

## STRATEGIC THINKING; COMPARATIVE STUDY ON RATIONAL THINKING AND CREATIVE THINKING

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### **ABSTRACT**

Strategic thinking is very important aspect of strategic management. It plays a vital role in making a strategy. Now here the purpose of article is to discuss two ways of thinking that is rational and creative thinking. On different basis article compare rational thinking and creative thinking. Both thinking styles are discussed critically and at the end there is a summary of comparison. Finally it is concluded in the article which approach is better. Article compare creative and rational thinking on the base of Problem definition, Basic point of thinking, Process followed in thinking, Environment nature, level of Risk in thinking, Competitive advantages for both styles, Why creativity or rationality needed, Nature of problem, Solution available, Description of problem, Suitability of thinking.

**Keywords:** Strategic Thinking, Rational Thinking, Creative Thinking.

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## 1. Introduction

The term strategic thinking cannot be defined; it is widely and interchangeably used for different terms like strategic management, strategic planning and many others. In common words we can say Strategic thinking means thinking about the strategies but it is not complete definition(Liedtka 1998). What we mean by strategy? Strategy word is derived from Greek word stratego (Bracker 1980). Strategy simple means a way to do things. Strategy cannot be defined in one line because the term strategy is used interchangeably. It can be used as plan, poly, pattern, position and perspective(Mintzberg 1987). *In the book strategic management concept and cases by Fred R David* strategy is defined “strategy are the means by which long term objectives are achieved it may be business extension, geographic expansion diversification or product development”. Now question arises here what are main principals for making a strategy. David () There are no hard and fast rules and principals for making strategy but in the his *Article “ the evaluation of business strategies” by Richard Remult*, define four principal of effective strategies 1 consistency(goals of organization and strategy should be consistent) 2 consonance(strategy must take some adaptive response from external environment) 3, feasibility and advantage(De Wit and Meyer 2010). Now what do we mean by strategic management, strategic management means all the actions taken by the organization to deal with changes, threats, opportunities, surprise and internal and external environment. (Thompson and Martin 2010). In every aspect of the business there are some gap between the current situation and objects of the organization, in other words we can say that there is always a gap between the current state and desired state of the organization. This situation is called problem. There should be a strategic problem formulation. Successful strategic problem formulation is the starting point of every research(Lyles and Thomas 1988). Every problem requires some solution. In order to solve the problem strategy is helpful. In order to make strategy or solve the problem strategic thinking is required. Strategies can be emergent as well as deliberated.(Mintzberg 1987; De Wit and Meyer 2010)

Strategic thinking is further divided into perspective one is called rational thinking and 2<sup>nd</sup> is generative thinking(De Wit and Meyer 2010). The question here is which approach is better (rational thinking or generative thinking). This term paper also focuses on these two paradoxes

which one is better. For this purpose I included a comparative study on generative thinking and strategic thinking.

Before introducing these two paradoxes I want to clear this term strategic planning and strategic thinking. Either strategic thinking is strategic planning or not? *Some researchers while discussing on Strategic thinking* describe that strategic planning and strategic thinking are two sides of same coin, strategic thinking increase the popularity in strategic planning.(Mintzberg 1987; Lawrence and 1999) Strategic thinking is needed in order to make strategic planning. There should be some information or data before planning, strategic thinking is a source to make strategic planning. Some writer argues that strategic thinking and strategic planning are same things *Heracleous (1998) Time O'Shannassy 2000* but some writer argues that it is the not same thing but strategic thinking deals with creativity and strategic planning with analysis. If we want to define the process of strategic planning, it is misunderstanding by different authors, companies are changing process of strategic planning day by day(Steiner 1979).

