

CHAPTER
1

Defining Open Strategy: Dimensions, Practices, Impacts, and Perspectives

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1.1 Introduction

Recent years have seen increasing initiatives involving more open strategizing. These initiatives, referred to as Open Strategy, imply greater transparency and/or inclusiveness in strategy processes (Hautz et al., 2017; Whittington et al., 2011). As such, Open Strategy forms part of a larger societal trend toward greater degrees of openness in all domains of life – such as Open Innovation (Chesbrough, 2003), Open Source Software (von Hippel & von Krogh, 2003), Open Government (Janssen et al., 2012), Open Data (Huijboom & van den Broek, 2011), and Open Science (David, 1998). By comparison with some of these domains, research on Open Strategy is still nascent. While substantial theoretical groundwork has been laid, and both qualitative and quantitative studies are now appearing, there remain significant opportunities for more research on what is a fast-developing and wide-ranging set of initiatives. Given this breadth, we identify the key dimensions, practices, and impacts of Open Strategy, and propose promising theoretical perspectives capable of building cumulative knowledge regarding these. We also guide researchers by offering a practical definition that sets boundaries on the phenomenon.

Transparency and inclusion in strategy are not entirely new phenomena. In terms of inclusion, there has been a long-standing debate on procedural justice in strategic decision making (Korsgaard et al., 1995; Kim & Mauborgne, 1998); for many years, researchers have explored the distinctive benefits of including middle managers in strategy making (Westley, 1990;

Wooldridge & Floyd, 1990); and there is also a well-established discussion on the strategic potential of “stakeholder engagement” (Henisz et al., 2014). Strategy scholars have also advanced models and concepts whereby unconventional thinkers or traditionally peripheral employees could be included in strategy making in order to bring more creativity and foresight to the process (Hamel, 2000; Regnér, 2003). In terms of transparency, prior strategy scholarship has underscored the advantages of improved communications to shareholders and other interest groups in order to foster greater support for companies’ strategies (Rindova & Fombrun, 1999). Disclosure of strategic information has also been an important aspect in the corporate governance debate (Forker, 1992; Bini et al., 2016). Hence, in some sense, Open Strategy embraces a variety of older developments and debates, offering researchers the opportunity to recombine earlier insights in novel and insightful ways (Dobusch et al., 2017).

However, recent Open Strategy initiatives do mark a distinctive step in terms of their drivers and, consequently, their likely extent. Contemporary information and communication technologies (ICT), especially social media (Faraj et al., 2016), have provided a radical stimulus toward greater openness. Thus, ICT has made it possible not only to communicate strategically relevant information more widely, more comprehensively, and in a timelier manner, but allowed for the inclusion in strategic conversations of larger groups of audiences in more effective ways (Baptista et al., 2017; Neeley & Leonardi, 2018). At the same time, there have been new

nontechnological drivers for greater strategic openness: for example, societal pressures from consumer and shareholder activists, growing cultural resistance to hierarchical forms of control, and a widespread dissolving of organizational boundaries (Whittington, 2019). Organizational responses to these pressures have sometimes been proactive, sometimes merely reactive (Haefliger et al., 2011). But in any case, new technological capabilities and societal, cultural, and organizational changes together support a general spread of strategic openness that goes beyond isolated experiments by individual organizations.

As these introductory remarks indicate, Open Strategy is a varied phenomenon. It has different dimensions, it involves a wide range of practices, and it might be pursued for different reasons. In the following we will take a closer look at the concept of Open Strategy with the aim of providing a clearer delineation of the phenomenon and its various manifestations. The first section features a discussion of the different dimensions and sub-dimensions of Open Strategy: these allow us to draw clear boundaries around the phenomenon. In the second section, we provide an overview of the different practices of Open Strategy described so far in the literature, organized along the two dimensions of transparency and inclusion. Following that, the third section elaborates on the various impacts of Open Strategy, both benefits and challenges. In the fourth section, we offer a short overview of how Open Strategy is approached from different theoretical perspectives, highlighting particularly practice theory, stakeholder theory, sensemaking, communications theories, institutional theory, and information-based views. These perspectives suggest promising programs of further research.

