The impact of Strategic Consensus in Strategic behaviour and Strategic Options - A Survey of Entrepreneurs in ICT Companies in Iraq

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Abstract

The study aimed to identify the impact of strategic consensus (SC) in both strategic behaviour (SB) and strategic options (SO) in information and communication technology (ICT) companies in Iraq. Since the poor awareness of entrepreneurs in ICT companies in Iraq may lose their ability to understand the role of strategic consensus in their companies, and this creates a negative impact on their performance. Consequently, the study attempted to identify the effect of strategic consensus on both strategic behaviour and strategic options in ICT companies in Iraq. The study population consisted of Iraqi companies, which perform in the field of ICT. In addition, given the difficulty of determining the number of these companies, as there is no official reference for them, (10) companies were randomly selected followed by the collection of data from the higher authorities of these companies. The study used a number of statistical methods, such as descriptive statistics, Pearson’s correlation coefficient, and simple linear regression. Using the SPSS (v22), a number of results were found, such as the high agreement in the response of the sample to the concept of SC and SB, and the existence of a statistically significant impact of SC in SB and SO of surveyed companies.

Keywords – strategic consensus strategic behavior strategic options

I. INTRODUCTION

The success of today's organizations depends mainly on their strategic decisions, especially in light of rapid and complex developments of the environment. The environment is characterized by a high state of uncertainty and complexity, which makes strategic decision-making a matter of great importance. The process of gathering information on environmental changes has become more complex with the case of intense competition, continuous technological development, as well as changes in trade agreements, which are more subject to change than ever before.

Today, organizations work continuously to improve their strategic decision building, by facilitating and supporting the process of providing decision-makers with the accurate, fast and necessary information for decision-making, a large part of which is directed towards facing environmental changes or improving competition. Organizations are well aware of the importance of participation in decision-making, starting with defining strategic alternatives and ending with choosing the best alternative that guarantees the achievement of the desired goals.

In general, most decisions of today's organizations are taken through a certain level of participation from internal parties of the organization. The multiple, diverse and specialized perspectives necessarily lead to the improvement in the direction in which the organization is going. Hence, there is a need for a strategic consensus (SC), which is concerned with the participation of management levels in the future decisions, and steps of the organization, especially those that concern competitive strategies and precedence.
II. STUDY PROBLEM

The opinions of many researchers who are interested in improving strategic decisions revolve around the ability of organizations to cope up with the various environmental changes. This response should present the form of the organization's strategic behaviour (SB) and a better perception of its strategic options (SO). However, it is necessary to know this relationship accurately. From here, the problem of the study is its attempt to identify the impact of the SC on ICT companies in Iraq in both SB and SO. Accordingly, the current study raises a number of questions, as follows:
- What is the degree of SC in making decisions regarding ICT companies in Iraq?
- Does SC affect the formation of the SB of ICT companies in Iraq?
- Does SC affect the identification of SO for ICT companies in Iraq?

III. STUDY HYPOTHESES AND MODEL

H₀₁: There is no statistical effect at the significance level (α ≤ 0.5) of the SC in SB in ICT companies in Iraq.
H₀₂: There is no statistical effect at the significance level (α ≤ 0.5) of the SC in SO in ICT companies in Iraq.

For the purposes of the current study, the SC represents the independent variable, while both SB and SO represent the dependent variable, as shown in Figure 1.

![Figure 1. Proposed model of study](image)

IV. LITERATURE REVIEW

4.1. Strategic Consensus

According to (Kellermanns et al., 2008:p120), a successful strategy means that managers work according to a common set of strategic priorities, and this requires consensus on those priorities. The presence of a higher degree of strategic consensus within the group may facilitate communication and coordination between procedures, thus creating synergy, and improving collective and organizational performance. Although, as observed, high levels of consensus can hinder some processes, such as change and innovation, other studies have looked at the topic of SC to demonstrate the importance of SC and its impact on improving several managerial aspects. (Tarakci et al., 2014:p1054).

