

**THE STRATEGIC PROCESS RESEARCH AND SUSTAINABLE DEVELOPMENT IN THE  
THIRD WORLD: FUELLING THE CYCLE OF SUCCESS**

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**ABSTRACT**

*Research is defined as the process of searching again and taking a cursory look at a phenomenon of interest. Sustainable Development is defined as meeting the needs of the present generation without compromising the needs of the future generation. The first objective of the study was to discuss the dimensions of Strategic Process Research. The second objective was to discuss the human Development Indices for selected countries. The third objective was to analyse the System's Cybernetic Model of Transform of the steps of the Strategic Process Research and output of the Improvement in Sustainable Development of Third World Countries by fuelling the cycle of success. The research design chosen in the study was a combination of the use of secondary data, content analysis and model modification. It was found that the Strategic Process Research had 2 step divisions in Strategy formulation and strategy implementation each with 8 cells and one integrative cell making a total of nine cells. It was found that of the 7 countries in the Low Human Development category, all were Third World Countries one from Asia and 6 from Africa. It was also found that the System's Cybernetic Model had five components. It was recommended that the strategic managers in the third world countries should use the strategic process research strive to move their countries to a higher Human Development category.*

**INTRODUCTION**

Research is defined by Unyimadu (2007) as the process of searching again and taking a cursory look at a phenomenon of interest. The phenomenon of interest in this paper is the Strategic Process Research and Sustainable Development in the Third World: Fuelling the Cycle of Success. Strategic Process Research is that on the process of Strategic Management. The field is described as one giving continuing attention to the possibilities and problems of strategic planning and decision making but also moving into new areas of research especially the problem of how the attention of decision makers can be directed towards specific agenda for success (Huff and Reger, 2007). There are many definitions of sustainable development. But, the most popular definition is the one by the *Brundtland Report*. It defined sustainable development as meeting the needs of the present generation without compromising the needs of future generations (World Bank 2002). Sustainable Development means that development should keep going. It emphasizes the creation of Sustainable improvements in the quality of life of all the people through increases in real income per capita, improvements in education, health and general quality of life and quality of natural environmental resources. Thus, sustainable development is closely linked to economic development. It is a situation in which economic development does not decrease over time (Jhingan, 2007). Sustainable development is sparse in third world countries. There have been widening gaps between haves and have-nots between first and third world countries as well as between north and south. These may in itself be a demonstration of serious inadequacies in the organizational forms of the nation states (Jhingan, 2007).

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The objectives of the study are:

1. To discuss the dimensions of Strategic Process Research.
2. To discuss the human development indices for selected countries.
3. To analyse the system's cybernetic model of transform of the steps of the strategic process research and output of the improvement in sustainable development of third world countries by fuelling the cycle for success.

### THE CONCEPT OF STRATEGIC PROCESS RESEARCH

This discipline of strategic management traces its origin to such landmark works as Chandler's *Strategy and Structure*., *Ansoff's Corporate Strategy*, and *Andrew's Concept of Strategic Management*. These three books were among the first to propose formally the distinction between the process of strategic management and the content of strategy. The distinction has tended to divide research ever since: researchers study content, or they study process. The publication of *Strategic Management*, edited by Schendel and Hofer, further solidified these categories by suggesting that this and other sub-divisions would facilitate research progress in the field (Huff and Reger, 2007).

Strategy research characterized as content research has been focused on the subject of the strategic decision itself. In the last decade, considerable attention has been devoted to learning more about merger, acquisition, and divestment strategies; entry, exit, and mobility barriers; product/market differentiation; turnaround; vertical integration and similar subjects. Content research has focused on linking specific decisions and broader economic structures to performance outcomes. It has also given considerable attention to defining similarities and differences among strategic units within the firm, among strategic groups within industries, and among firms in similar circumstances, such as growth or decline in demand (Huff and Reger, 2007). Process research, in contrast, has been defined as research primarily focused on the actions that lead to and support strategy. Research in this area has included prescriptive and descriptive work on planning methods and decision making, with attention directed toward the effectiveness of alternative means for generating and implementing strategy. The impacts of individual and group characteristics and organization structure on the formation and implementation of strategic decisions have also concerned researchers in this area (Huff and Reger, 2007). The task of reviewing process research is made difficult by the large amount of work in other fields that might be drawn upon to understand strategic processes. Work in organization behaviour and organization theory, as well as research in more distant fields such as public administration, sociology, political science, international relations, and education, might be included in a comprehensive review of relevant work. In the limited space available here, it has been decided to concentrate on work by individuals who identify themselves with the field of strategy, ignoring work in other social science fields, as well as closely related but more widely reviewed work on problem solving and decision making (Huff and Reger, 2007).