1.2 Dimensions of Open Strategy

The term “Open Strategy” with its current meaning was first introduced in an article by Whittington et al. (2011). These authors described the empirical trend toward more “openness” in strategy making, which they compared to the contemporary interest in Open Innovation, with its openness to

knowledge flows from outside the organization’s own boundaries (Chesbrough, 2003). Open Strategy was defined as “an openness in terms of inclusiveness, in other words the range of people involved in making strategy; and an openness in terms of transparency, both in the strategy formulation stage and, more commonly, in the communication of strategies once they are formulated” (Whittington et al., 2011: 532). As with Open Innovation, both inclusion and transparency could go beyond organizational boundaries. The authors contrasted Open Strategy with two influential traditions in strategy research: on the one hand, Chandler’s (1962) sharply exclusive strategy processes, with his emphasis on top management objectivity and control; on the other, Barney’s (1991) Resource-Based View, preferring secretiveness to transparency for fear of imitation by competitors in the marketplace. Whittington and colleagues emphasized that openness and closure should not be understood as a binary phenomenon but as a continuum. As is the case for Open Innovation, strategy making can be more or less open; that is, more or less transparent and more or less inclusive. Building on this definition, subsequent work has elaborated on each of these two dimensions. Transparency and inclusion each have further subdimensions.

With regard to transparency, Whittington et al. (2011) focused primarily on the range of internal and external audiences with access to strategic information. Accordingly, strategy processes are more transparent the larger the number of audiences to whom strategic information is made available. Dobusch et al. (2017) refer to this as the social dimensions of transparency. However, Dobusch and colleagues point out that in addition to the range of audiences, the degree of transparency also hinges on the selectivity of the content disclosed; they refer to this as the factual dimension of transparency. An organization might be high on one of these dimensions but low on the other, such as when it reveals a very small part of its strategy to all interested audiences or, vice versa, when it reveals all strategic information just to a restricted set of audiences. We concur, and add that strategic information is contextual such that over time and embedded within a strategy process,

strategic information can be revealed selectively across audiences. For example, while the organization may reveal to a broad audience extensive information on the markets it wants to enter and the products it intends to offer, information on a planned acquisition may be shared only with those vitally involved in order to prevent undue reactions in the stock market (see Sinatra et al., 2016).

With regard to inclusion, again Whittington et al. (2011) concentrated on the range of invited stakeholders. However, there are other important subdimensions as well. One important subdimension of inclusion is qualitative. Thus, Hautz and colleagues (2017) highlight the conceptual distinction between participation and inclusion put forward by Quick and Feldman (2011): “Participation,” they explain, “is lower-strength: it is concerned with the gathering of stakeholders’ input in terms of ideas and information. . . . Inclusion is deeper, entailing the creation and sustaining of a community of interacting stakeholders” (Hautz et al., 2017: 301). This terminological distinction suggests a second subdimension to inclusion: the qualitative depth of involvement, beyond the simple numbers involved. Here inclusion is deep in terms of involving stakeholders in ongoing, frank, and mutually respectful conversations about strategy. Depth implies reciprocal learning among participants over extended periods of time.

We shall go further and suggest a third subdimension of Open Strategy: the degree to which participants are involved in actual strategic decision making. The original definition of Open Strategy underlined that inclusion did not necessarily imply the transfer of decision rights, though it did not disbar it (Whittington et al., 2011). However, Dobusch et al. (2019) point out that the very notion of openness is often associated with democratization (see, for example, Stieger et al., 2012, who speak of “democratizing strategy”), which in turn implies some decision-making authority. Dobusch et al. (2019: 348) write: “taking the roots of openness into account, democratic decision-making is one of its irreplaceable pillars (Armbrüster & Gebert, 2002; Popper, 1966). Therefore, we identify decision making as an

essential criterion for evaluating the openness/closure of organizational strategy-making processes labelled as ‘open.’” We accept that decision-making rights are a relevant aspect of openness but treat them as contingent – sometimes important, sometimes absent. Nonetheless, the presence of decision-making rights potentially extends inclusion to a still more powerful level. Inclusion can therefore be seen as involving a continuum, from the strongest form of “democratic” decision rights, through Quick and Feldman’s (2011) continuous community of interacting stakeholders, to weak forms of participation such as occasional consultations. We therefore treat inclusion as a comprehensive concept, embracing a wide range of more or less radical degrees of openness: numbers, range, depth, and decision making.

