will focus on which actions taken by leadership were purely emergent and what was the role of learning in this process.
5. Finally, the interviewer will gain an insight in the level of awareness that the interviewees had of this process of 'live strategy' that was being created organically.

Before proceeding with the actual study, a pilot study will be carried on with the aim of testing the conversation flow built upon the interview questions proposed. Yin (2009) highlights the importance of the pilot study to ensure the reliability of the

research as well as to define both the topic under study and the methodology to be chosen.

The participant to the pilot study, who did not participate to the main study, was chosen based on proximity and availability, as well as the ease for the interviewer to access to the participant and the knowledge that the participant had over the company under study, which has allowed the researcher to gain a previous insight on the context around the firm and the strategy making process.

Interview development

Interviews took place during the first week of July. Each interview, on a 1-1 basis, lasted between 30 to 60 minutes, and they were developed to build a conversation around the topic under study.

Before the interviews took place, the researcher contacted the participants to ask them for their willingness and availability to participate in a master's dissertation study about strategy making, without providing further context on the topic. This lack of information increased the reliability and validity of the study, as it reduced biases by not allowing the participants to prepare their responses.

Due to the Covid-19 restrictions, interviews took place through video call. Participants were asked for their approval to recording and interviews were recorded and automatically transcribed.

During the first part of the interview, the researcher asked open questions about the origins of the firm and how the first strategy was put in place, which allowed to drive the conversation towards the development of the strategy along time. After this initial part, the researcher provided more context on the topic under study and asked the participants if there was something they wanted to discuss in relation to the new information. Participants then provided more details that allowed the researcher to have a better view on the topic under study.

The transcription of one of these interviews has been added to the Appendix of this dissertation.

Ethical considerations

All the participants to the study have been asked to give their consent to participate to the study and for their responses to be recorded. All the recorded material has been kept on the researcher personal computer, protected with a password.

The documents of the transcription have been immediately anonymised, changing the names of the participants for their roles. The names of the participants or the company they founded will not appear in this study, nor the names of their clients. Also, due to the nature of the study in terms of strategy, participants were advised beforehand that no strategy content details would be asked, but the focus of the study would be on the process the strategy followed along the time. Following the end of the dissertation writing, all the recordings have been deleted and only anonymised copies of the transcriptions have been kept on the records.

This process has ensured the privacy and confidentiality of the participants.

Data analysis

Once the data has been collected, it must be analysed. This is a challenging step due to the amount of written information that results from a qualitative research.

For this research, a strategy based on relying on the theoretical propositions has been followed (Yin, 2003). This strategy allows the researcher to design the study focusing on those elements of the theory that are considered more important and create new propositions that surge as a response to the research questions [fig. 7].

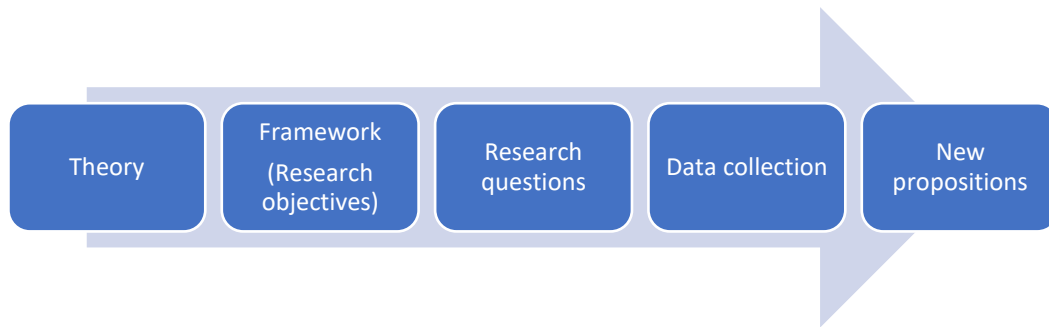


Figure 7: Data analysis strategy, based on Yin (2003)

An alternative to this data analysis methodology could have been an analytic induction, since the nature of the case under study is descriptive and not explanatory. The analytic induction has the advantage of being an iterative analysis method that allows to provide a consistent picture of the case (Bryman, 2012). However, it has been decided not to use this method because the researcher considers it would be more suitable for a case in which not all the data collected match the initial propositions.

