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Thinking of strategy in a postmodern way

Towards an agreed paradigm

Part 1

- *The first part of this article explores the assertion that strategic theory, is inchoate and incomplete, and hence consistent with the conditions of a 'pre-paradigm' first described by Thomas Kuhn (1970).*
- *The article exposes the conflicting definitions and positions held by some of the strategy gurus and, taking a methodological stance, relates these positions to the ideas of paradigms and pre-paradigms developed by Kuhn in his work on scientific revolutions.*
- *The second part of the article to be published in the next edition of the journal, will examine the idea of postmodernism and show how a postmodern style of thinking might help the development of a new strategy paradigm.*

'We do not apologize for contradiction among the ideas of leading thinkers; the world is full of contradictions. The real danger lies in using pat solutions to a nuanced reality, not in opening up perspectives to different interpretations.

The effective strategist is one who can live with contradictions, learn to appreciate their causes and effects, and reconcile them sufficiently for effective action.' (Mintzberg *et al.*, 1995, p. x)

'... it is reasonably possible to be sceptical about whether what we learn about the world is, in fact, the way the world is.' (Hughes, 1990, p. 7)

I. Becoming an explanation

The purpose of this paper is to bring to a wider audience a discussion about the state of strategic theory, and through some careful argument, warn managers not to rely unthinkingly on strategic theory to inform or shape their decisions.[1]

The substantive argument is that our knowledge about the meaning and scope of 'strategy'[2] is incomplete and muddled because 'strategy' research and writing fails to meet the conditions of normal science as described by Kuhn (1970). In this argument, rather than

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*'Strategy' research
and writing fails to meet
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normal science*

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practising normal science, researchers and theorists have approached 'strategy' from different traditions and different directions.

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[1]As other writers have pointed out, it is important to distinguish the acquisition and schooling in 'formal' theories such as Porter's theory of competitive advantage, from 'informal' theories which each of us creates in order to explain the world to ourselves and others. This paper is concerned only with the former type: the development and application of formal theories concerning business strategy.

[2]'Strategy' appears in quotes when readers are being invited to interpret the term problematically—i.e. where the term permits an ambiguous abstract interpretation, and/or it permits ambiguous interpretation in practice (cf. Antonio and Kellner, 1994, p. 134 on Weber).

As a result, there is no unifying paradigm: there is no common agenda about what's important; no common ground about the methodologies which are legitimate and appropriate. In summary, at best 'strategy' is in a pre-paradigmatic state (Kuhn, 1970, p. 10), when rival schools of thinking, methodologies, and solutions are offered to researchers and practitioners alike, without regard for the consequences.

Why bother?

Ironically, the condition of 'strategy' is well concealed by its hype (Eccles *et al.*, 1992), and lies in stark contrast with the unthinking reliance on the (new) ideas of strategic thinkers, and the techniques of strategic analysis. The telling story of the launch, damaging impacts and subsequent re-evaluation of business process re-engineering (BPR) (Hammer and Champy, 1993; Champy, 1995) surely flags up the limitations of strategic theory, and the haste and naiveté of those who adopted and still adopt the technique.

But the BPR story gives weight to other concerns. One is the associated argument (cf. Alvesson and Willmott, 1996) that management is too important to be left to managers alone; that there is a moral responsibility of those who develop strategic theory, and those who practise strategic management, to acknowledge the limitations of the discipline, and to advise and act accordingly. Unfortunately this moral responsibility is often lost in the urgency to act—and the need to be seen to be acting.

A second concern arises from the tendency of human beings to want to generalize from the particular; to make claims that something has general applicability; to adopt someone else's successful practices without regard to the real possibility that the contexts and contingencies of their success are not transferable.

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*Human beings generalize
from the particular*

The tendency to generalize from past practice and believe in the possibility of generalized solutions has caused hideous problems in social science, probably none more so than the belief that Keynes' (1936) General Theory was just that . . . rather than, as we now judge, a special case related in part to the context of his work.

These philosophical matters have real consequences. Unless writers and managers begin to attend to some of the philosophical issues relating to the discovery, development and focused application of knowledge, we will see 'strategy' devalued in much the same way as the nature and scope of planning have been displaced and redefined (Mintzberg, 1994).

The becoming of a paradigm

In proposing that strategy is in a pre-paradigmatic state, a parallel argument is that strategy theory and strategy practice, like much of management, unthinkingly relies on the rational managerial model (cf. Peters and Waterman, 1982) which is derived from the positivist tradition of the natural sciences (Hughes, 1990), and consistent with the modernist project.

From Fordism to Thatcherism, the manager's right to manage is based on a modernist ideology (cf. Eagleton, 1991); an ideology which reifies the rights of management and capital, subverts the rights of individuals, copyrights the human genome (Baudrillard, 1994, p. 119) and, as Handy (1994) so eloquently expresses, commodifies everything else in sight . . . even time.

The modernist stance provides people with the illusion of certainty and stability, and the dualities of cause and effect. By objectifying management, managers become de-humanised; by objectifying organizations, organizations become de-populated, existing abstractly without regard for people. In modernism we are faced with the 'disappearance of man' (Dickens and Fontana, 1994. p. 5).