SC refers to understanding the strategic priorities among all managers at different levels of the organization (Tarakci et al., 2014:p1053). The SC can appear to be practically in top-level management as they are responsible for long-term decisions. This type of decision is thought to require a high degree of commitment because it is often
characterized by a high level of complexity and involves many options, which are risky. (Bragaw & Misangyi, 2016:p3)

In simple terms, a consensus is described as "the consent of all parties to a collective decision." In the context of corporate strategy, the consensus is described as "an agreement between strategy makers about the company's goals, and the appropriate competitive ways to achieve it" (Kellermanns et al., 2005:p721).

Since SC is one of the basic conceptual elements in studying the processes used when making strategic decisions, this makes its importance so evident. The Consensus is one of the most prominent and important aspects of the management team process, as the agreement between executives is thought to affect companies in both individuals (e.g. reducing uncertainty and ambiguity) and at the organizational level as well (e.g. profitability and growth) (Dooley et al., 2000:p1239). According to research (Wolf & Floyd., 2017:p2), the common understanding of the strategic priorities of organization within a group of strategic decision-makers will stimulate cooperation and improve coordination, which in turn enhances the effectiveness of implementing the strategy and organization's performance in the end.

SC is essential to effective strategic planning since even if the Board members unanimously agree on a certain strategic plan, this does not mean that all members fully support the strategic priorities included in the approved plan. (Desmidt & Meyfroodt, 2018:p255) Therefore, SC is an essential component of the strategic compass, as it provides a general framework for workers at all levels of the organization with regard to operational decisions. It has become evident that higher levels of SC are positively linked to coordination and cooperation in implementing the strategy, and hence, institutional performance. (Boyer & McDermott, 1999:p292)

4.2 Strategic Behaviour
The concept of SB has been raised by game theory, which is the typically proposed rationality of players or participants in the strategic interaction processes, which means they often take the best steps to obtain their goals, and have harmonious expectations about others behaviours. (Bilancini et al., 2019: p2)

(Yanes-Estévez, 2018:p2) mentioned that Miles & Snow (1978) typology is one of the common approaches that has been used to studying SB in organizations. The typology was one of the most validated ones, and has been widely applied in many organizations. Miles & Snow determined four types of SBs; (prospector strategy, defender strategy, analyzer strategy, and reactor strategy). These four strategies have been built based on three issues that organizations might face: administrative issues, technological issues and entrepreneurial issues. The four types of strategic behaviours are:

- **Prospector behaviour**: the company’s behaviour that constantly seeks new market opportunities through innovation processes and new product development.
- **Defender behaviour**: the behaviour of companies that focuses on a narrow and/or limited scope, in an attempt to protect their market share without looking for new opportunities outside their business.
- **Analyzer behaviour**: A mixture of the two previous strategic behaviours, acting according to market situation and leadership style.
- **Reactor behaviour**: usually described as a type of strategy that is not applicable, has no specific pattern and is not predictable.

In general, the SB of companies will be seen at some point, or at some time, but it is important to make continued decisions to change the commercial behaviour if these strategies or behaviours are revealed over time, through investment, or through tactical movements. The reasons for changing the SB include: (Smith & Round, 1998:p27)

- Deterring entry, (e.g. expansion in production, pricing below the level that stops competitors’ entry, reaching for basic inputs, and increased costs over competitors.
- Advertising and brand spreading.
- Research and development, especially in technology selection.
4.3 Strategic options
According to the planning school, the core strategy operations are carried further until organizations assess the internal and external environment initially. This is then followed by finding a set of solutions or alternatives, choosing one of those alternatives, and finally implementing it. Nevertheless, this is only true in theoretical books. Indeed, strategy creation can be described as the result of a poorly organized problem. (Mintzberg et al., 2009)

According to (Grant, 2010:p64), The first major difficulty in assessing different SO arises from the fact that there is no generally agreed definition of a strategy, so it may not be a big surprise that the core strategy books do not raise the issue of evaluating options. While (David, 2005: p305) saw that even if books that describe the in-depth issue of management and strategic evaluation are taken, the mention of the evaluation of SO can hardly be found. (Kyläheiko & Sandström, 2007: p971) Some researchers have already defined the SO as the true capabilities of an organization that enable it to bring future opportunities. This definition has focused on the concept of capabilities in a more specific way, as with real investment decisions, companies get more information about the different types of resources they own, and therefore, companies must consider that information while exercising their strategic choices. Now, the multi-criteria problem is the process of selecting one of the SOs that will be exercised. The main factors that can be used to make and differentiate the decision must be taken into consideration. This decision should not involve conflicting objectives. (Ding & Liang, 2005: p201)

