Part I

1 Introducing the Strategy as Practice perspective

Introduction

Even a quick skim through a journal that publishes research on strategy reveals a common characteristic. Conventionally, strategy researchers assume that strategy is something *organizations have.* Organizations have differentiation strategies, diversification strategies and joint-venture strategies; they have strategic planning processes, decision processes and change processes. In this view, strategy is a property of organizations. We take a different perspective: strategy is something that *people do.* Strategy is an activity. For example, differentiation strategies involve people doing things differently and in ways difficult to imitate; strategy processes involve people making strategies.

Quite probably those who research strategies and strategy processes will readily agree that 'doing' in relation to strategy is important, but often they seem not to recognize the full significance of this as a research issue. Either they tend to *assume* what people do, attributing behaviour on the basis of observed outputs and deducing from these the actual activity; or they raise 'doing' to a level of *abstract categorization*, such as planning or change. We are concerned with what people do, literally and directly. As such, Strategy as Practice is essentially concerned with strategy as activity in organizations, typically the interaction of people, rather than strategy as the property of organizations. It is interested not exclusively in the fate of organizations as wholes, but also in the practical performance of the people who engage with them. In this way our focus is on two surprisingly neglected questions: what do the people engaged in strategizing actually do and how do they influence strategic outcomes? By taking these seriously there are at least four major benefits to be gained.

The first is that researchers will address what people, usually managers, actually do to manage strategies. In this respect they will truly engage with strategic management practice and, in so doing, with the 'how' of managing strategy that we argue has rather gone missing. Since this practice is what the

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managers in classrooms are directly concerned with, we can also teach them better the more we recognize their everyday reality. The second, as we shall explore later in this chapter, is that this engagement with practice can offer a deeper level of explanation for some of the major strategic issues traditionally researched in strategy. Traditional abstraction often approaches these issues at only a superficial level; Strategy as Practice can get to grips with concrete details. Third, we shall argue that this concern with Strategy as Practice provides an integrating mechanism for the strategy field as a whole. What people do in relation to strategy straddles all the various themes of strategy research and helps adds insight into more macro-level concerns in the field. The fourth benefit arises from the other three. Strategy as Practice offers a rich and exciting research agenda that can take researchers in many directions, overcoming traditional boundaries within the academic discipline and reaching out directly to practitioners who have for too long stood outside the discipline.

In taking this stance, we build on a number of traditions. The pragmatist tradition of the early twentieth century (Mead 1934; Boydston 1970 on Dewey; James 1975–88) asked much the same question about human behaviour. Early research in the strategy field itself, not least that undertaken by Henry Mintzberg (1973), took seriously the question of what managers actually do. The process tradition in strategy research has acknowledged the importance of people and what they do, although as we shall argue later in this chapter it has somewhat removed itself from a primary interest in 'doing'. The 'practice turn' in the social sciences exemplified by Giddens (1984) and Bourdieu (1990) also usefully informs our interests. There is, then, no lack of theoretical and empirical tradition underpinning the Strategy as Practice domain. We do not claim to be entirely original. However, what we do lay claim to, and what people have become excited about, is that whilst the strategy field has moved far away from this interest in what people do, Strategy as Practice seeks to bring that back centre stage.

This movement in the wider field of strategy research away from the question of what people do in relation to the strategy or organizations has occurred since the 1970s. Prior to that there was no academic subject, 'Strategy', taught at business schools. What was then known as 'Business Policy' built on Barnard's (1938) interest in strategy challenges facing general managers. As such the standard classroom question for students in their case-based courses was: 'What would you do?' as a general manager faced with a problem. And the classroom debate would be about *both*: 'Why and how?', with the emphasis as much on 'how' as on 'why'. However, there was little academic research

to back up either the 'why' – the rationale for strategy – or the 'how' – what managers might do to manage strategic issues. In so far as there were academic books and papers on 'how', they were largely concerned with 'business' or 'corporate' or 'long-range' planning.

It was not until the 1970s that the subject 'Strategy', became known and studied as such, but the next three decades saw its rapid growth. In 1972 what was then the BPP (Business Policy and Planning) division of the Academy of Management was half the size of the three largest divisions. By 1979 there were still only 6% of papers in *Academy of Management Journal*, *Academy of Management Review* and *Administrative Science Quarterly* with Strategy in their titles. By 1991 however what was renamed BPS (S being Strategy) was second only to OB (Organizational Behaviour), and it has remained so, with more submissions to the annual Academy conference than any other division (Hambrick and Chen 2005). By the same date the *Strategic Management Journal* had become one of the top five ranked management journals, all the major general management journals featured strategy papers heavily and there were professors of Strategy or Strategic Management in virtually all business schools.