Rational thinking is a traditional approach that is used to formulate strategies. *In the book Strategy by Bob D Wit* thinking is divided on the base of logic and creativity(De Wit and Meyer 2010). Thinking on the base of logic means there should be a formal method or process of thinking, problems should be structure, analytical style is applied for thinking style, strategy is considered as a science, nature of study is computational and all the decisions are based on calculation. Now here the question is what are the elements of rational thinking?(WIT). In children paper solving there should be use of multiplicative thinking.(Empson and Turner 2006). In many decades strategic thinking was considered as the pitfall of strategic management but creative thinking remove this pitfall.(Liedtka 1998)

(Hedström and Swedberg 1996) defines three principals Methodology, analytical mode and intentional explanations. It means that there should be a formal method for rational thinking and mode of thinking is analytical in nature. Situations are analyses and total explanation is given in rational thinking.(Hedström and Swedberg 1996)

How can we make rational thinking successful? In one article author concluded that rational thinking is only successful if there is a team work in the organization. If organization has no formal rules or no planned and consistent problem or discontinuous change rational thinking cannot be successful. In this article author provide some suggestions in order to make improvement in the team work. At the end writer concluded that rational thinking is only the way

that can be helpful in order to improve the students out come. Rational thinking is only provide support in that situation where some stable environment is available in unstable situation rational thinking cannot be successful.(Clark and Flynn 2011)

While critically examining the way of thinking Slife, and Warne(2008) concluded that rational thinking is mostly useful for the organization problem solving but it ignores open minded thinking that can be used for making discontinuous change, innovation and modernization. On the other hand criticize generative thinking and finally concluded that there should be a mixed approach or alternative approach in order to improve performance. (*Bensley 2009*). there is a wide role of cognition and reasoning in strategic decision making.(Hendry 2000; O'Shannassy and Business 2001). Traditional may fails when faced with uncertainty. Traditionally customers also follow traditional rational decision making(Schmitt 1999).

Other side of strategic thinking is creative thinking, creative thinking is applied in those situations where there is newness in problem, totally initial level of operation of anything, new technology introduced, problem cannot be easily defined, discontinuous change, persistence problem, unrouten problem, unstructured problem or where there is rule applied no best solution. All the situations which cannot be solved by rational thinking require creative or generative thinking. Now there is confusion to some people that problem solving is a different from creative thinking. The changing environment of without any rhythm require foresight for a leader in strategic thinking.(Van Der Laan 2008). Traditional approaches of thinking are not neglectable we cannot disagree but now traditional approaches are chocked and require initiative thinking.(Liedtka 1998)

There is no reality in this statement, in one article author concluded that creative thinking is problem solving when problem is new and very difficult to define and unstructured. At the end of article when comparing rational or computerized problem solving and creative process of problem it was at the end resulted that creative thinking is more commonly used. Article proposed that there are three main steps for creative thinking 1). Create abstract model of the problem 2). Provide some computerized software for creative thinking 3).Reexamined the classical problems for the litrecher review. Many organizations that are working in the era of competition they will have to adopt the innovative thinking in order to ensure competitive advantages.(Newell, Shaw et al. 1959)

If organization adopt rational thinking that is depended on analysis of past data it can also be analyzed by any other person or competitors. On the other hand it can also be easily copied by competitors. If thinking is innovative then it cannot be easily adopted by the competitors, because it is totally new idea in the organization. It cannot be accessed until the person think innovative idea, leak out that idea to any other person or organization. In one article it is concluded that US army have no competitor in this world but the event of 09/11 disclosed that there is some deficiency in the system. System is copied and viewed by the enemies. So, leaders should think innovatively and critically, because innovative thinking gives long run and more competitive advantages. As technology changes day by day and this new machinery is being run by the human being so this innovative technology require innovative thinking. So, human factor should also be innovatively changed or forced to think innovatively (Snow 2006). Multiapproaches of strategic thinking are supportive in micro domain (individuals and groups) and macro domain(organizational level)(Bonn 2005)