The factors affecting the value of SO can be categorized into internal, environmental, and decision-related factors, as in the following: (Onar & Polat, 2009:p3)
- **Environmental factors**: includes uncertainty, industry capital intensity, strategic focus area, industry focus, size of the industry and type of the industry.
- **Internal factors**: includes the performance of the company, level of company diversification, size of the company, the capabilities of research and development, and the number and size of shareholders.
- **Decision-making factors**: includes the link of decisions taken in the past, previous experiences, the similarity of partners, and the degree of company globalization.

Strategic decisions that represent a SO according to a wide number of previous research and studies, including stock alliances, entering new markets, mutual projects, and acquisitions. (Onar & Polat, 2009:p5). The company can often choose one of these SOs. Each strategic choice includes certain specific advantages and factors. Based on this idea, the choice of SO has two main characteristics: environmental and decision-related features. Each one can affect performing a strategic choice. For example, a higher level of uncertainty in the strategic option industry increases the risk, and so on. (Folta & O’Brien, 2007: pp202-206)

V. METHODOLOGY

5.1. Study population and sample
The current study population represents the ICT companies in Iraq. The managers at the top and middle levels participated in this study survey. Due to difficulty in identifying the population, with no reliable reference, the population randomly surveyed. The study adopted the descriptive analytical approach to deal with data and information that was gained and statistically processed, relying on the Statistical Package for Social Sciences v.22 program.

5.2 Sampling unit
The sample unit consisted of managers who work in the top and middle administrative levels, they were (38) randomly selected participators. The questionnaire was distributed to participators in order to obtain the study data.
The total of (38) questionnaires was distributed, and as well as retrieved, resulting in absolute (100%) response rate. All questionnaires were valid for analysis after thorough verification and examination.

5.3 Study tool
As noted, the questionnaire has been designed as a study tool, that deals with study dimensions, independent and dependent variables, and in a way that enables testing of the study hypotheses that were constructed. In order to increase the degree of reliability and viability of the data collected, we relied on scales mentioned in the previous studies of (Majid, 2016) (Atta, 2015) (Rashid et al., 2014) to measure the study variables. The responses of the sample unit distributed on questionnaire paragraphs according to the Likert pentatonic scale. The range of marks for the paragraph approval is (Strongly Agree: five Marks, Agree: four Marks, Neutral: three Marks, Disagree: two Marks, Strongly Disagree: one Mark).

The questionnaire presented to the experienced, specialized and a group of arbitrators from business administration professors, with the aim of judging its validity as a tool to data collection. As for the tool stability, the Cronbach's Alpha coefficient was adopted for the internal consistency, in order to verify the validity of the questionnaire as a tool to collect the data necessary for the current study, the value reached (72%).

The questionnaire data entered into the SPSS program, in order to treat it according to the tests that achieve the purpose of the study. Specifically, the following methods were used:

- Statistics Descriptive: to describe the characteristics of the study sample and to answer its questions.
- Cronbach's Alpha test: To test the reliability of the data collection tool used to measure the variables included in the study.
- Central tendency (e.g. arithmetic mean, frequency, and percentages): to describe sample's opinions about the study variables, and to determine the significance of the statements in the questionnaire, as well as the standard deviation to indicate the extent of the dispersion of answers from their arithmetic mean.
- Simple linear Regression: To test the effect of the independent variable on the dependent variable.
- Pearson correlation coefficient: to determine the extent of correlation between study variables.

VI. RESULTS

6.1. Characteristics of the study sample:
6.1.1. Gender: The male participants in survey was (28), at a rate of (73%) of the total participants, while female participants reached just (10), at a rate of (27%) of the total participants. In order to explain this result of the survey, it is observed that men are more preferred as compared to women due to the nature of the work in ICT companies in Iraq.