Indeed, there is one more subdimension to add. As well as subdimensions specific to either transparency or inclusion, Dobusch et al. (2019) propose a further subdimension relevant to both, which they refer to as “procedural” openness. By that they mean the extent to which the structures and rules of transparency and inclusion are themselves open for discussion or rather are simply pre-given. In some cases, strategy processes are open in the sense that the relevant stakeholders can determine themselves how they participate in the strategy process and which strategically sensitive information they get access to. In some cases, transparency and inclusion are on stakeholders’ own terms. Very often, however, transparency and inclusion are carefully designed and controlled by top management. Openness is on ration.

Summing up these discussions of transparency and inclusion, Table 1.1 provides an overview of the various dimensions and subdimensions of Open Strategy. It is important to recognize that these dimensions and subdimensions are more or less independent of each other. The degree of openness in the different dimensions displayed in Table 1.1 might not be aligned. For example, Yakis-Douglas et al. (2017) describe organizations with open strategy making on the transparency dimension, while being closed on the dimension of inclusion. In addition, there might also be variations in the degree of openness across the subdimensions of openness. Thus, Seidl and Werle

Table 1.1 Dimensions of Open Strategy

Primary dimensions	Subdimensions
Transparency	Number/range of audiences Number/range of audiences Number/range of topics disclosed Openness of transparency procedures
Inclusion	Number/range of constituencies Depth of involvement Scope of decision-making rights Openness of inclusion procedures

(2018) describe a strategy process that involved a small range of external audiences, with deep involvement in the strategy making and high degree of procedural openness, but without any decision-making rights. Dobusch and colleagues (2017; 2019) argue that some degree of closure in some subdimensions is necessary in order to make possible higher degrees of openness in the other subdimensions. Complete openness in all dimensions would exaggerate complexity in organizational processes, to the point where Open Strategy making would cease to be efficient and/or effective.

In addition to variations among the different subdimensions, researchers have also highlighted that the degree of openness might change over time or across different phases of the strategy process, e.g., across environmental scanning, analysis, alternative development, strategic decisions, and implementation. For example, the degree of openness in the different dimensions often varies between the idea generation phase, the initiative development phase, and strategic integration phase (Dobusch et al., 2019). We also find inherent dynamics in the degrees of openness in the different subdimensions. Hautz et al. (2017), for example, describe how higher degrees of openness in some dimensions might lead to pressures for opening up also in the other dimensions. Gegenhuber and Dobusch (2017), in turn, describe how degrees of openness might change across the life cycles of companies. In short, Open Strategy is a multidimensional and dynamic set of practices.

This discussion of Open Strategy's various dimensions allows us to develop a definition that is both comprehensive and sets boundaries with

both traditional strategy theories and related concepts such as Open Innovation. Building on Hautz et al. (2017), we propose that Open Strategy constitutes a dynamic bundle of practices that allows strategic transparency and/or inclusion to internal and/or external actors going beyond senior management and their immediate advisers. Relative to Whittington et al.'s (2011) earlier definition, this bundle of practices is more concerned for other aspects than just the range of people involved. Practices can involve greater openness on any of the subdimensions described previously, and can come in varying strengths: inclusion, for example, ranges from democratic decision rights to occasional participation. Open Strategy thus departs from both the traditional elitism of Chandler (1962) and the reflexive secrecy of the Resource-Based View (Barney, 1991), at least in their strongest forms. It is also distinct from Open Innovation, conventionally understood as involving both internal and external ideas, as well as internal and external paths to markets (Chesbrough, 2003). Innovation is just one of the strategies that Open Strategy might be concerned with. Open Strategy involves outward transparency, not only inward porosity. Unlike Open Innovation, Open Strategy allows for the conceding of decision rights. In sum, Open Strategy is an eclectic but distinctive set of practices, offering strong contrasts with established perspectives in the strategy field.