### SOME THEORIES OF ECONOMIC DEVELOPMENT

#### Classical Theory

The classical model has eight equation as follows:

$$Y = (K^{\theta}, L) \dots \dots \dots (1)$$

Where  $Y$  is output,  $K$  is a fixed level of capital and  $L$  is the labour.

$$N^d = f\left(\frac{w}{p}\right) \dots \dots \dots (2)$$

Demand for labour is negatively related to real wage rate

$$N^s = K\left(\frac{w}{p}\right) \dots \dots \dots (3)$$

Supply of labour is positively related to real wage rate

At equilibrium,  $N^d = M^s$  .....(4)

$MV = PY$  .....(5)

Where  $M$  is the supply of money,  $V$  is the velocity of transactions,  $P$  is the price level and  $Y$  is the output.

$I = f(r)$  .....(6)

Investment is negatively related to interest rate

$S = K(r)$  .....(7)

Saving is positively related to interest rate. At equilibrium

$I = S$  .....(8)

The classical theory can be explained by the postulation of Laissez Faire. Capital accumulation is the key to progress. Profit is the incentive to investment. There is a tendency for profits to decline and the stationary state exists at the end of the process of capital accumulation (Jhingan, 2007). In the broad sense, the classical theory of economic development supposes that an increase in profit brings about an increase in investment which adds to the stock of capital and to the steady flow of improved techniques. This increase in capital accumulation raises the wage fund. As a result, wages rise. Higher wages induce an accumulated population growth which causes the demand for food to rise. Food production is raised by employing additional labour and capital. But diminishing returns to land bring about a rise in labour cost. Consequently, the price of corn goes up and in turn rents increase, wages rise, thereby reducing profits. Reduction in profits implies reduction in investment, retarded technological progress, diminution of wage fund and slowing down the population growth and capital accumulation. In the classical model, the end result of capitalist development is stagnant. This stagnant resulted from the natural tendency of profits to fall and the consequent choking off of capital accumulation. When this happens, capital accumulation ceases, population becomes constant and the stationary state sets in (Jhingan, 2007).

### **The Schumpeterian Theory**

To start with, Schumpeter assumes a perfectly competitive economy which is in stationary equilibrium. In such a stationary state, there is perfect competitive equilibrium: no profits, no interest rates, no savings, no investments and no involuntary unemployment. This equilibrium is characterized by what Schumpeter terms the circular flow which continues to repeat itself in the same manner year after year, similar to the circulation of the blood in an animal organism. In the circular flow, the same products are produced every year in the same manner. All economic activities are repetitive in a timeless economy. To Schumpeter, the circular flow is a stream that is fed from the continually flowing springs of labour-power and land, and flows in every economic period into the reservoir which we call income, in order to be transformed into the satisfaction of wants. Development, according to him, is a spontaneous and discontinuous change in the channels of the *circular* flow, disturbance of equilibrium, which for ever alters and displaces the equilibrium state previously existing. These spontaneous and discontinuous changes in economic life are not forced upon it from without but arise by its own initiative from within the economy and appear in the sphere of industrial and commercial life. Development consists in the carrying out of new combinations for which possibilities exist in the stationary state. New combinations come about in the form of innovations (Jhingan, 2007).

