

STRATEGIC THINKING AS A LEARNING PROCESS

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ABSTRACT

Under the central notion that every strategy is always a theory, necessarily a strategy is based on speculations about the expected performance of a system in its environment and, as such, those conjectures should be exposed to refutations with the purpose of enhancing its effectiveness and efficiency in achieving its goals. This succession of conjectures and refutations is at the core of the strategic thinking methodology as a learning process and, therefore, as the Competitive Development thrust.

KEY WORDS: Strategy; Conjectures; Refutations; Learning; Competitive Development.

INTRODUCTION

The concept of Business Strategy has had many meanings since its initial adaptation of the term from the military. In this paper we consider three levels of explanation. The first level is the ultimate goal of any company or Target Purpose which consists in the attempt to create economic value (increasing the total value of the company) under a level of acceptable risk exposure to the

culture of that company, given the range of acceptability between the extremes of complete and total aversion risk appetite. The ultimate goal of creating economic value should be considered as an ontological constraint of being firm. This is not a strategic definition; it is not arguable because there is no choice. At the second level is located the Portfolio Strategy. This is the decision of what the business or competitive conflicts in which they invest their resources to fulfill the ultimate goal. The third level is located in the proper strategy for a particular product or service. This is the competitive strategy of that particular business.

In this paper we will consider that the competitive strategy of a business is a set of assumptions (or theory) that, given the system and its environment, it is appropriate to include that business in the Portfolio Strategy. In turn, the Portfolio Strategy is a larger and more inclusive conjecture (or theory) that this is the portfolio of businesses with which the system must operate to achieve its ultimate aim of creating value by assuming a level of acceptable risk.

The purpose is the For What, the Portfolio Strategy is the What (what we do to achieve the purpose) and Competitive Strategy's the Why, (why we intend to win). All other decisions and activities are operational or tactical (how, where, etc.)

And what the progress of physics needed was a doctrine of force rather than a doctrine of the form (Farrington, 1971), which we believe you need the theory of the firm is a doctrine which we call the Competitive Development. To do this, this paper will attempt to frame our hypotheses in the context of the analysis of theories. We assume that the Competitive Development is the central operational tool of strategic dynamics, that the strategy is one that seeks systemic and systematically create economic value and is, in turn, a choice between a theory-oriented towards it (Levy, 2010).

With this approach, we start addressing this issue by adjusting our analysis to some of the epistemological positions of Karl R. Popper, referring our theory of our basic design strategy that a strategy is a theory. (Popper, 1974). One of the key points related to the conflict, usually present at the strategic levels, between the theoretical and the practical.

This point is closely linked to what Popper sees as the relationship between observation and theory, considering that both the experimental tests regarding the comments are always later

than some kind of theory (although this is in the elemental state). Both the observations and the experimental tests, specifically, comments or contrasts of a particular strategy (theory) should be used in demonstrating the shortcomings of this strategy (theory) in order to design a better strategy. It is with this view that if we agree that the strategy is a basic function of Senior Management, it must necessarily set off from the theory that that strategy fills it, and overcoming the strategy generates problems or difficulties with it. The theory will be given a structure of assumptions outlined solutions for problems, conjectures, which later or earlier, may be refuted.

The efficiency of our strategy process, which thus becomes a learning process, will be the chain of succession problems eliminated and incorporated by the process of conjecture-refutation. The potential development of knowledge in the learning process that involves strategy will then be to corrections and modifications of prior knowledge that were based on previous strategies.

If what is meant as a practice is simply the notion of observation, this practice would not be prior to theory. If instead the notion of practice out there recurring problems and viable solutions, this practice would, surely, be a theory disguised under the rubric of experience. In this sense, one of the most common statements from practical people would be the inability of the strategy, I e, the theory of not having a theory, or the criterion of instrumental futility of the strategy, I e the theory of the instrumental futility of theories. In the first case, in which practice can be understood as a simple observation, practice would not apply to problem solving and observation is not correction or modification, I e it would not be a decision (nor would we know what to observe). Only one problem generates the orientation of the observation and a problem is detectable only if there is a gap between an objective and an outcome, and a target is only definable by strategy. A result confirmed or not a strategy. The problem itself may be practical or theoretical.

In all cases, the problem can be understood if it is understood that gap, that gap creates problems and, according to Popper, the difficulty of finding solutions, solutions that will be improved only by critics of previous solutions. This is our concept of strategy as the systemic and systematic series of conjectures and refutations that make a learning process. If there is no strategy there is no learning (Gore, E, and Dunlap, D., 2006).