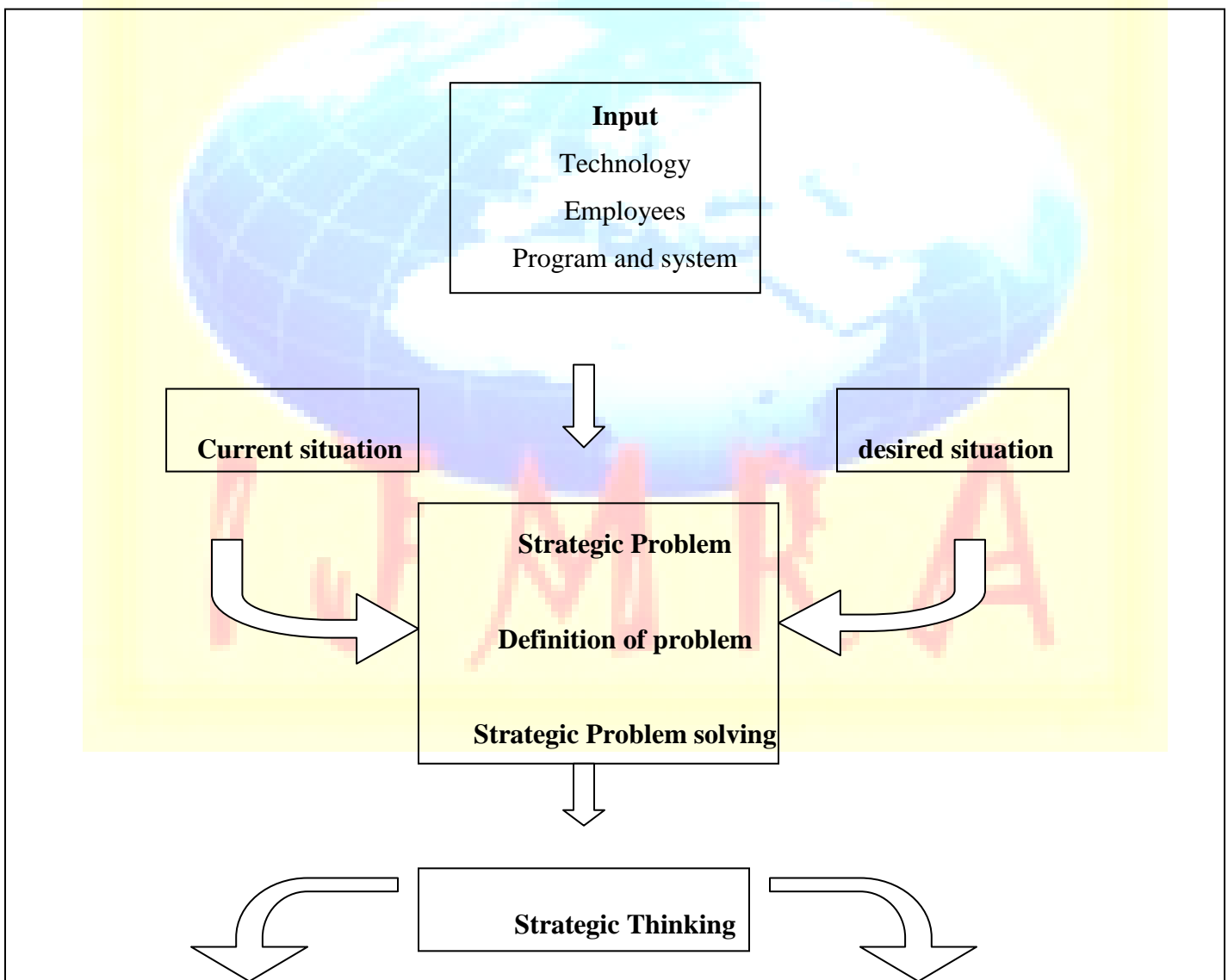
Strategic thinking is the work of the leaders in the organization. Creativity or rationality in thinking is mostly needed for the leaders in any business. How can leaders improve their thinking pattern or process? In other words we can say that what kind of behavior is needed in order to be a good thinker. Article "*strategic thinking: are leaders missing the link*" by *Manu Amitabh*, suggest six attributes needed for a leader in order to improve thinking patter. This article was writer for the purpose of improving and answering the questions of strategic thinking. Author argues that formulation of the strategy is both left brain and right brain exercise (Lumsdaine and Lumsdaine 1994).