6.6.2. Age: The percentage of participants in the age group of (20 - less than 30 years) was about (55%), while the percentage of participants in the categories of (30 - less than 40 years) and (40 years or more) combined together is about (45%). This result illustrates the age levels of entrepreneurs and managers in ICT companies in Iraq, which is quite evident that people who belong to the younger age groups are more preferred.

6.1.3. Experience: With regard to experience, the proportions were relatively non-similar. The percentage of participants who have experience of (5-11 years) was about (58%), while the percentage of participants who have experience of (12-17 years) reached about just (37%). With regard to participants who have more than 17 years of experience, their number has reached just (2), at a rate of (5%) of the total participants.

6.2. Results of study data analysis
Mean and standard deviations for each field of study were calculated to analyze the opinions of the study sample and to understand the phrases related to SC, SB, and SO. The observation is as follows:
<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Appreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td>4.868</td>
<td>.270</td>
<td>high</td>
</tr>
<tr>
<td>SB</td>
<td>4.776</td>
<td>.271</td>
<td>high</td>
</tr>
<tr>
<td>SO</td>
<td>4.831</td>
<td>.276</td>
<td>high</td>
</tr>
</tbody>
</table>

From Table (1), it appears that the sample responses to the SC were high, which indicates that the level of SC is higher in the ICT companies in Iraq. In addition, consensus may be due to the relatively small size of companies (on average). Alternatively, it may also return to the collective understanding of the companies or management about the nature of the market and how to conduct business according to the requirements.

The sample's answers to SB topic were also of a high degree. This indicates that the direction of SB is consistent in ICT companies in Iraq. That means the administration is proceeding in a coordinated manner in determining the appropriate way to run the business through following appropriate strategies and adapting various developments in events or dynamic environment changes.

Finally, the sample answers to the SO were also of a high degree. This indicates that the management agreed to define and differentiate the strategic option that will be followed in the ICT companies in Iraq. Moreover, high answers to the issue of consensus and SB, also confirm this matter. Often it is possible to say that management at its various levels in the aforementioned companies goes in a balanced manner, and there is a high agreement on how the administration deals in general.

6.3. Study hypothesis analysis:

Before applying the regression analysis, some tests were performed to ensure the data fit the regression analysis assumptions. As in Table (2).

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
<th>Tolerance</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td>1.270</td>
<td>0.787</td>
<td>0.662</td>
</tr>
<tr>
<td>SB</td>
<td>1.877</td>
<td>0.533</td>
<td>0.523</td>
</tr>
<tr>
<td>SO</td>
<td>1.546</td>
<td>0.647</td>
<td>0.717</td>
</tr>
</tbody>
</table>

In Table (2), as noted that the value of variance inflation factor (VIF) for all variables was less than (10) and ranges from (1.270-1.877). As we note that the value of allowed variation (Tolerance) for all variables was greater than (0.05) and ranges between (0.53 - 0.78). Therefore, it can be said that there is no real problem related to the existence of a high correlation between the independent variables.

Moreover, in order to investigate the assumption of the normal distribution of data. The analysis has been done based on the calculation of the value of the skewness coefficient of the variables. Here, the value of the skewness coefficient of all study variables was less than (1). Therefore, that might indicate that there is no real problem related to the natural distribution of the study data.

Pearson correlation coefficient also analyzed to determine the correlation between study variables. The correlation matrix between the study variables at the significance level (0.05) is shown in Table (3).
As it is observed from the above summary, the correlation between the study variables was all positive and with a strong degree of correlation. Amongst them, the highest correlation was between the SC and the SB, with a value of (0.32). This indicates a strong correlation between them.

**H01:** There is no statistic effect at the significance level (\( \alpha \leq 0.5 \)) of the SC in SB in ICT companies in Iraq.

In order to identify the probability of positivity and acceptance of this hypothesis, Standard Simple Linear Regression Analysis was conducted.