DEVELOPMENT

I. Strategy And learning

Learning can be understood as the sequence of conjectures and refutations. The strategy will be the structure of those hypotheses that survive the rigorous ongoing critical and creating economic value assuming an acceptable risk. The role of senior management is to define the structure of assumptions and, simultaneously, the tug of war against them. An erroneous assumption that survives can kill the company. Its function is then is the management of the strategic dynamic.

Competitive Development is both analysis and synthesis of the spectrum from the particular to general and general to particular, tending to integrate all these dimensions in structure, shaped by creative and rational attributes. It is the result of a rational and conscious attempt to satisfy our need to explain the operation of the system and its environment and to analyze how we have explained it (Churchman, CW, 1984) (Emery, F.E. and Trist, E.L., 1960), (Gharajedaghi, J, 2005), (Skyttner, L., 2006), (Wilson, B., 2001). The absence of Competitive Development (conjectures and refutations) is the absence of this description, it is irrational and unconscious. The need for Competitive Development is the search for understanding and resolution.

For example, a practical problem would be, so and as such, what can I do to sell more?, Which refers to a theoretical problem: Why do not I buy?, Which, following Popper, operates a reaction to the theoretical levels, which are generated with increasing problems, and our learning process is reactivated. This learning process, in turn, generates theories to refute its inconsistency or incompatibility with the facts or other knowledge.

This is Popper's position in that we seek that explanatory theories are true theories, with the idea of truth in the sense of correspondence with the facts. It is also this sense of rationality in the criticism of those theories. This is the sense of selection and elimination of the assumptions that shape the strategy, although it functions as a guideline restricted our possible bias of value-neutrality (Nagel, 1978), collisions of conjectures and refutations of old problems to new problems. That is, each strategy is an explanatory theory of system-environment interface, present and

future, so that the system meets the goals and objectives which the strategy selected to achieve a higher state of Competitive Development to, in turn, create economic value assuming a level of acceptable risk.

The learning process based on the comparison of conjectures and refutations of the whole system of hypotheses (assumptions about the interface, assumptions about goals and objectives, assumptions about available resources, assumptions about the higher state of Competitive Development in relation to other actors) will be instrumental in allowing the development of knowledge to generate new conjectures and new refutations. The learning process, source of knowledge development, the role of intelligence information, generate hypotheses to solve the problem of the definition of system goals, system objectives, system-environment interface, and finally, given these variables, the strategy into a higher state of Competitive Development.

Of the hypotheses generated there will be, under certain circumstances, some better, that is, some that, given a particular problem, you can solve it better in comparison with other hypotheses that oppose or articulate a plausible theory as closely as possible to the truth of among the possible configurations in a given state of knowledge. This knowledge, however, will never be empowered to ensure the explanatory value of truth of the theory that it is creating. This is a highly relevant point in the Popperian approach we are taking. According to this approach, the only result possible to obtain such a criticism refuting the its falsehood. It will never be proven to be true (not even more likely).

II. Strategy and refutation

Speaking about truth to the explanation, we manage ourselves with the sense of correspondence with the facts. That theory does not correspond with them, through an effective rebuttal, it shall be deemed inadequate and consequently removed, thus it reactivates the learning process and further development of knowledge gestated by precisely the ability to learn by mistake and rational criticism of the theories we use to better explain the variables that we do not control.

Otherwise, a certain amount of environmental variables, variables that affect relevantly in the performance of the company, we know that they are not controllable. Sometimes not even

detectable. We want to explain them, describe them, in their current interface and in their future interface. This is the platform of any strategy. The present and future interface is to explain, or the explanatory theory, - the relationship between uncontrollable variables and controllable ones, today and tomorrow, present and future. Learning is to increase our interface explanatory potential and the dynamic adaptation of each interface to achieve higher states of Competitive Development.

Thus, a strategy is not best to be more definitive but by the fact that a more severe refutation, more creative, more innovative, is necessary to tear down their assumptions, guesses, its platform structure. Thus, the strategy, although essential and unavoidable, can never ensure the achievement of the objectives and goals that define conjectural, and cannot justify, the results of their contributions, as these can only be criticized and contrasted and one preferred by correspondence with the facts.

