

How Competitive Strategies Affect Organizational Structure: A Research in Technology Development Zones in Turkey

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EXECUTIVE SUMMARY

Organizational structures can change according to the strategy determined by the businesses. The purpose of this chapter is to extend that research by analyzing the relationship between Porter's competitive strategies and Burns and Stalker's structure types. The authors conduct their research on the enterprises in Technology Development Zones in Istanbul, Turkey. One hundred sixty of 5,506 enterprises participated in the research. Then, to search deeper, the authors conducted a qualitative research on the 25 enterprises in Technology Development Zones. Results show that, while the mechanical structure tendency is observed in the enterprises following the cost leadership strategy, the mechanical or organic structure tendency is not observed in the enterprises following the differentiation and focus strategies. Also, according to the interviews, results show that the organizational structures in the enterprises in Technology Development Zones are affected by the size of the organization or the strategic awareness level of the senior managers rather than the competitive strategies.

SETTING THE STAGE

Introduction

Due to the rapid change caused by globalization and the increase in competition conditions, it has become more important for enterprises to achieve harmony both within themselves and with the external

environment. Enterprises that want to achieve this harmony and survive must change their strategies and organizational structures (Pearce & Robinson, 2015). Organizational structures can change according to the strategy determined by the enterprises. For the strategies to be successful, it is especially important to design a correct organizational structure and to make it work (Drago, 1997). It has especially important effects on organizational structures because of the coordination, technical and control tasks required by the strategies (Miller, 1988). In this framework, it has always been discussed in the literature that the structural components of the organization must be compatible with the strategy to implement organizational strategies and achieve organizational goals (Miller, 1986).

This discussion is based on two fundamental assumptions that have long been accepted in business policy (Bart, 1986). One of them is that there is a relationship between business strategy and organizational structure and the second one is the assumptions that some structural adjustments are needed to realize business strategies (Bart, 1986). According to this point of view, the harmony of the structural components that are designed properly with the strategy is essential for the implementation and achievement of the strategy (Bart, 1986; Ginsberg & Venkatraman, 1985; Miller, 1986).

Although there are many studies examining the relationship between business strategy and organizational structure in the literature, it is seen that the number of studies examining the relationship between Michael Porter's generic strategies at the enterprise level and the types of organizational structure of Tom Burns and George M. Stalker are few. In this context, the main purpose of the study is to examine the findings obtained from the research in the literature in this field by examining theoretically and conceptually the relationship between M. Porter's competitive (generic) strategies and the types of structures of Burns and Stalker and to present both a conceptual model proposal and empirically analyze the model and share the results.

In this direction, firstly, the theoretical and conceptual framework of organizational strategy and organizational structure concepts are presented in the study. In the following section, studies that deal with the relationship between Porter's generic strategies and the organizational structure types of Burns and Stalker are examined and a literature review is made. In the last section, the competitive strategies and organizational structures of the enterprises considered within the scope of the research section are examined and evaluated.

Literature Review

Approaches that investigate the adaptation and change of organizations to environmental conditions are the approaches that can be considered as adaptation approaches. The theoretical framework of organizational strategies is formed within the framework of strategic management approach or organizational strategy (Kocel, 2015). The basic view of the Strategic Management approach pioneered by Chandler, Mintzberg, Porter, Miles and Snow is that organizations implement the strategies determined by the top managers to adapt to their environment. For this reason, top managers constantly monitor the environmental conditions that affect organizations and try to understand what kind of dangers or opportunities that the changes in environmental conditions bring with them. On the other hand, they decide where and how the organizations will use their resources by analyzing the strengths and weaknesses of organizations. These decisions make up the strategies of organizations (Mintzberg, 1987). Organizations create and implement various strategies to gain a competitive advantage or to maintain the advantage they hold. Organizations that cannot determine the right strategy or fail to implement it cannot adapt to their environment (Cubukcu, 2018).

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