In order to compare the collected data with the theory, a five-phase data analysis process will be followed. This process allows to structure the data and eases up the comparison between the data and the theory (Yin, 2011). The five phases that confirm this process are the following:

1. Data compilation
2. Disassembling of the data
3. Reassembling of the data
4. Data interpretation

5. Conclusion

The compiled data will be disassembled and displayed on a matrix representing two dimensions: views of the participants and topics or events. This matrix facilitates the triangulation between the participants responses and also allows to compare data with the theory and find matches. While usually data is coded to facilitate the reassembling step, the researcher has decided not to code it and to use original fragments of the interviews to illustrate each of the topics to be displayed on the matrix. This decision has been taken to reduce the interpretivism bias of the author.

The use of a matrix, as highlighted by Miles and Huberman (1994), is not only a way to display data, but also a technique that can help the researcher creating connections. The creation of the matrix allows the researcher to reassemble the data, examine it and draw conclusions (Yin, 2011). Once data has been displayed and organized, the interpretation will be done by comparing the data with the theory and matching these results to the research questions. Due to the descriptive nature of this case study, the interpretation phase will look to create a narrative of the phenomenon to make it understandable. Finally, a conclusion will be drawn from the interpretation of the phenomena and their comparison to the theory. This conclusion, which will respond to the research questions and objectives, will allow to build new propositions which increase the existing knowledge on the topic.

Limitations

When making methodological choices, the researcher must be aware of the limitations that those choices involve. In the first place, being this study a qualitative interpretivist research, the subjectivism of the participants to the study and the interpretivism of the researcher are two threats to the validity of the study. To overcome these biases, the researcher has ensured to follow an established process to confer validity to the study. The use of semi structured interviews has allowed the researcher to gain objective insights without much interference on the responses of the participants.

In regard to the case study election, being this a single case study, it allows the researcher to gain a wide view on the phenomenon of the specific case, however, the author is aware that this methodology does not provide results that can be generalized to other contexts. This research, however, opens to further study on the topic and implies a first step towards the exploration of the strategy making process in the software industry in Dublin.

Case Narrative

Following the analysis of the data collected through the interviews and the notes of the researcher, this chapter presents a narrative created by reassembling the different data points in the form of a case study. To maintain the privacy of the company and the participants, all the names have been changed in this narrative: the firm will be called Start Up Ltd, and the founders will be called by their roles -COO, CEO and CSO.

Start Up Ltd

Origins and first strategy

As mentioned in the previous chapter, the interviews to the co-founders of Start Up Ltd were driven in a conversational way. The first question asked to all the participants was to provide some context on the origin of the company. The aim of this question was to understand the starting point and how their previous experience had shaped the decisions they were taking at this stage, as well as to understand the level of planning and emergence the company followed in its origins. The responses of all the participants provided a picture in which it was evident, even if they were starting the company from scratch, that the knowledge and experience they had previously accumulated played a key role in the decisions and actions they were taking at that moment.

For over ten years, CEO, COO and CSO worked together as consultants in a start-up software company that provided software solutions for banks, fund management companies and insurances. Their experience as consultants made them deal on a daily basis with the operations teams of the client firms and observe the difficulties that these people had in regard to data management: to move data between systems, their clients were relying mostly on Excel, which made their processes slow, inaccurate and risky, due to the high chance of human error. The realization of this problem led them to explore the possibility of building a solution for it, so in 2016 they all handled their resignation letter and started a new venture together.

After founding the company, the three of them had a meeting in which they designed a business plan they would follow, based on the strategy their former company had followed: while the two actuaries worked as independent consultants, the developer would start building a software that solved the data management problems they had identified. The salaries from the two consultants would be divided among the three of them, so they would not need to rely on external financial support.

The decision of not depending on external financial support shaped the company strategy: as the co-founders did not need to justify their actions or decisions externally, they could follow a more flexible trial-error approach for every action instead of having to stick to a plan the results of which they might have not been able to achieve. Thus, during the first period, the company spent little time documenting the strategy adopted and the formalization was done in informal meetings in which

the three founders discussed the approaches that had worked until the moment and took decisions on continuing or discontinuing them.

Strategy shift

While performing their duties as consultants, the two actuaries noticed that there was a series of problems they had not taken into consideration beforehand: in the first place, while the data management solution they were going to offer to companies would have ensured more accurate and efficient processes, the companies would have not known they had the need of such product. The data management processes in these companies were in the hands of the operations teams' and, while these people would have seen in this product a way to facilitate their work, they would have not had the decision power needed to make their companies invest in the new software. At the same time, there was an intense competition in the industry, with several companies offering data management software but not enough clients to sell such solutions to.