In each interface present and future (generally around immediate surroundings and immediate environment-enterprise) the need of explanation, the learning process, creates problems. These problems also arise and are not maintained, but appear, disappear and change. This is the initial part of the strategic process. At this point the more effort is put in trying to understand what the problem is, the gap, and the imbalance. This is where we propose theories, most likely, false-detection and accept it as our problem, as an explanation of our problem, and solution of our problem. This outline of theories is inevitable, although we are not aware of their presence.

But here's the problem: if you cannot clearly know what is the theory we are using cannot criticize it. This makes possible the risk since being barred criticism, simultaneously preventing the generation of alternative strategies (as we shall see, also contingent strategies).

We often hear the phrases this is the only way or this is the one that has always worked, which becomes a rigid strategy. This usually comes from a poor learning process of the problem, the theory has been used throughout the process. At this point, we must consider the work of Jean Piaget (Piaget, 1969 and 1990). This is where the cognitive sciences, especially cognitive psychology, makes its contribution with respect to the subjective constructions of reality, mind maps, since the capacity of generation and detection of new hypotheses or assumptions that guide

other actors will always be conditioned by these subjective constructions of decision-makers, and these are often not debatable.

The strategic process should include mechanisms to ensure the continued criticism as a way of contrasting hypothesis rejection and incorporation of better hypotheses, rivals of other opposites. But this depends on the plasticity of the decision maker's mental maps.

Here is one of the doctrinal positions that many confuse strategy: discussion of the basic underpinnings of any strategy, which is the essential mechanism for the strategy to be powerful in efficiency conjectural. It is the mechanism to overcome the learning process by studying future from our proofs and our mistakes. We always start off from some theory, never from a practice guideline. The learning process should detect errors of that theory, up till repeatedly, find a better theory. The learning process involved in the Competitive Development should primarily serve, then, to challenge these mental maps.

But here also one of our basic thesis: the search for a permanent objective Competitive Development in the strategic process, which is based on our theory that the challenge of the immediate environment and the pressure is usually progressive, to which only the competitive development can offer minimum resistance, as conduct tending to survival. This behavior is also requiring the availability of this strategy and, in turn, the behavior of competitive urgency: the spiral of Competitive Development in a rigid and stultifying environment. This is competition. As we have always said, tendency, disposition and propensity is outwards. This behavior implies best intentions and best strategies especially to seek to discover their goals and their methods of innovation and change, transforming the system every time more and every time better. Strategy or crisis.

III. Strategy and Intelligence

The strategy will set up a system of goals – as means-, both synchronically and diachronically for the maximization of Competitive Development. The iteration method of trial and error, by conjecture and refutation implies that, necessarily Senior Management (even if it does not know and / or does not know it) always sets off from a theory. As seen, this theory is the theory

of the mind of the company and developing organism and not in a state of homeostasis servomechanism. This agency has a system of objectification or purpose and a technological system, I e skills. Together the two systems make up its intelligence system.

Often the Competitive Development is not understood and aimed at improving the overall intelligence system, but as tending alternately to enhance that objectification or technology. What is sought, however, is that the effect of these two, produce an evolution in the intelligence system, for thereby increasing learning capacity (and thus improving the system or system technological objectification, or both at once).

Competitive Development means getting a better structuring of these systems together, the better in the evolutionary sense, such a structure has not previously been a preferred choice now, or vice versa. The tendency will be to retain those that improve the structuring resulting Competitive Development. As we saw, in all cases we have discussed the need to describe, understand, explain, that is, to learn the situation in terms of the future.

The strategy is based on theories of the future. Let us stress here that it is not just the forecast or projection. The statistical forecasting, econometric forecasting, are tools, but are neither necessary nor sufficient conditions. It's just better if we can dispose of them, but our thesis is that if we cannot, it should not be confused with no power, or may not have strategy. If we have such foresight, forecast about technology in almost all cases, we have another source of opportunity to refute our strategy, structure hypotheses.

The rationale is given by the strategy, not only by the possibility of quantification. If you can quantify, but it is a mistake to think that our strategies can only be based on numerical forecasts (as pure extrapolation of trends). Besides theories are needed. Extrapolating a trend implies accepting the theory that past conditions do not change in the future. Maintaining intact the business-environment interface.

This implies that other variables will not act supplemented, acting all going to continue acting, and in the same direction and intensity. The strategy must be nurtured as and when possible estimates, but can never rely solely on forecasts. In all cases they will be incorporated theories and complexity theory faced to achieve objectives.