During this time, however, the subject of Strategy became dominated by a concern for strategy as what organizations have and the evidence supporting the rationales of strategies. In this migration to the 'why' of strategy the subject has taken on a number of characteristics and lost others. The focus has very largely become 'the firm', not only substantively as a unit of analysis, but metaphorically; academics write in papers and talk in their lectures of 'the firm deciding' on a strategy, for example. People and what they do have gone missing. This has gone hand in hand with a tendency to assume that strategy is made or results from one-off decisions. This is so not only for those who study what strategies are (the 'content school') but also to a considerable extent amongst those who see themselves as part of the 'process school' and study strategic decision making and strategic planning. In fact we know that strategies are rarely the result of one-off decisions, but rather the outcome of quite complex processes. Nor can strategic decisions be regarded simply as being taken at the top of organizations and implemented down through a hierarchy, though in much of the strategy literature this is still often assumed. Further, despite the widespread acknowledgement of the bounded rationality of management decisions (Cyert and March 1963; Bromiley 2004), there has been a tendency to regard strategies as being decided upon through relatively formal structures and systems, with less attention given to the messiness of interpersonal relations and political processes. Those interested in Strategy as

Practice, on the other hand, recognize as an important foundation to the understanding of strategy practice the complexity of the processes that give rise to a strategy and the potential influence of many organizational members in doing so, not only through formal organizational processes but also in their more everyday activities.

Our intention is to refocus the subject on the 'how' question as it relates to strategy: to recover the old sensitivity to the real predicaments of people in their strategy making. This does not mean we wish to relegate the question of 'why'. But it does mean that we are seriously concerned about the practice of 'strategic management' or, if we need to differentiate ourselves, we are concerned with 'strategizing' (Whittington 2003) as the practice of managing strategy. In this we accept that the challenge for us is not just to aid managers in their strategic thinking, but to help improve strategic management practice.

In all of this we take a lesson from history. The Harvard Business Policy course, once a model throughout business schools, came to be accused of chronic inductivism and unwillingness to systematize. The Business Policy approach was supplanted in all the major business schools, including Harvard (Greiner, Bhambri and Cummings 2003). If Strategy as Practice is to influence either or both the academic world and the world of management, it has to be based on sound and convincing academic inquiry offering the kinds of systematic data and guidance expected now in both contemporary teaching and, especially, research. This is the motivation for this book. Our purpose is to provide scholars interested in Strategy as Practice with the conceptual base on which to develop their interest, the theoretical and methodological tools to consider how to design their research, and examples of published papers that might help them in this as well as show ways in which their work might be written up.

This chapter contributes to this purpose in several ways in the sections that follow. In the next section, we provide background on the development of Strategy as Practice and show its importance in the context of some other areas of strategy research. We then consider a particular characteristic of research in Strategy as Practice, the inevitability of plurality in terms of levels of analysis, the people involved as research subjects, the dependent variables of the research and the theories employed. The core of the chapter then provides a framework within which existing and future work can be located so as to suggest directions for future research. Building on this, there is then a brief section that provides conceptual clarity on some fundamental concepts.

The need for Strategy as Practice[1]

The concern of this book and the research with which it is concerned was initially defined in the Special Issue of *Journal of Management Studies* as 'an emphasis on the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes. Our focus therefore is on micro-activities that, while often invisible to traditional strategy research, nevertheless can have significant consequences for organizations and those who work in them' (Johnson, Melin and Whittington 2003: 3). Here we amend this definition for two reasons. First because we are interested in more than the literal meaning of 'day to day'; we are also interested in what people do more occasionally in board meetings, strategy away-days, or other episodes (Hendry and Seidl 2003) that contribute to strategy development. Also, because whilst our central concern is certainly with what people do in relation to strategy and therefore with what academics regard as 'the micro', our interest is also in the context in which they do it. We therefore conceive of Strategy as Practice as a *concern with what people do in relation to strategy and how this is influenced by and influences their organizational and institutional context.*

The centrality of human action and interaction within this definition requires us to make an overarching observation about our ontological position in relation to mainstream work in strategy. An underlying problem in the study of strategy is that, in seeking to meet the challenge of rigour posed in the late 1970s (Schendel and Hofer 1979), scholars have very largely drawn on theoretical positions unsuited to the understanding of the role of human action. Human action comes to be something that is deduced or assumed from findings or insights drawn from much more macro levels of economic or sociological inquiry: strategies are theorized as somehow disembodied. At the extreme, this is exemplified in the remark of a strategy colleague: 'I am interested in strategies, not what people do.' Because a practice-based perspective invites us to see strategies and strategizing as human action, as doing, and because it places human interaction at the centre, it takes a different ontological position from mainstream strategy research. Indeed we argue that the issue is not so much whether current theories or methods that