When asking the co-founders for more information about their initial strategy, they all used the expression 'naïve' to describe those first ideas. During the interview, the CSO affirmed "We were quite naïve at the beginning. We saw how we could improve the process and how the people that were doing the process would like the improvement - but they weren't the ones with the budget!"

A conversation with a friend who had also founded his own software company made the CSO realize that their approach held until that moment had not been the right one: the company was creating a product people would have liked to have, while it needed to create a product that people would have needed. With that reflection in mind, the three founders met and discussed how the product they were building could be easily adapted to respond to the new regulatory requirements that the different European entities were applying to banks, fund management companies and insurances. This favourable environment allowed the company to evolve from a fintech to a regtech and gain the first buyer. This strategy, however, was not valued for some of the industry peers that criticized Start Up Ltd because they were not following a traditional planning-implementation approach in which they would start doing some market research and then building a product that matched the results of that research; but instead, the founders were following an approach in which the product was being shaped based on the needs of each prospect clients, which allowed them to adapt it in each of the demos the co-founders would perform to those clients.

The conversation with their friend was the trigger for a change that, nonetheless, happened organically and had been fed over time by the experience accumulated while performing consultancy for their clients, following an evolution that Rose and Cray (2013) would define as natural and that supposed a shift from a prescriptivist to a descriptive strategy process. The COO, that at the time was one of the two actuaries performing consulting, described this change process as “a progressive decision that

we talked about quite a bit over the time, but I don't think it was the case that we had any kind of large strategy meeting like we locked ourselves away in a room and came out with a totally different direction. It wasn't something we pursued; I would say it's something that landed on us”.

The environmental situation of the moment and the cumulative experience the co-founders had acquired, which allowed them to identify the opportunity and the moment to exploit it, triggered a ‘quantum-leap’ change that redefined the overall focus of the company.

Stability period as a Regtech

The software was adapted to respond to a specific regulation, and it started to be offered to the consultancy customers as a solution to comply with the new regulation requirements. The software allowed the firm to acquire the first clients for the product. The deployment of the software in those firms in a timely manner allowed Start Up Ltd to build a trust relationship with those clients and acquire new clients for their portfolio, which allowed the founders to shift the 100% of their focus, time and resources from consultancy work to regulatory solutions. At that point, the firm was not following anymore the initial business plan but, instead of redesigning it, the founders decided to adopt a more agile approach and assigned a deadline to the current strategy: in case during the following 12 months they would have not been

able to acquire new clients, they would have then reviewed the strategy and looked for alternative paths again.

In the meantime, while implementing the software in the client's companies, the firm started to widen the product portfolio to be able to respond to other regulatory requests. This allowed Start Up Ltd to carry over a double strategy: on one hand, continue to offer the products that had helped the company to find its niche in the environment; on the other hand, use contacts and relationships with the clients to test new solutions and continue the expansion while reducing the risk. Having already access to some clients with whom it was possible to test new products allowed Start Up Ltd to shape the solutions it was selling, since there was immediate feedback to apply to the product under development. When asked about the conception of the strategy-making at that point of the company history, the CSO responded "The strategy is a rough guide. I'm going to try and get from A to B somehow. And between A and B I'm going to have to do whatever I have to do but until I actually start, I don't know what tools I need, I don't know how long it's going to take. I don't know what the approaches are, and by the time I get up there, I could have a better visibility that allowed me to better shape the goal. So, the best you can do is have a sense of what's in between you and the goal, but ultimately while you are taking every decision or action, the landscape in front of you has potentially changed. So, you need to take a new decision and a new action, and you've got to be uncomfortable."

Expansion period

After a consolidation period in which Start Up Ltd was able to reaffirm its position with its clients by providing them with solutions to all their regulatory needs, the company identified an opportunity to try to involve them in the use of their original data management tool. In a few months, Start Up Ltd grew from employing only the three founders to have over ten employees that would build and manage the software for their 30 clients. The clients were now willing to trust them, and this favourable environment encouraged them to try to go back to sell data management solutions, as they had planned over three years before. While they started focusing on their small clients, with whom they could establish more personal relationships that eased up the customization of the software to the business needs, these clients spread the word about the company, and Start Up Ltd started acquiring new customers outside of their initial bubble (banks, insurances and fund management companies).