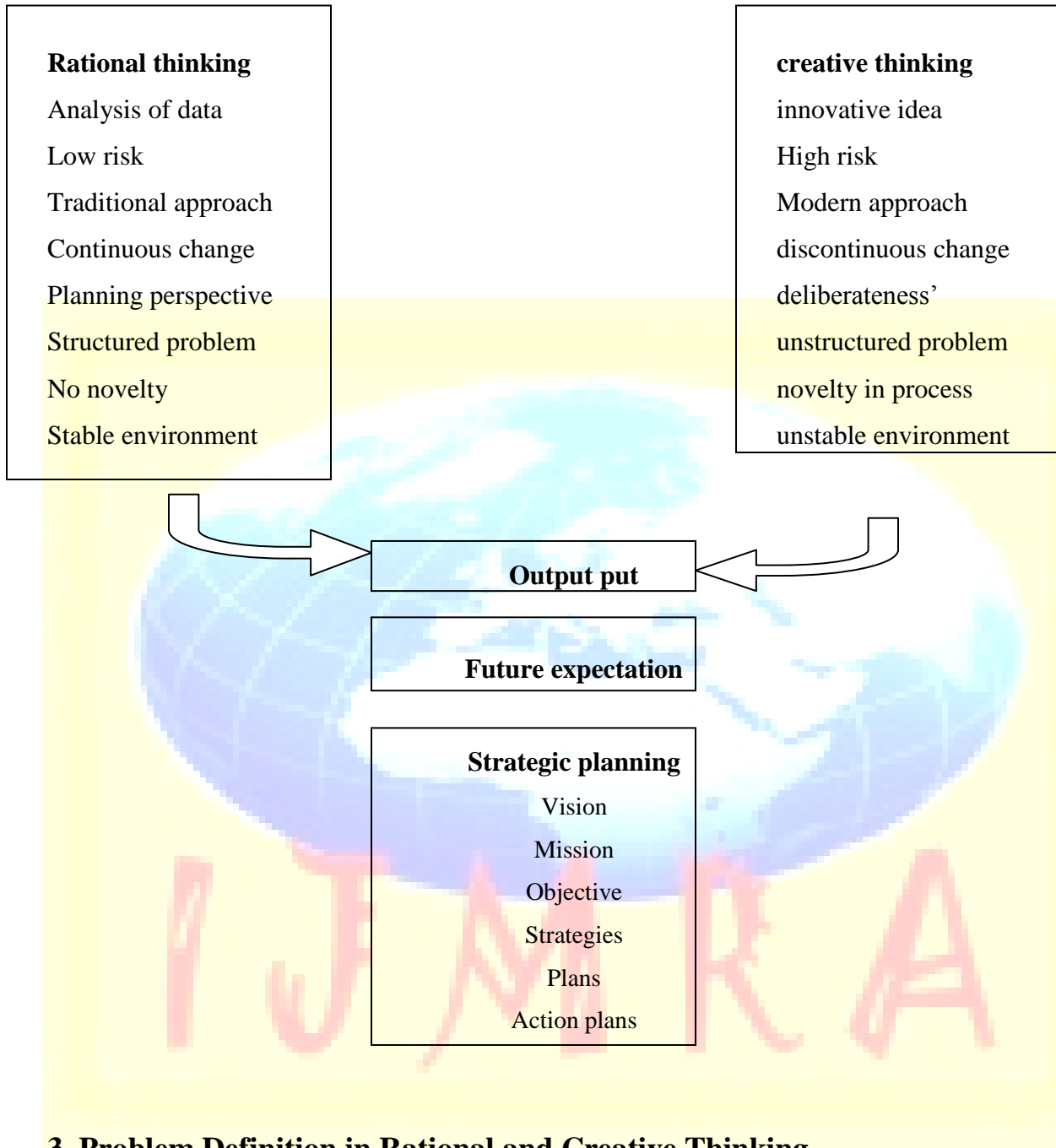
## 2. Rational Thinking vs. Generative Thinking