Table (4) shows that the correlation coefficient between independent and the dependent variables was (32%), and the value of the determining factor (R2) was (10%), and these results indicate that the independent variable explained (10%) of the changes taking place in the dependent variables. With regard to the remainder of the effect, we attribute it to other causes. Likewise, the proportion of variance (R2) appears to be low, which indicates the vulnerability of the independent to the dependent variable, which also means that the entrepreneurs of ICT companies have little awareness of the relationship between the two variables.

Table (5) shows a significant relationship with the degree of significance (Sig = 0.000) which is less than the degree of significance (\( \alpha \leq 0.05 \)). Therefore, the regression model is appropriate to measure the relationship between the
independent and dependent variables. On this basis, the alternative hypothesis is accepted. Which means that there is a statistical effect at the significance level \( \alpha \leq 0.5 \) of the SC in SB in ICT companies in Iraq.

\( H_02 \): There is no statistically effect at the significance level \( \alpha \leq 0.5 \) of the SC in SO in ICT companies in Iraq.

In order to identify the probability of positivity and acceptance of this hypothesis, we conducted Standard Simple Linear Regression Analysis.

<table>
<thead>
<tr>
<th>SC</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.194</td>
<td>0.038</td>
<td>0.010</td>
<td>0.275</td>
</tr>
</tbody>
</table>

Table 6. Summary of results for simple linear regression variance

Table (6) shows that the correlation coefficient between the independent and dependent variable was (19\%), and the value of \( R^2 \) is about (3\%). These results indicate that the independent variable explains just about (3\%) of the changes in the dependent variables. With regards to the remainder of the effect, we attribute it to other causes. This result also indicates that awareness of business entrepreneurs in ICT companies in Iraq towards the relationship between strategic consensus and the strategic choice is at very weak levels. Likewise, Strategic consensus consequently, explains a very limited amount of changes that can determine the most appropriate strategic choice.

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>0.104</td>
<td>1</td>
<td>0.104</td>
<td>1.375</td>
<td>0.000**</td>
</tr>
<tr>
<td>Residual</td>
<td>2.653</td>
<td>36</td>
<td>0.076</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2.757</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*statistically significant at 0.5  ** statistically significant at 0.01

Table 7. Analysis of variance

It is clear from Table (7) that there is a significant relationship with the significance level (Sig=0.000) which is less than the significance level \( \alpha \leq 0.05 \), and therefore the regression model is appropriate to measure the relationship between the independent variable and the dependent variable. This means that the alternative hypothesis will be accepted. Thus, it can be concluded that there is a statistical effect at the significance level \( \alpha \leq 0.5 \) of the SC in SO in ICT companies in Iraq.

VII. DISCUSSIONS AND CONCLUSIONS

The study shows that the higher departments of ICT companies in Iraq preferred mostly men, which explains why men are more involved in establishing and managing companies, especially in the field of ICT. Results also show that the young age levels had the largest share of corporate management, which explains the novelty of interest in this sector and as well as the youth's orientation towards it.

The study depicts that there is a high agreement in the sample response to the concept of SC and SB. In addition, there is an agreement on defining SO as well. This explains not only the interconnectedness and adoption
of concepts with each other but also an agreement among managers at different administrative levels in ITC companies in Iraq on importance of SC and finally, the consensus around SB that achieves corporate goals.

The study shows that there is a statistically significant effect at the level of significance (α ≤ 0.05) of SC in SB and SO in ICT companies in Iraq. In addition, the result shows the importance of having SC as a means to determine the required SB in order to achieve company goals. Moreover, it ensures business performance and its ability to adapt to market changes, as well as the importance of the effect of the SC in determining the most suitable option for companies according to the nature of the market. Although the correlation between the two variables was not relatively high, the increased interest in knowing the positive impact of SC would definitely improve the level of identifying options that achieve the company’s goals.

It is important to recommend to youth’s approach towards engaging in ICT companies, as men have achieved a very superior response rate, which increases the importance of women’s representation in the business sector in general, and the information and communications technology sector in particular. Also, it is important to improve knowledge about the importance of SC in business enterprises, and its effect in determining the appropriate SB, and adoption of the best strategic choice, as a response to results that depicts that the effect between the SC and both SB and options was weak.

REFERENCES