[1] This section of the chapter draws extensively on the arguments advanced in the introductory paper to the Special Issue of *Journal of Management Studies* (Johnson, Melin and Whittington 2003) that originally set out the case for what has become known as Strategy as Practice.

dominate management research are more or less appropriate. The more fundamental issue is that the placing of practice at the centre requires a fundamentally different view of what strategy as a subject is about. We now consider this in relation to some of the imperatives for taking such an approach.

The rationale

There are *economic*, *theoretical* and *empirical* reasons why we need to reassert a balance in favour of what people do in relation to the strategies of organizations. In this section we consider these.

First, from an *economic* perspective, markets are becoming more open, market entry more common, resources increasingly tradable, information more readily available, labour more mobile. A resource-based view (Barney 1986, 1991) suggests that as a consequence the transparent becomes a precarious foundation for competitive advantage. If sustainable advantage can be achieved and sustained it is likely this is because such advantage is lodged in the interactive behaviours of people in organizations that resource-based view (RBV) theorists sometimes refer to as 'micro assets' that are hard to discern and awkward to trade.

Moreover, there may be a shift to a more 'hypercompetitive' environment in which speed, surprise and innovation can be winning bases of competitive advantage (D'Aveni 1995; Brown and Eisenhardt 1997). Fast and innovative responses to competition require organizational decentralization, so that strategic decisions are taken, or strategic influence is exercised, by those who are close to customers or suppliers or to organizational skills (Zenger and Hesterley 1997; Whittington et al. 1999) and who may be more at the periphery of organizations than at their apex (Johnson and Huff 1997; Regnér 2003). This increasing pace of change has also tended to shift strategy making from well-defined systems of episodic planning and decision making into a much more continuous process (Eisenhardt and Brown 1999), rooted in more everyday practices and, again, involving more people throughout organizations. To understand what managing strategy entails in such conditions means that research has to address the activities of organizational actors in such contexts and how these influence strategic outcomes.

At the *theoretical level*, there are also reasons for more attention to be given to what people do in relation to strategy within organizations. For example the *resource-based view* has been critically examined for failing to deliver on its own micro premises. Priem and Butler (2001) argued that the definition of resources is typically all-inclusive and poor at discriminating between those

resources that managers can practically manipulate and those beyond their control. Paradoxically, most of the empirical research in the RBV tradition marginalizes the very activities, managerial or otherwise, that are central to its argument that the roots of superior performance lie in unique and hard to copy attributes of firms. Such attributes surely take the form of patterns of activities but there has been little empirical work that has explored just what form such activities take and how they contribute to the achievement of competitive advantage, if indeed they do. In so far as such work exists it relies heavily on the sort of abstract categorization of activities and practices we referred to earlier. Our focus on practices and activities is therefore potentially central to a RBV view of strategy.

There are other areas of theory that have become core to the strategy field for which much the same critique might be levelled. For example the debate about *dynamic capabilities* draws on evolutionary theory. Evolutionary theory has, at its roots, the importance of a variety of generating activities at the micro level that may have macro effects. Yet scholars rarely examine the roots of dynamic capabilities at such levels, relying instead on the more observable and often documented systematized routines or 'oversimplified behavioural foundations' (Gavetti 2005) of organizations that are actually themselves 'black boxes' of activities, the variations of which need to be understood at a more finely grained level (Feldman and Rafaeli 2002).

Institutional theorists acknowledge that they have tended to focus on 'the behavior of organizations as entities and the nature and effects of their formal and collective parts' (Tolbert and Zucker 1996: 75). The concern has tended to be on how individuals are captured within norms and rules, and the effects of that, as distinct from the role they play in creating such norms and rules. As Phillips (2003) has noted, this is regrettable since the acceptance by institutional theorists of a socially constructed world would suggest that institutional actors play a significant part in institutional processes. Indeed, so much is acknowledged by Barley and Tolbert (1997: 94): 'Actors create institutions through a history of negotiations that lead to "shared typifications" or generalised expectations and interpretations of behaviour.' Until recently, however, there has been a notable absence of studies that provide convincing explanations of the nature of such 'negotiations' or how they contribute to institutional change.[2]

The same need, to take more seriously what people do, is to be found in *empirical research* in relation to strategy. For example, in relation to the topic

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[2] For exceptions see Johnson, Smith and Codling 2000; Seo and Creed 2002; Maguire, Hardy and Lawrence 2004.