Nowadays, the three founders are really aware of the importance of the decisions and actions they took over time and how those led them to their current situation. To ensure these decisions and actions are appropriately tracked, they have hired a Senior Project Manager to document the projects they work on, as well as the decisions that are taken and the reasonings behind them. All these strategic movements are discussed on a weekly basis in a meeting that allows the leadership team to review their actions, the learnings from those actions and to discuss further steps and how these steps align with their strategic goals. The leadership team is

aware that the strategy is being built every day, but they also recognize the key role that the documentation plays in order to help them avoiding past mistakes, assist them in identifying opportunities and the correct timing to exploit them and, in general, allow them to continue expanding. Quoting the COO, “I think if I read the initial business plan now, five years after, it doesn't really represent where the company is gone. It was quite a rigid approach to strategy, and we manage strategy differently now.”

Discussion and Conclusions

The aim of this chapter is to present the results of the case study in relation to the theoretical framework extracted from the literature review and the research questions and objectives outlined in a previous chapter.

Together with this analysis, at the end of the chapter will be included a section of limitations, in which the author acknowledges the limits of the study and recommendations for future study, which leaves the topic open for researchers that may want to deepen the subject.

Discussion

The case study proposes a scenario in which a software start up must survive in a highly competitive environment. In the beginning, the company started following a strategy that had been formalized in an initial business plan, however, soon after its foundation, that strategy proved not to be flexible enough to attend the demands of the environment at that moment. The pressure that the environmental situation was applying over the firm brought one of the founders to discuss the situation with a friend; this led to the adoption of an emergent strategy: the firm would then pass from being a data management software provider to become a regulatory software provider. This strategy, that was not conceived as a result of a plan but emerged as a result of the actions of one of the founders, proved to be the correct one, since it

allowed the company to find its niche in the complex software start up industry in Dublin.

The shift from the original fintech strategy to a regtech strategy happened as result of a trial-error process that the firm followed in order to understand how to better fit in that environment, but that ultimately resulted from learning. While the shift was, at a certain level, unconscious, it was a step in which different factors played their part, as highlighted by Casey and Goldman (2010) in their learning model: the previous work experience of the founders, their ability to think strategically and the organizational typology. An example of the role that the organizational typology played in this change was the self-financed structure that the firm was following, which allowed it to explore different options without previous planning, because the firm itself did not depend on external investors.

This scenario fits Mintzberg's conception of strategy as a pattern of actions and decisions (generally taken by leadership) that allows the company to find its niche in the changing environment while responding to the bureaucracy – the mechanisms of steadiness that firms naturally create. These actions and decisions emerge as a result of learning, creating cycles of change and stability, which allow the firms to respond to these two opposite forces. The radical turn that the strategy took in this period would be what Mintzberg (1977) described as a quantum leap change: the firm started following a formulation implementation model that did not fit the environmental needs and ended up taking a radical turn to respond to those needs.

But, at the same time, this shift also implied for the company a realization of the need of a greater flexibility in the way the strategy was created. This moment supposed the inflection point in which the company passed from pursuing a linear strategy to engage in a cyclical strategy making process [fig.3].

At this point, the firm opened up to a model of strategy that set up certain guidelines towards the direction to follow but that allowed the founders to continue exploring different ways, which Mintzberg and Waters (1985) would describe as an umbrella strategy. This new conception allowed the firm to grow at three levels: product catalogue, client portfolio and workforce.

After that moment, it can be affirmed that the firm stabilized on a more flexible approach to strategy that integrated formalization and learning in a single process. From then, and until the time when this study was carried over, the firm did not suffer big changes but instead followed a pattern of smaller cycles of convergence and divergence. These cycles can be observed mainly in relation to two elements: the growth of client portfolio and the growth of the firm's product catalogue [fig. 8].

Once a decision was taken in regard to trying the regtech option, the company soon acquired the first client interested in such solutions. The client, from the financial industry, pushed the company to continue exploring the regulatory solutions avenue to be able to provide other products that cover different regulatory needs. This

action expanded the company product catalogue, which, at the same time, increased the attractiveness for prospect clients looking to respond to those regulations. Thus, it can be affirmed that this action, that supposed a stabilization of the new strategy adopted after the quantum leap, created a greater divergence with the initial strategy. The learning acquired during the development of the first regulatory solution software and the negotiation with the first client fed the development of the new solutions.