1.3 Practices of Open Strategy

As the preceding section makes clear, Open Strategy varies in degree across many conceptual dimensions and subdimensions. This variety can also be found in the empirical practices of Open Strategy, some allowing just incremental amounts of additional information to employees, others providing platforms for large-scale participation by both internal and external stakeholders. We shall describe these practices of Open Strategy along the two key dimensions of transparency and inclusion (see also Table 1.2). As discussed previously, both transparency and inclusion can vary in terms of

Table 1.2 Overview of Studies

Study	Primary dimensions	Practices	Main impacts	Primary perspectives
Amrollahi & Rowlands (2017)	Inclusion	Crowdsourcing among stakeholders	Information gathering and knowledge building	No specific
Aten & Thomas (2016)	Inclusion and transparency	Crowdsourcing from internal and external stakeholders using online gaming technology	Legitimacy; information gathering and knowledge building	Communication-as-constitutive-of-organization (CCO); technology affordance perspective
Bjelland & Wood (2008)	Inclusion	Innovation Jam (online platform)	Innovation; information gathering and knowledge building	No specific
Denyer et al. (2011)	Inclusion and transparency	Various technology driven forms (wikis, web-based communities, social-networking sites, blogs)	Implementation; commitment challenges	Sociotechnical perspective
Dobusch et al. (2017)	Inclusion and transparency	Various practices	Excessive complexity	Communication theory
Dobusch et al. (2019)	Inclusion and transparency	Strategy wiki software	Gathering information and knowledge building; legitimacy; commitment challenges	No specific
Eppler & Platts (2009)	Inclusion and transparency	Visual practices (PowerPoint presentations, etc.)	Gathering information and knowledge building; implementation; legitimacy	No specific
Gegenhuber & Dobusch (2017)	Inclusion and transparency	Blog-based interactions with internal and external audiences	Legitimacy	Impression management
Hardy et al. (2006)	Inclusion	Interorganizational collaboration	Gathering information and knowledge building; commitment challenges; excessive complexity	Collaborative decision making
Hautz et al. (2017)	Inclusion and transparency	Various forms	Gathering information and knowledge building	Network theory
Heracleous et al. (2018)	Inclusion	Strategy wiki software	Gathering information and knowledge building; implementation	Dialogic perspective
Hutter et al. (2017)	Inclusion	Online crowdsourcing among employees	Gathering information and knowledge building; innovation; commitment challenges	Social exchange theory (organizational sense of community)
Luedicke et al. (2017)	Inclusion and transparency	Emailing list among employees as the primary platform	Gathering information and knowledge building; legitimacy; excessive complexity; commitment challenges	Practice theory
Mack & Szulanski (2017)	Inclusion	Collaborations in projects, workshops, and meetings	Information gathering and knowledge building; legitimacy; exposure of sensitive information	Practice theory

Table 1.2 (cont.)