of *corporate diversification*: 'After nearly half a century of research, the advice
we academics can offer managers in designing and implementing their cor-
porate strategies is tentative at best. More than a hundred academic studies
have failed to determine if diversification enhances profitability or whether
related diversification outperforms unrelated diversification' (Grant 2002:
91). From a Strategy as Practice perspective this is not surprising since we
cannot or should not assume that apparent relationships judged to exist by
researchers are really exploited in practice. It was long ago pointed out by
researchers (Grant, Jammine and Thomas 1988) that progress in diversifica-
tion research requires more small-sample, fine-grained investigations capable
of capturing the activities of diversifying; in other words what people actually
do in diversifying their firms.

Similarly research on *corporate structures* has failed to establish clear per-
formance relationships, especially around the advantages of the multidivi-
sional structure and its fit with various diversification strategies (Whittington
2002). Again there has been a reliance on large-scale statistical studies and
measures that fail to differentiate between significant variations in structure,
for instance between various types of multidivisional structures (Markides
and Williamson 1996), and that are too static to pick up the continuous struc-
tural changes of contemporary business (Galunic and Eisenhardt 1994;
Brown and Eisenhardt 1997). If structures are in near continuous motion,
then we need a better appreciation of the activities involved in creating and
implementing structures – or more accurately in the activities of structuring.

However we are also concerned about research on what has become known
as *strategy process*. On the face of it this might seem strange. After all, surely
processes are to do with what people do. Moreover, we acknowledge that strat-
egy process research has opened up the 'black box' of the organization and rec-
ognized the importance of organizational politics (Pettigrew 1977) and
organizational tensions (Normann 1977). However, such work tended to be
at the fore in the 1980s and early 1990s. Increasingly 'process studies' have
come to be concerned with the systems and processes of organizations as
wholes as the units of analysis (Chakravarthy and Doz 1992; Chakravarthy
and White 2002), neglecting the practice that is *inside* such processes (Brown
and Duguid 2000).

For example *strategic planning* has long been seen as a central interest in
process studies of strategy. Yet for decades the research focus here was the search
for a relationship between the presence of such planning and performance
outcomes of the firm (Miller and Cardinal 1994), neglecting almost entirely
the detailed activities involved in such planning. It is hardly surprising that so

many contradictory findings resulted. Only recently have there been signs of an interest in asking more detailed questions of the planning process in organizations (Grant 2003). (In chapter 2 we take strategic planning as an example of how different theoretical lenses might inform research on the topic.)

Within the process tradition, research in the 1970s offered us detailed insights into the activities involved in *strategic decision making* such as those provided by the longitudinal case studies on resource allocation process by Bower (1982), the politics of investment decisions by Pettigrew (1973) or the clinical dissection of comparative decision processes by Mintzberg and his co-researchers (Mintzberg, Raisinghani and Theoret 1976). Hand in hand with the plea for greater research 'rigour', with few exceptions (e.g. Perlow, Okhuysen and Repenning 2002), research on strategic decision making has migrated to cross-sectional studies with the aim of providing categories of decision making modes (e.g. Papadakis, Lioukas and Chambers 1998; Wally and Baum 1994), sacrificing attention to what people actually do, indeed often doing away with managers altogether in the name of research convenience such as the use of MBA students in experiments (e.g. Bettenhausen and Murnighan 1985). Again there have been exceptions to this and, interestingly, these are the ones that tend to be more highly cited and influential. So, for example, Burgelman's (2002) account of Intel's evolving strategy has extended the work of Bower (1972); and Eisenhardt's (Eisenhardt and Bourgeois 1988; Eisenhardt 1989a) comparative case approach has contextualized and grounded more abstract insight into decision making. But these remain the exception rather than the rule.

Within the 'process field' one response in the 1980s and 1990s that sought a more rigorous base of understanding the role of individuals with regard to strategy was work on *managerial cognition.* The underlying rationale here was that individuals did indeed play a key role in strategy development, and therefore that understanding the way they made sense of strategic issues was important. This gave rise to a whole research agenda usefully summarized by Walsh (1995) and Hodgkinson and Sparrow (2002). However, the problems such research faced and faces in relation to the management of strategy take us back to the reasons for the practice-based view that we take.

A good deal of the early work on managerial cognition attended to how managers made sense of strategic issues; it therefore tended to privilege the individual. There are several problems here. First, it cannot be assumed that, because an individual or individuals make sense of a situation or a problem in a given way, that can be taken as a sufficient explanation for what they do. There are strong arguments to suggest that how people engage with an