Following the growth of the client portfolio thanks to the growth of the product catalogue, the founders started using their influence over these clients to offer them the original data management solutions they had created. The small size of the company and the fact that it was self-financed allowed the firm to take a trial error approach to adapt to the environmental fluctuations more efficiently. As a consequence of the growth of the product catalogue, the firm's strategy moved closer to the original strategy. This action, however, involved the growth of the client portfolio with the acquisition of customers interested in the data management solutions that, nonetheless, were not coming from the traditional industries Start Up ltd was providing solutions to (banking, investment management and insurance). The movement, that supposed a new step towards growth, diverged again the focus from the original one.

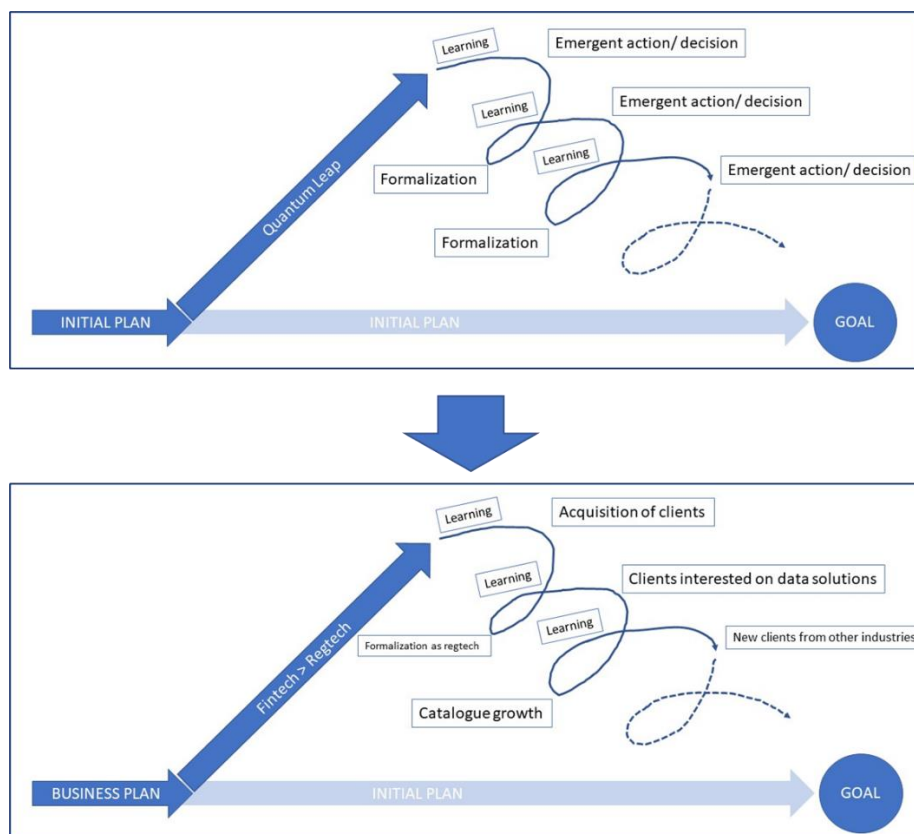


Figure 8: Start-Up Ltd strategy framework

As it can be observed in Figure 8, since its foundation, Start Up Ltd has always followed a dynamic approach to strategy, which granted them to succeed in such a difficult environment. One of the keys for this success has been the company culture. Since the company was created, the three founders had some points really clear: they would not accept external financial assistance, so they could take their own decisions in relation to their company, and they would be opened to try new perspectives, assigning themselves some flexible deadlines to try different options. This learning culture has continued until the present day. Currently, there are ten full time employees in the company, that add up to the three founders. Employees know that the company is a safe place where to test new solutions and where errors are

not conceived as such, but as opportunities to learn and grow, which Argyris (1989) identifies as a key for the success of learning.

Limitations

The research carried over in this dissertation has certain limitations that must be acknowledged:

- Nature of the case study and specific context: the case study presented in this thesis is a single case study of descriptive nature done over a single organization. Thus, the main limitation presented is the fact that the results cannot be extrapolated to other cases and can only be understood in the context of the case described. The particularities of the firm, the time when the firm was founded and developed and the overall context around it made this subject of study particular and any other firm with different characteristics may show completely different results to a similar study.
- Methodology: the methodology followed in this research is qualitative. Qualitative research methods include a strong subjective component in which the interpretivism of the researcher plays an important role. It is important to acknowledge this subjectivistic approach since the view of the researcher can influence how the case has been built and analysed.