Study	Primary dimensions	Practices	Main impacts	Primary perspectives
Malhotra et al. (2017)	Inclusion	Crowdsourcing among stakeholders	Gathering information and knowledge building; commitment challenges; excessive complexity	Information processing theory
Mantere & Vaara (2008)	Inclusion	Strategy discourse	Legitimacy	Discourse theory
Neeley & Leonardi (2018)	Inclusion	Nonwork interactions on social media	Gathering information and knowledge building; commitment challenges	Knowledge-based theory of the firm
Pittz & Adler (2016)	Inclusion and transparency	Multisector social partnerships	Gathering information and knowledge sharing; commitment challenges; legitimacy	Stakeholder theory
Schmitt (2010)	Inclusion	Collaborations in workshops and meetings	Innovation; information gathering and knowledge building	Actor-Network Theory; negotiated order theory
Seidl & Werle (2018)	Inclusion	Interorganizational strategizing through workshops and meetings	Gathering information and knowledge building; commitment challenges	Sensemaking
Stieger et al. (2012)	Inclusion and transparency	Online crowdsourcing among employees	Innovation; information gathering and knowledge building; implementation; commitment challenges	Knowledge-based theory of the firm
Teulier & Rouleau (2013)	Inclusion and transparency	Collaboration in workshops and meetings	Information gathering and knowledge building; commitment challenges; excessive complexity	Sensemaking
Whittington et al. (2011)	Inclusion and transparency	Online platforms, blogging, presentations, workshops, and meetings	Information gathering and knowledge building; innovation; legitimacy; implementation; exposure of sensitive information	Sociology of professions
Whittington et al. (2016)	Transparency	Strategy presentations and updates	Legitimacy; exposure of sensitive information	Impression management
Whittington (2019)	Inclusion and transparency	Online platforms, presentations, workshops, and meetings	Information gathering and knowledge building; legitimacy; implementation; talent development; commitment challenges	Institutional work
Yakis-Douglas et al. (2017)	Transparency	Voluntary disclosure of information through press and media releases	Legitimacy; exposure of sensitive information	Information asymmetry theory

subdimensions such as audiences or topics. Transparency does not necessarily imply inclusion, though inclusion does typically require some initial transparency regarding strategic challenges at least. On the other hand, inclusion may be quite

opaque with regard to final decision making. As many of these practices rely heavily on new technologies, they are likely to be highly dynamic, with their continuing development calling constantly for further research.

Nonetheless, the transparency dimension is often pursued through quite traditional technologies. Eppler and Platts (2009) discuss how managers may overcome employees' limited familiarity with issues by communicating strategies visually with PowerPoint slides or even paper flipcharts. The voluntary strategic disclosures of firms taking part in mergers and acquisitions involve conventional media releases, albeit circulated electronically to shareholders, analysts, and other concerned parties (Yakis-Douglas et al., 2017). Chief executives typically give their strategy updates, reviews, and presentations to financial analysts physically assembled in a conference room, though proceedings may be live streamed to wider audiences (Whittington et al., 2016; Wenzel & Koch, 2018). A more innovative form of transparency is the strategy blogging by some chief executives, especially in high tech environments (Gegenhuber & Dobusch, 2017). Blogging technologies facilitate more continuous and spontaneous communications on strategy, by contrast with episodic disclosures or updates, and they typically allow for greater interaction with their audiences.

Inclusion too varies widely in its reliance on new technologies. When Shell undertook an open strategizing project in the 1990s regarding a potential gas field development in Peru, it engaged stakeholders from the local community via a conventional series of physical workshops and roundtables (Schmitt, 2010). Shell's GameChanger innovation strategy workshops made a merit of physical technologies, with the storyboards arranged along the meeting room walls allowing for intimate and informal conversations between senior managers and the company's technologists (Whittington, 2019). Physical copresence via workshops or extended meetings is also important for the bringing together of executives for interorganizational strategizing (Seidl & Werle, 2018; Teulier & Rouleau, 2014). Seidl and Werle (2018) describe a series of interorganizational workshops that stretched over six years and brought together as many as forty individuals from twelve different organizations. Project teams and internal surveys are other conventional practices of employee participation and inclusion, as described by Mack and Szulanski (2017).