### **The Dependency Theory of Underdevelopment**

Dependency theorists like Frank, Santos, Sunkel, Amin and Furtardoo hold that the present economic and socio-political conditions prevailing in the periphery are the result of a historical international process. According to Dos Santos, development emerged as a global historical phenomenon, as a

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consequence of the formation, expansion and consolidation of the capitalist system, known as dependent capitalism. Both the DCs (developed countries) and LDCs (less developed countries) are integral parts of the capitalist system. But the global system is such that the development of the centre occurs at the expense of underdevelopment of the periphery. Meier, therefore, characterizes underdevelopment at the centre. According to Frank, it is the world capitalist system which produced underdevelopment in the past and generates underdevelopment in the present. This has led to what Frank calls *the development of underdevelopment*". Frank traces the process of development of underdevelopment at three levels (Jhingan, 2007). At the first level, many countries in the periphery have been incorporated into the world economy since the early days of colonialism. At the second level, such peripheral countries have become capitalist economies through incorporation into the world economy. At the third level, the incorporation of the peripheral countries in the world economy has led to metropolis-satellite chain in which the surplus generated at each level in the periphery is successively drawn off the centre. As a result, the periphery is impoverished and the centre is enriched (Jhingan, 2007).

### **OBJECTIVES OF SUSTAINABLE DEVELOPMENT**

Sustainable development aims at the creation of sustainable improvements in the quality of life for all people as the principal goal of development policy. Accordingly, sustainable development has many objectives. Besides increasing economic growth and meeting basic needs, the aim of lifting living standards includes a number of more specific goals such as bettering people's health and education opportunities, giving everyone the chance to participate in public life, helping to ensure a clean environment, promoting intergenerational equity. Thus meeting the needs of the people in the present generation is essential in order to sustain the needs of future generations (Jhingan, 2007). Further, sustainable development aims at maximizing the net benefits of economic development, subject to maintaining the stock of all environmental and natural resource assets (physical, human and natural) over time. In this context, economists distinguish between the concepts of *strong sustainability* and *weak sustainability*. Strong sustainability requires that the natural capital stock should not decrease. On the other hand, weak sustainability exist because the increase in other capital stocks can substitute for decreases in the natural capital stock. Thus sustainable development in its weak form implies that the rate of change of development over time is *generally* positive over some selected time horizon (Jhingan, 2007). To conclude, sustainable development aims at accelerating economic development in order to conserve and enhance the stock of environmental, human and physical capital without making future generations worse off (Jhingan, 2007).

### **RESEARCH METHODOLOGY**

The research design chosen in the study is a combination of the use of secondary data, content analysis, and model modification. The secondary data on the dimensions of strategic process research were got from Hoff and Reger (2007), an article published in the Journal of Management, a Journal published by the South Management Association, and Texas A & M University, U.S.A. The human Development indices for selected countries is got from Jhingan (2007). No survey was done and so such reliability methods of the research measure such as test-retest, split half and equivalent forms did not apply. Rather, the dependability of the data ensured their reliability.

The secondary data was however evaluated and content analysed to ensure that the results of the analysis were what were required. They were accurate and suitable and internally consistent. Moreover, the data were not obsolete.

The System's Cybernetic Model was modified from the version of O'brien (2007). The transform was made up of the steps of the strategic process Research. The output was the improvement in sustainable development of Third World Countries by fuelling the cycle of success.

The data presentation was used to gain advantage of the use of figures rather than verbal information in the easy location of the required information. The data analysis tools were content analysis and Schematic analysis.

**DATA ANALYSIS**

**Figure 1 shows the dimensions of the Strategic Process Research**

	<b>Step</b>		
	<b>Formulation</b>	<b>Implementation</b>	
1 Synoptic	Planning prescriptions	2 Systematic implementation	Normative
3 Individual political	Decision Aids	4 Evolutionary Prescription	Purpose
5 Rationality assumptions	Planning Practices	6 Structure Systems and outcomes	Descriptive
7 Synoptic individual political	Agendas Attention 9 integrative	and 8 contextual influences	

**Figures 1: Dimensions of Strategic Process Research.**

**Source:** Hoff, A.S., and Reger, R.K. (2007). "A Review of Strategic Process Research", *Journal of Management, Volume 33, Number 2, 211-236.*

From Figure 1, it is shown that there are two step divisions of the strategic process research namely: strategy formulation entailing how decisions are generated versus those that focus on the process of strategy implementation entailing how decisions are put into action. Under steps 2, 4 and 6, 8, there were divisions under strategy implementation concerning normative, purpose and descriptive classifications. The purpose has to do with the intention, function or aim of the event (Hornby, 2001). The normative approach entails how things should be done while the descriptive approach entails a discussion of how things are done. The contextual influences handled the effects of the contents. At the strategy formulation stage, the cells in cells 1, 3, 5, 7 are synoptic; individual political, rationality assumption and synoptic, individual and political classifications respectively. By synoptic is meant a formal summary of a piece of writing (Hornby, 2011). By individual is meant as considered separately rather than as a member of a group. By political is meant as connected with the state public affairs and with power and influence (Hornby, 2001).