- Size of the sample: as mentioned in the methodology chapter, the size of the sample was small in absolute terms, but it represented the 100% of the creators of the strategy of the firm. Nonetheless, it is understood that if the study had been carried over a bigger sample, results could have been richer since they would have included more views and ideas.
- Time, Covid and ransomware attack limitations: as any other project, this research has been affected by time limitations. This constraint, together with the current pandemic, made it difficult to meet in person with the participants or to extend this research along time. These difficulties were increased by the ransomware attack suffered by the National College of Ireland, which made it impossible accessing to certain material that were not available online. All these restrictions have limited the research.

Conclusions

The term 'strategy' is a complex term that includes a myriad of approaches. This study focused on the strategy as a process to understand how strategy is built in a company and what the role of learning was in this process. This research was driven by the aim of understanding how the observations in a firm matched the theoretical framework built from the literature review. Based on that, three research objectives were set up.

Objective 1

The first research objective proposed on the study seek to understand if the strategy making process can be considered a preconceived process in which the expected results were planned beforehand. The analysis of the information acquired from the company clearly shows that while at the beginning the firm established a business plan as a guideline to follow, the influence of the environment converted that plan in a north star that faded with the new situations that arose. All this resulted in an umbrella strategy making process in which objectives and goals guided the actions but also actions and decisions helped defining those objectives and goals to match the needs of the moment. Therefore, it can be affirmed that the strategy making process in this specific case has not been conceived as a preconceived process, but as an organic series of events that have dictated the success or failure of the steps taken and guided the firm's actions.

Objective 2

The second objective assumed a conception of the strategy making process as a learning process and aimed to identify the different cycles in that process. During the development of the interviews, the founders were asked towards the end how many different periods they would identify in the strategy making process. While each of them gave a different number, they all independently affirmed that the end of the first period was marked by the switch to the regtech solutions. The fact that each of

them identified different periods is related to the importance that each of them gave to the different events that happened to the organization.

From the perspective of the researcher, as illustrated in Figure 8, a first strategic period can be considered closed by the drastic change to regtech. Then, three more periods of learning and formalization can be identified, since they all incur in new learning that slightly change the direction to bring it back closer to the original one. Even if formalization has not always been recorded in the form of documentation, the founders have consciously followed the paths that have shown successful outcomes, making an informal formalization of the strategy.

Objective 3

Finally, the third objective sought to explore the level of awareness of management in regard to these evolutionary processes. Since the beginning, thanks to the nature of the software industry in which they operated, the founders always had a clear vision of approaching strategy in an agile way which allowed them to continuously adapt it to the environmental needs. Nonetheless, during the first period, in order to set the foundation basis of the firm, the founders had to set up a business plan. Even with the business plan created, the founders understood that a flexible approach to it was needed, and the environmental requirements were more important than sticking to that plan, that was mainly used to set up the initial guidelines. During the course of the interviews, the founders showed a high level of awareness of the

importance of learning and how the different experiences had taught them to change paths and to adapt the guide of the firm to the current situation and ultimately, brought success to the firm.

Recommendations for further research

The study developed on the company Start Up Ltd highlighted a strategy making reality that differs from the prescriptive view of strategy as an action plan. However, the study has also revealed that this reality happened organically while the co-founders were trying to follow the outlined initial plan. The agile nature of the software industry allowed the company to embrace the change and adapt to the needs that the environment dictated without trying to fight that change. Nonetheless, it is possible that firms operating in more traditional or standardized businesses may face greater resistance to moving out of the established plan. It is then recommended to carry over a study over start-ups from different industries to understand how the nature of the industry influences the conception of the strategy making process.

The subject of the study also presents another singularity that may have influenced its results: the firm is self-financed, without depending on external investors. This has given the founders great flexibility, which allowed them to explore different avenues and solutions to overcome the difficulties the environment presented. The learning absorbed during these trial- error process was then applied to the decisions and

actions taken. It is possible that companies that depend on external investments lose part of that flexibility, as they may need to justify their actions and hence be constrained to respond to a prescriptive strategy making scheme. It is then recommended for future research to undertake a study on a wider sample, with different start-ups at different levels of development and with different funding approaches to understand the cause effect relationship of these two phenomena.

Finally, it would be also interesting to explore in a deeper way the role of learning in the strategy making process and the different ways in which learning is acquired and reflected on the strategy.

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