However, new technologies do allow a radical widening of the number and range of participants that can be included in strategy. One technologically simple extension of conventional inclusion is the email conversations undertaken within a small drinks company, permitting all stakeholders, even external distributors, to contribute on strategic issues such as new products and diversification (Luedicke et al., 2017). As a continuous and accessible form of inclusion, email conversations facilitate extensive interaction on strategy but, as Luedicke et al. (2017) found, are liable to exhaust participants. Online platforms can be designed to provide more constrained but practical environments, facilitating the crowdsourcing and debating of strategic ideas with very large groups both internally and externally. IBM's 2006 Innovation Jam was open to 150,000 employees, family members, business partners, clients (from 67 companies), and university researchers, and received more than 46,000 ideas (Bjelland & Wood, 2008). It was however confined to just two bursts of three days each. The internal crowdsourcing at the Austrian engineering firm Bachman comprised just two weeks of *Dialogtage* (Stieger et al., 2012). On the continuum of inclusion from the democratic to the occasionally participative, these occasional exercises in openness fall at the weaker end.

Online platforms can allow voting on crowdsourced ideas, as with Siemens' consultations on its sustainability strategy, which drew in more than 3,000 active participants (Hutter et al., 2017). The US Navy used a thumbs-up ranking system within an online game platform when crowdsourcing ideas from employees, academics, and industry partners for its 2013 strategic plan (Aten & Thomas, 2016). However, final decisions are typically reserved within traditional hierarchies. At Siemens, a senior management jury reporting directly to the company's board finally selected the winning concepts according to predefined criteria such as relevance and feasibility. Winners received funding and resources for prototypes, projects, and planning, but not for definite new business launches. At the US Navy, game masters exercised influence and control behind the scenes. Thus, although online platforms can massively extend inclusion beyond the physical boundaries of

workshops and meetings, they do not necessarily increase inclusion with regard to the subdimension of decision-making rights.

Indeed, online platforms can be particularly closed with regard to the procedural subdimension. Designs are subject to inbuilt technological limits and platforms are increasingly sold as standard packages. Thus, IBM's jams are now part of the company's consulting offer (Whittington, 2019), while Microsoft markets its Jive collaborative software as simply another product in its range (Neeley & Leonardi, 2018). Senior managers will select from available online platforms and negotiate tweaks in their features, but they are generally choosing from within a predetermined menu. Nonetheless, online platforms can gain flexibility in at least two ways. First, they are typically surrounded by a series of more or less traditional physical meetings and project groups. As at Barclays Bank, which supported its jams by bringing together large groups of managers in "agora" on the analogy of the ancient Greek marketplace, these physical mechanisms are subject to more flexible design (Whittington, 2019). Thus, even inflexible technologies can be flexed via the physical processes that generally surround them. Second, online platforms may be subject to the vagaries of human use, as with the unintended consequences and dynamic adaptation of behaviors described by Neeley and Leonardi (2018). In this light, standard online platforms are liable to some emergent procedural openness over time: technologies are always "technologies-in-use," rather than precisely as designed (Orlikowski, 2000).

1.4 Impacts of Open Strategy

As a scientific field, strategic management has always been torn between prescriptive advice based on normative models, and descriptive theorizing concerned with fundamental mechanisms. Practically oriented scholars and consultants have often been quick to identify and endorse new strategic phenomena, while academically oriented scholars have followed up with more independent theorizing and systematic evidence for and against. While our concern for Open Strategy as a set of

managerial practices could leave the reader with an impression of a normative research program, our purpose here is to propose critical research on a phenomenon that is novel, growing, and constantly changing. We do not expect its progress to be smooth or free of unintended consequences. In the following, we therefore propose some likely key impacts of Open Strategy – both benefits and challenges. The points we raise are intended to inspire an inquiring approach to future theorizing and research on Open Strategy, rather than to set a final and exhaustive list of research imperatives.