The inner cells for the strategy formula step have planning prescriptions, decision aids, planning practices and agendas and attention for cells 1, 3, 5 and 7 respectively. The inner cells for strategy implementation for cells 2, 4, 6 and 8 are for systematic implementation, evolutionary prescriptions, structure systems and outcomes and contextual influences respectively. Cell 9 is integrative and could have both strategy formulation and implementation components (Hoff and Reger, 2007).

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**Figure 2 shows the Human Development Indices of some selected countries**

S/N	Country	HDI Value	HDI Rank	GDP per Capita Rank Minus HDI Rank
1	<b>High Human Development</b>			
	Norway	0.956	1	1
	Australia	0.946	3	4
	USA	0.939	8	-4
	Japan	0.938	9	6
	United Kingdom	0.936	12	8
	France	0.932	16	0
Costa Rica	0.834	45	14	
2	<b>Medium Human Development</b>			
	Russian Federation	0.795	57	3
	Malaysia	0.793	59	-2
	Mauritius	0.785	64	-15
	China	0.745	94	5
	Sri Lanka	0.740	96	16
	India	0.595	27	-10
	Bhutan	0.536	134	0
Nepal	0.504	140	11	
3	<b>Low Human Development</b>			
	Pakistan	0.497	142	-7
	Uganda	0.493	146	4
	Zimbabwe	0.491	147	-25
	Kenya	0.488	148	11
	Nigeria	0.466	151	15
	Tanzania	0.407	162	12
Zambia	0.389	164	3	

**Figure 2: The Human Development Indices of Some Selected Countries.**

**Source:** Jhingan, M.C (2007). *The Economics of Development and Planning*. Delhi Vrinda Publications (P) Limited, page 180.

From figure 2, it is shown that there are 3 country classifications for Human Development namely; High Human Development, Medium Human Development and Low Human Development categories. Norway is ranked number 1 in the High Human Development category, with the Human Development Index (HDI) of 0.956. Russian Federation is in the Medium Human Development Category with HDI value of 0.795 and is ranked 57. The countries in the Low human Development Category are Pakistan with HDI value of 0.497 and is ranked 142, Uganda with HDI value of 0.493 and ranked 146, Zimbabwe has HDI value of 0.491 and is ranked 147. The Kenya has HDI of 0.488 and is ranked 158. Nigeria has HDI value of 0.466 and is ranked 151. Tanzania has HDI value of 0.407 and is ranked 162. Zambia has HDI value of 0.389 and is ranked 164. It is found that all the countries in the Low Human Development category are third world countries in Asia or Africa.

Figure 3 shows the System's Cybernetic Model of Transform of the steps of the Strategic Process Research and output of the improvement in the sustainable development of the Third World Countries by fuelling the Cycle for Success.