While comparing the rational thinking and generative thinking the paper focus on some elements that differentiate between the rational and creative thinking. On the same there are some points that are common for both rational and generative thinking. Some writers argue that we have to use generative as well as rational thinking for the purpose of solving the strategic problem. In the article *strategic tensions and strategy development in an e-learning environment* by *Frank H T Langen 2008*, describes that as *Mintzberg (1998)* give favor to the creative thinking is not good,

both rational and creative thinking are necessary for effective strategic problem solving.(Langen 2008)

### A model for Strategic Thinking and Strategic Planning





### 3. Problem Definition in Rational and Creative Thinking

In rational thinking there is formal definition of problem, in other words we can say that structured problem that can be easily solved by analyzing the past and focusing the future or expectation of strategic manager. On the other hand in creative thinking there is no one definition of problem. Problems are unstructured and open ended that cannot be solved by using the systematic procedure of problem solving so; there is need of innovative process of thinking. An

effective problem definition is the most initial and important point of strategic decision making. (Lyles and Thomas 1988)

#### 4. Risk in Rational and Creative Thinking

In rational thinking there is minimum risk of failure of model of thinking because a systematic way is used for the purpose of problem solving. Rational thinking also creates minimum advantages of competition. It can be easily copied by the competitors. Creative thinking is a new model of thinking so there are maximum chances of failure. On the other hand if it becomes successful it creates a long run and high level of competitive advantages. Because it cannot be easily copied being a totally new thing. Strategic decision making involves some elements of behavioral risk. (Razo and Gao 2010)

Risk is the basic element of thinking when we are analyzing any situation, we need thinking, rational or generative. Decision making process involve uncertainty and risk, when we are solving strategic problem through thinking, rational and generative thinking, generative thinking have more risk and uncertainty. (Jaeger 2001)

#### 5. Suitability of Rational and Creative Thinking

Rational thinking is suitable for the process, method, business, environment, problem or situation which is in running position. In other words any task which have some experience of past can apply rational thinking. On the other hand creative thinking is suitable for the process which is at initial level and there is no past experience there is need of creative thinking. Because rational thinking depends upon analysis and analysis needs some past that but a new task or technology have no past data. Changing the environment and revolution in the economy, like industrial revolution require some creative thinking. *Article creativity and strategic thinking; the coming competencies by Ann Herrmann-nehdi*, Concluded that industrial era requires more creative thinking in order to cope with this unstable environment. Author divided the mind set of thinking into four parts each mind set is suitable for different situation. Author summaries the article that creativity is must for this unstable environment. Creativity is essential for organizations in order



to create the competitive position in the market. Creative thinking is suitable for uncertain environment (Milliken 1987; Amram and Kulatilaka 1999)

## 6. Control over the Process in Rational and Creative Thinking

If we compare different thinking patterns on the basis of evaluation, rational and creative which can be evaluated in a better way? Question here is either rational thinking can be effectively evaluated or creative thinking? Rational thinking is a formal way of thinking and every aspect of the thinking is patterned, evaluation criteria can also be mentioned. Rational thinking can be effectively evaluated. On the other hand, creative thinking is not a formal way of thinking, it may be successful or not. It is a totally new thing so if we want to know the effectiveness of creative thinking there are no criteria. Creative thinking means thinking out of the small box, this thinking may not be controllable. In order to evaluate we have to get some experience, as experience is attained thinking becomes rational thinking. In strategic thinking either rational thinking or generative thinking is better? Only there is a contingency approach is better. (Goold and Quinn 1990)

## 7. Abilities Needed For Rational and Generative Thinking.

Here is a comparison for rational thinking and creative thinking on the basis of abilities needed for the purpose of thinking. For rational thinking some abilities are needed as intellectual ability and total ability to collect reasons, elaborate them and attach them with the problem to be thought strategically. On the other hand, for creative thinking there is a need of having the ability of unusual work, elaboration of ideas and many other things.