The intelligence system should incorporate empirical knowledge and understanding of concept. All knowledge of the intelligence system, emerged in the learning process, at any time apply to the business-environment interface in order to prevent or cause events. This is the solution of problems alluded to above. But without this knowledge (theories), we could not capture cognitive or practical or problems.

Here we can make another reflection on experience. Experience would imply a condition of the individual to be expert in a kind of prediction that is true most of the time (Bunge, 1972), plus the correct application of a theory that a problem exists and a theory to solve it. That is to say supposedly that the individual has a law. So if your theory would be structured so explicit a hypothetical-deductive contrasted by criticism or rebuttal. It also implies that a model has reinforced these assumptions, the model is necessarily also improved as it never covers the entire system that it attempts to reflect. This tooling is supposed to direct its actions as rules in the form set out by Bunge (1972), under which, against a target or specific objective to be reached in time $t+1$ with probability p , then, in the time t action, C must be performed, for example.

In all cases the prediction must be scientific or technological as recently exemplified. Or theories of science or technology have been used in an interdisciplinary approach. This would be an experience, a feature probably very difficult to find in an individual, if it is a strategic problem.

IV. Strategy and Action

The strategy should become a prescribed action (Bunge, 1969). If we see that the strategy is a theory, only the consequences of lower level will be those that come in contact with the action. The consequences are the lowest we have called results (Popper, 1979), which would be the source of conflicts in the so-called practical man (Frischknecht, 1978).

In this context, a practical man who did his decision making on the basis of knowledge involved in a strategy, that is, in a hierarchical structure of theories. The practice is always driven by a theory which, if not scientific, our problem will be a technological theory, which will ensure a methodology for getting better, more satisfying, more and more rational decision making.

The strategy will be in maximum contact with high factual science theories, while tactical

planning, operational planning, will be in contact on one side, with the strategic hypotheses and, secondly, with applications of formal theories (such as Operations Research models) (Mesarovic and Macko, 1973). Senior management operates in a necessarily theoretical level, as you must see the practical results in a level of abstraction that allows you to refute or corroborate his theory (strategy).

Earlier we said strategy or crisis. We differentiate the result of the crisis management without strategy, the outcome of the crisis in the strategic process. The strategic process based on conjecture (hypothesis) and refutations (crisis) is improved and evolved by the latter, as these crises are a necessary precondition in the learning process that generates new theories, to the extent that one of which take the place of a previous one (Kuhn, 1971).

The strategic process articulated several theories, especially in the higher levels of the hierarchy of hypotheses, theories that may come from different science or technology fields. The rebuttal may lead to a kind of crisis that we would call joint articulation, where two or more theories analyzed individually correspond to the facts or have not yet been refuted, but which, combined into one unit, this be refuted.

One of the thesis that concerns us most in this work is the conception of evolutionary theory of the firm, theory must nurture the strategic process in another sense, the concept of measurement. The company is not small: it is small. The company is not large: it is big. It is not a problem of size it is a problem of Competitive Development. Our theory of strategy is based on our theory of evolutionary competition. The evolving concept should operate as it did that of quantum mechanics in physics (Maleh, 1971).

The theory of strategy, nutrition, both in its process and its product, theories, hypothesis requires determining which of these theories it is based on. This definition is extremely delicate because the task of selecting hypothesis may be not to detect the relevance of one of them, present or future of higher or lower level.

The hypothesis of lower level should give a technological efficiency based on its output and its simplicity (Bunge, 1969). It is then necessary to define the desired level of abstraction and theoretical philosophy of the strategic process.

Surely, this level is that of the generic concepts, but in the form and language that can be denoted for problem solving (Ansoff, 1979). Generic concepts that should be on a level of increasing abstraction, as far as it concerns the incorporation of information from the environment field, which is what characterizes the strategy (Frischknecht, 1978).

We see again here that the strategy is and can only be, a theoretical model that hierarchically structured all relevant hypotheses. This is what makes the primary role of top management: the process of conjecture, permanent control of relevant variables and assumptions that serve both isolated and interconnected. Top management only busy with the practice cannot abstract itself, it cannot reach a strategy it cannot receive more than a chaotic environment information, since the mechanism of its receptors has not been prepared to absorb that information (Newell and Simon, 1972).

Only by starting off from a theoretical system theories can be refuted that integrate and their hypothesis, because as only through practice one cannot compare. A good theory can lead to better practice, and if and only if such a system exists, the practice can lead to improvement of the system itself.