At least five potential benefits can be attributed to Open Strategy. These five benefits are considered in many of the studies listed in Table 1.2, but all deserve further investigation. The first of these benefits lies in the greater access to information and knowledge gained by including a broader set of stakeholders in the strategy process (e.g., Amrollahi & Rowlands, 2017; Malhotra et al., 2017). Valuable knowledge tends to be widely distributed within organizations, embedded in the disparate activities in which internal and external stakeholders are engaged (Tsoukas, 1996). While top management may have a broad understanding of strategic issues facing the organization, strategic decision making often requires detailed information on operational and specific concerns that are remote from the organizational center (Regnér, 2003). By carefully including a wide variety of stakeholders from around the organization and outside, top management can gain firsthand access to such otherwise inaccessible information. In other words, Open Strategy can convey an information advantage. But the achievement of this advantage is unlikely to be costless. The research agenda here is likely to be large but starts with fundamental questions such as the conditions under which Open Strategy yields the greatest information advantages, the most appropriate Open Strategy practices for winning these advantages, and the means for mitigating any costs involved.

Second, Open Strategy is often assumed to deliver benefits in terms of implementation (e.g., Denyer et al., 2011; Stieger et al., 2012). In this view, strategies are often poorly executed due to middle-level managers' inadequate understanding of the logic of strategic decisions (Guth &

MacMillan, 1986). Many strategies never take full effect. Open Strategy is rooted in the idea that by involving them in strategy making, middle managers may develop a more complete and robust understanding of the strategies they will be commissioned to implement. They will be better able to communicate strategic logics to their teams, interpret general policies in local contexts, and improvise in the face of the unplanned (Balogun & Johnson, 2004). In this view, the more transparent the logic informing the strategy, and the more that middle managers have actually engaged with the making of this strategy, the better the likely implementation. There are good theoretical grounds for accepting these arguments in favor of Open Strategy for implementation, but empirical research here is still lacking. At a minimum, we need more case studies of the impacts of Open Strategy on strategy implementation.

A third claimed benefit of Open Strategy is legitimacy (e.g., Gegenhuber & Dobusch, 2017; Mantare & Vaara, 2008; Yakis-Douglas et al., 2017). Scholars have long pointed out that strategy making is not merely a structured decision-making activity, but rather a fundamental and interpretative process, reliant on language, trust, information, and awareness. Hence, in order to have an observable impact in organizations, strategy needs to be collectively legitimized by top managers, middle-level managers, and other organizational members (Neilsen & Rao, 1987; see also Suddaby et al., 2017; Suchman, 1995). By including a broader set of stakeholders in strategy making, Open Strategy may form the basis for building such legitimacy (Morton et al., 2018). Similarly, by increasing confidence, transparency regarding future strategy can increase stakeholders' willingness to invest, not only financially but also, potentially, in terms of effort (Whittington et al., 2016). Furthermore, through enhanced transparency and by sharing strategically relevant information with external stakeholders, organizations may also to some extent shape the institutional environment to which they belong, including the building of social acceptance or the influencing of government regulations (Uzunca et al., 2018). Legitimacy however is a slippery thing. Open Strategy initiatives may be seen by stakeholders as manipulative

attempts at co-optation on the part of senior managers – “cheap talk,” in the terms of Whittington et al. (2016). The legitimacy impacts of Open Strategy are an area particularly in need of careful and skeptical investigation.

Fourth, Open Strategy is vested with powers of innovation, challenging business-as-usual (e.g., Bjelland & Wood, 2008; Schmitt, 2010). In this view, top managers are seen as liable to coherent but conservative “cognitive models” of their organizations, which come to underpin the stream of resource allocation decisions over time. Such models are often referred to as top management's “dominant logic” (Prahalad & Bettis, 1986). While bringing coherence, dominant logics can also stifle learning, reinforce biases, filter out unfamiliar information, and hence threaten effectiveness of strategy making (Bettis & Prahalad, 1995). Open Strategy promises one potential solution to this strategic conservatism. By making the strategic process more transparent and including a wide variety of organizational members, the historical pattern of strategy making in the organization may be scrutinized, questioned, debated, and reinterpreted. Openness is supposed to improve strategic decisions by including a broader set of perspectives on the organization's *raison d'être*. As diverse groups of organizational members and nonmembers engage in the interpretation and conceptualization of the business, novel and dynamic dominant logics may emerge. Of course, entrusting innovative thinking to traditional outsiders is to ignore significant constraints, for example differences in power, thresholds of competence, and the means of their selection (or self-selection). The research agenda here starts with who to mobilize, and how to empower, in order truly to challenge conservatism.