(Matt Baker and Rick Rudd 2001 P. 175-179) mention some abilities for rational thinking and creative thinking. For rational thinking intellectual empathy, intellectual humility, courage, integrity, perseverance and intellectual responsibility are needed as abilities. For creative thinking fluency, originality, unusualness, abstractness, elaboration and resistance are needed.

## 8. Process of Thinking (Creative Vs. Rational)

In this topic of Article I will compare rational thinking and creative thinking on the base of the process followed in thinking pattern. For rational thinking first of all analyze the situation, uncover the problem, define the problem in meaningful manner, analyze the resources like strengths and weakness, attach the resources with problem, get input data, analyses the data, get output make strategic plan. In creative thinking there is no one formal situation or process to be followed in order thinks creatively. Scenario planning is a tool for strategic thinking. (Schoemaker 1995)

Generally rational thinking is applied where formal definition of problem is and creative thinking is applied where there is no possibility of one formal definition of problem. In rational thinking logic is the basic point and for creative thinking novelty is the base of thinking. Rational thinking is suitable for stable environment and creative thinking is feasible for unstable environment. In an organization if creative thinking becomes successful it creates a competitive advantage for that organization because this pattern is not already available. So creative thinking creates high competitive advantage for the owner as compare to rational thinking. Now here the question is what was the need of modern or creative thinking, traditional thinking have some deficiencies like thinking within small box, easy to copy by competitor, low competitive advantage, not suitable for changing environment. In order to solve all the drawbacks of rational thinking there was a need of creative thinking. In creative thinking problem is to be considered as highly subjective and competitively rational thinking highly subjective.

## 9. Summary of Comparison

Points that create difference	Rational thinking	Creative thinking
Problem	One formal definition of problem.	No one definition.
Basic point	Logic is basic point	Novelty is basic point.
Process	One formal process to be followed	No formal or predefined process
Environment	Suitable for stable environment.	Suitable for unstable situation.

Risk	Lower risk due to stable environment Controllable environment Systematic risk	Higher risk due to instable environment Uncontrollable environment Unsystematic risk
Competitive advantages	Rational thinking create weak competitive advantage	Creative thinking create long run and higher competitive advantages
Why creativity needed	For rational thinking logic, criticism and conceptual capacities are needed	Due to limited conceptual ability creativity is required.
Nature of problem	Highly objective	Highly subjective
Solution	One fixed solution	No one fix solution.
Description	Problem can be described easily because of available data and logics	Unable to describe problem due to newality of problem.
Suitability	Rational thinking Is suitable for the problem which have some past history	Rationality is suitable for the problem which is totally new.
Abilities needed for thinking	Rational thinking need intellectual ability and total ability to collect reasons, elaborate them and attach them with the problem to be think strategically	Creative thinking needs the ability of unusual work, elaboration of ideas, convert a informal picture into formal way

## 10. Conclusion

After the discussion of these two topics I concluded that mostly well used thinking in the smooth working organizations is rational thinking. Rational thinking is used in those situations where problem can be easily defined, well organized and planned organization, stable environment, one best solution is suitable, problem have some past data, available information and many other formal procedures available to solve the problem.

On the other hand creative thinking is used in those situations where there is no past history of the problem, no one formal solution, highly subjective, informal procedure, no programmed work, no one definition of problem, new task, innovative product, unstable environment and where the risk is unsystematic.

Finally if we say that rational thinking only, or creative thinking only is suitable for a situation, it may be possible but in reality strategic thinking is the mixture of both rational and creative strategic thinking. Creative thinking is not purely used in any organization but it is the mixture of rational and creative thinking that is used in strategic thinking.

Finally, which is the better way of thinking, rational or creative? From this article it is concluded that both are suitable but in some situations creative is best and in other situations rational thinking is most suitable. As i discussed above that it is the situation which decides that which one is better for strategy formulation. It should not be misleading that thinking purely rational or creative but it can be said prefer rational over creative strategic thinking or prefer creative thinking over rational. Both are used combinedly.

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