The strategic process seeks to discover laws on which to build prescriptive rules of action. Action will be an instrumental procedure to certain goals, also instrumental to the Competitive Development. The rules are the programming interface Tactics between Strategy and Action. The programming tactics will be efficient if the action is based on strategy. From the rules one programmed the decisions (Frischknecht, 1978). The strategy is the basis of the decisions.

The strategy develops rules based on theories. The tactic applies the rules in the decision process of the action. From tactics must come the testing of the theories underlying the strategy. The aim of tactics will be the success of the action and feed valuable information to the rebuttal mechanism, which uses the strategy as a learning process. In the strategy it is important how will be and how should be the future to achieve the objectives. In tactics it is important how it should be. The tactics elaborates decisions, but not politics or behavior.

CONCLUSION

The strategy involves the judgment necessary for the selection, implementation, simplification and even inventiveness of theories that can cover new situations. This is the domain of Competitive Development. In addition, the Competitive Development Strategy provides the intellectual ability to incorporate various types of intuitions, as the rapid identification of symbols, their meaning and mutual relations, their interpretation, the structure of models, analogies uptake. The strategy cannot avoid the creative potential of the imagination, infere catalytic synthetic vision and control of arbitrariness (Bunge, 1969).

The hypotheses will be contrasted permanently trying to take into account increasingly relevant variants of the real system. The learning process is a self-correcting mechanism of the strategic model and the core of Competitive Development.

While the strategy also creates myths, they are different from those underlying the intuition irresponsible and wild. They are myths that, in the permanent critical attitude, try to explain the change that the world is getting better (Popper, 1979) giving the basis of systematic and systemic observation.

The strategy is to become the standard or framework which refers to observable facts, with which they attempt to systematically destroy, modify or alter that framework. The company operates more rationally to the extent that it can explain and predict evolutionary framework and function based on a proactive model composing the ultimate goal of the Portfolio Strategy and Competitive Strategy. The framework is a theory of a changing environment on novelty, intensity, increasing speed and complexity (Ansoff, 1979). The theoretical framework tries to be the permanent problem of characterization of the environment. The learning process information and adaption our characterization oversees the process of solving (Newell and Simon, 1972).

The company, viewed in this manner as directed by a system supported by a proactive and Competitive Development System will be viable as long as it is able to continuously reinvent itself to a wide range of possible environments increasingly innovative, intense, fast and complex.

The strategy is the theoretical construct upon which the company seeks to discover some

order in chaos and achieve some predictive rationality (Popper, 1979). Competitive Development is the instrument intended that each new strategy is able to solve the problems that the previous strategy has not resolved. The essential feature is its need for progress or evolution. Competitive Development aims to incrementally choose among alternative strategies, the one which promises greater efficiency, which can decide the characteristics required of a successful strategy.

That strategy, as implementation of Competitive Development is the best, which has is more explanatory and has predictive potential, the higher content of relevant information for decision making and, therefore, can be controlled more critically. It is not the most likely; it is the one which has the highest information content (Popper, 1979). The strategy has only account of events which have the most obvious events have no informational content.

This is not the search for strategies that are based on more probable facts. It is about formulating strategies, which with the maximum contents be true as in the sense of being close to the truth. As one goes deeper, in the surrounding environment, one searches for more credibility as getting to the truth, sacrificing probability. In proceeding in the opposite direction, one searches for more probability (in the sense of traditional probabilities calculation), sacrificing contents of new information. The higher we go in contents of new information, greater, the possibility of being refuted. It is the criteria of the search for the most informative theory. The idea that the strategy progress is based on a progression of problems to deeper ones, created by the difficulties of our hypothesis and our observations of the facts, (Popper, 1979)

The learning process sets off, as mentioned before, only from problems. The best strategy is the one presenting greater and more novel problems and has considered solving. The function of strategy is not the search for true facts, sure or probable, but the intention to eliminate the greater number of possible errors, trying to obtain a maximum approximation to the truth as corresponding to the facts. The best strategy, is the one which is sustained on theories that make affirmations more precise, and which resist more precise tests; which consider and explain more detail; which generate new form to be controlled, and which articulate and interrelation a growing series of problems that seemed isolated before. It is based on the theories of greater credibility as an approximation to truth and greater content, not as greater probability as an approximation to the

certainty or tautological truth without content. Strategy is the instrumental search of the conquest of the unknown. It is to learn.

BIBLIOGRAPHY

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