A fifth benefit sometimes attributed to Open Strategy is the identification of strategy talents within and outside the organization (e.g., Whittington, 2019). By including a wider range of people, managers can become aware of hitherto peripheral individuals whose passion and gifts for strategic thinking make them potentially valuable resources for strategy making. From prior research on Open Source Software development (Harhoff & Lakhani, 2016), we know that many software firms

such as Google or IBM set up development contests to identify and recruit talented individuals to this type of work. Open Strategy is similar, admitting new actors into the strategy conversation at the highest echelons of the firm. To the extent that Open Strategy implies a meritocracy of ideas (Whittington, 2019), it should also allow hidden talents to emerge and advance. Within hierarchical organizations, of course, this meritocratic ideal may be naïve. Research on the talent benefits of Open Strategy needs to explore the conditions for the genuinely meritocratic advancement of ideas and people, not taking for granted organizational claims to openness.

While Open Strategy may be associated with several potential benefits, we also underscore at least four possible challenges, each deserving further investigation. First, transparency comes with risks. In line with the Resource Based View (Barney, 1991), managers may expose competitively sensitive information, e.g., regarding current market explorations, ongoing product development projects, or potential alliance partners (e.g., Mack & Szulanski, 2017; Whittington et al., 2016). Such exposure may be unintended by managers, for example when included by mistake in a larger batch of information shared with stakeholders or when managers do not fully comprehend the potential competitive relevance of information. A challenge faced by managers is determining what information needs to be revealed for substantive openness, and what information must be withheld in order to protect sources of competitive advantage. Here research on Open Innovation provides a model. As shown in prior research on crowdsourcing in the field of open innovation (Viscusi & Tucci, 2018; Appleyard & Chesbrough, 2017; Chapter 4), striking the right balance in information revealing is an arduous task. For example, when working with an information intermediary (e.g., InnoCentive), many firms hold back information from the crowd of solvers, in order not to reveal anything about the core technologies under development. While nonrevealing protects the firm's future potential competitive position, it leads the solver crowd to generate solutions that do not fit the firm's technological problem, and hence advance the

technology (Sieg et al., 2010). A pressing topic for Open Strategy research therefore is the appropriate balance between the proprietary and the transparent, and the conditions that determine this.

A second kind of challenge deserving further investigation is the risk of stakeholder pressure on the strategic “reference points” within an industry. Fiegenbaum et al. (1996) developed the concept of strategic reference points by which organizations assess their internal capabilities, external conditions, and performance. Recently, the idea of reference points has been expanded to the domain of social performance. In the spirit of Open Strategy, organizations can be expected to negotiate key reference points for social action with their stakeholders, e.g., in terms of corporate social responsibility or citizenship behavior (Nason et al., 2018). A challenge for an organization is how to respond to stakeholders' demands during and after such negotiations. By being included, stakeholders are liable to obtain information that makes them more powerful in insisting on agreed reference points even after the strategy work has been completed. In other words, Open Strategy can make organizations more vulnerable to ongoing stakeholder pressure. Research here should focus on how transparency and inclusion shift the balance of power among stakeholders, and the extent to which occasional episodes of Open Strategy have persistent effects.

The third challenge arises from the complexity introduced by Open Strategy (e.g., Hardy et al., 2006; Malhotra et al., 2017). Strategy scholars have become increasingly aware of the difficulties, barriers, and complexities involved in formulating strategy problems clearly and effectively (Baer et al., 2013; von Hippel & von Krogh, 2016). Including many diverse stakeholders in strategy processes may undercut efforts to identify the most relevant and pressing strategic problems, typically heterogeneous and ill-structured enough already. By opening up the strategy process to many individuals and groups, each with viewpoints and vested interests of their own, the necessary focus on the organization's core strategic problems may easily be lost. Thus, research is required to understand when the additional complexity introduced by opening up the strategy process is