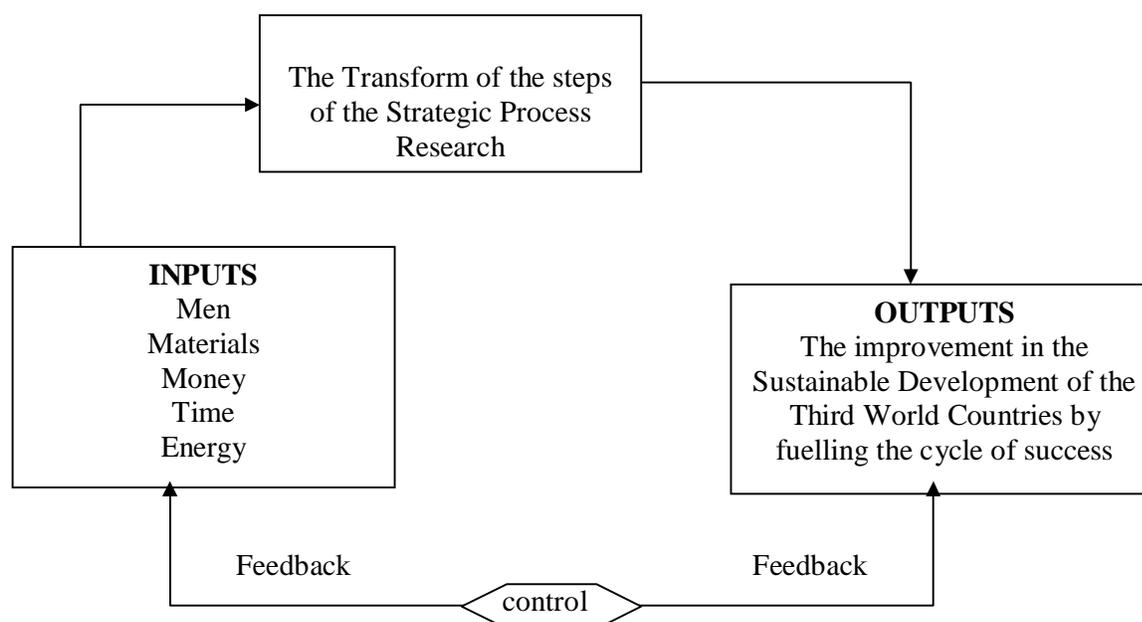


Figure 3: The System's Cybernetic Model of Transform of the Steps of the Strategic Process Research and output of the Improvement on the Sustainable Development of the Third World Countries by Fuelling the Cycle for Success. Source: O'Brien, J.A (2008), *Computers in Business Management: An Introduction Homewood Illinois: Richard D. Irwin Incorporated*, page 100. From figure 3, it is shown that the System's Cybernetic Model has five components namely inputs, transform, output, control and feedback. The inputs are five in number namely men or the human resource, money or capital, materials, time and energy. The transform consists of the steps of Strategic Process Research. The output is the improvement in Sustainable Development in the Third World Countries by fuelling the cycle of success. Feedback is information about how the system is performing, control is a system's element that involves setting standards, appreciating results, measuring past performance, doing variance analysis, separating controllable and uncontrollable variables and correcting actions if there are negative deviations from the plans and continuing if things are okay.

## **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **SUMMARY OF FINDING**

The objectives of the study were:

1. To discuss the dimensions of Strategic Process Research.
2. To discuss the human development indices for selected countries.
3. to analyse the system's cybernetic model of transform of the steps of the strategic process research and output of the improvement in sustainable development of third world countries by fuelling by cycle for success.

It was found that:

1. The Strategic Process Research has 2 step divisions for strategy formulation and strategy implementation each with four cells and an integrative cell making a total of 9 cells.
2. All the countries in the Low Human Category with Human Development Indices less than 0.5 namely Pakistan, Uganda, Zimbabwe, Kenya, Nigeria, Tanzania and Zambia were all Third World Countries; one from Asia and the rest 6 from Africa.

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3. The System's Cybernetic Model had five components namely inputs, transform, output, feedback and control.

### **CONCLUSION**

The finding that the strategic Process Research had 2 step divisions for strategy formulation and strategy implementation each with four cells and an integrative cell making a total of 9 cells implied that the strategic management in the Third World Countries needed to integrate both strategy formulation and implementation if they needed to achieve sustainable development. The finding that all the 7 countries in the Low Human Development Category with Human Development Indices less than 0.5 namely Pakistan, Uganda, Zimbabwe, Kenya, Nigeria, Tanzania and Zambia were all Third World Countries, one from Asia and the rest from Africa implied that the Strategic Managers and Economic Policy Makers in the Third World Countries had to strive to improve education for all, life expectancy up to 85 years and the standard living of their people. The finding that the System's Cybernetic Model had five components namely inputs, transform, outputs, feedback and control implied that the Strategic Managers and Economic Policy Makers of the Third World Countries had to put together the five components if they had to improve Sustainable Development in their countries by fuelling the cycle of success.

### **RECOMMENDATIONS**

It is recommended that the Strategic Managers and Economic Policy Makers in the Third World Countries should use the Strategic Process Research, strive to move their countries to a higher Human Development Category and use the System's Cybernetic Model to improve Sustainable Development in their countries and these should be backed by their national policies.

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