The modernist project has therefore failed to treat the world as 'we' experience 'it'. This ontological proposition, for that is what it is, can be rectified by taking a different style of thinking (Chia, 1995). This is a style of thinking which prioritizes processes rather than structure; one which acknowledges the essentially emergent nature of our experience, where complex dynamic relationships continuously shape and reshape our future, and where our use of words—our use of language—shapes our perceptions of what we are and what we can do and become.

Postmodernism as a style of thinking

The second theme of this paper therefore concerns the implications of postmodernism for the becoming of a paradigm and hence the possible (re-) development of strategic theory and practice. Such a project is undoubtedly challenging, not least because the idea of postmodernism is multidisciplinary, incomplete and shapeless, with several equally 'valid' meanings and interpretations being held simultaneously. It is challenging too, because postmodernism offers a totally different way of thinking—a thinking which isn't so much 'upside-down' or unreasonable (cf. Handy, 1993), but more like thinking 'inside-out'!

Thinking of strategy in a postmodern way requires us at least temporarily to question (or at worst abandon) many of our ideas and assumptions about how we 'view' the world. For example, in postmodernism the idea of organization is not a distanced abstraction 'over there', but rather something which you and I engage in; something we craft in our daily relationships; something which is not apart from us but constituted *by* us.

Postmodernism therefore generates a debate about reality (Lyon, 1994, p. 2). Indeed, in postmodernism we will find that 'facts' are not 'facts' at all, but 'signs'—representations of reality which have meanings imputed *to* them by those who *use* them. Us: you and I. And as one consequence of this, because different people attribute different meanings to the same 'facts' (or words or signs), then beyond the existence of 'temporarily stabilized' meanings (Chia, 1997, p. 697), continuing and perpetual ambiguity is an inevitable outcome.

As we will find, thinking of strategy in a post-modern way is also unlikely to bring significant short-term returns. On the contrary, what *practical*[3] gains we might make from thinking about strategy in a postmodern way will, I warn, be slight and context specific. This contrasts with the claims of those who've adopted the positivist modernist approach (like BPR: Hammer and Champy, 1993) where extraordinary claims have been made. I will therefore argue that the adoption of postmodernism is likely to lead to smaller but possibly more dependable outcomes for strategic theory and practice.

The paper is developed over two Parts, consisting of eight main Sections which together build up to a conclusion which considers the implications of postmodernism to strategy. In developing the paper, unwittingly I have adopted echoes of the postmodern three stage model of 'seduction, corruption and redemption' (Denzin, 1994, p. 186). As I might have implied, my purpose in writing this paper is not to convince readers to abandon existing practice unthinkingly, or for that matter, adopt postmodernism uncritically. Rather, the purpose of this paper is to reveal a different additional way of seeing and thinking about the world, and to encourage readers (academics and managers) to practice thinking about strategy in a postmodern way to help shift strategic thinking, theory and practice.

Apart from these introductory remarks, the paper is organized in the following way.

Part 1

In Section II we outline the basic case; that strategy is in need of a paradigm. The case is based on three assertions; each becomes the focus of a section later in the paper.

Section III explains the methodology adopted for the paper.

Section IV focuses on the first of the assertions; namely, that the meaning and scope of 'strategy' is incomplete and muddled. The section brings into play evidence and exhibits from the writing of some of the most influential strategy writers of our time.

[3]There are also intellectual gains to be obtained; but these are not the main purpose of this paper.

Section V considers our second assertion; the need to develop an agreed paradigm which identifies an agreed agenda and methodology.

Part 2

Section VI restates the third assertion; namely that a postmodern way of thinking provides a basis for the development of a strategy paradigm.

Section VII explores and defines postmodernism.

Section VIII provides a conclusion, and offers provisional implications for strategic theory and practice of the adoption of a postmodern way of thinking.

At the end of each Part there is a glossary of terms and a bibliography.

II. *Making the case for a paradigm*

Assertion 1. The muddle of strategy

In setting up the case about the need for a concerted effort in the development of an agreed paradigm, I want to begin with the assertion that our knowledge about the scope and meaning of 'strategy' is inchoate and incomplete, and for those who attend to our limited theory and research findings, and faithfully apply the mysterious arts in business, potentially damaging.

In various ways over both Parts of the entire paper, I shall seek to demonstrate and sustain that this assertion holds true for all reasonable interpretations of the idea of 'strategy' including:

- the way(s) that we think about, and construct theories concerning, the ideas of strategy and strategic management.
- the application of 'strategic' ideas and theories to 'real'[4] business contexts (such as application of Porter's 5 forces, portfolio analysis and the use of the SWOT technique).

[4]As we shall see the notion of 'reality' is itself problematic depending on the implicit preferences and theories of the observer.

- our understanding of strategic management in practice and
- the limited advice that we, as theorists and researchers, can (*and should*) offer to business decision makers.
- the context specific nature of strategic decision making which, arguably, implies that actions taken in one context may not be appropriate in any other context, now and in the future.
- the way we attach the word 'strategy' to ideas, decisions and actions which, on closer inspection, don't warrant its use.[5]

Assertion 2: Strategy. In need of an agreed paradigm

Arising from the first assertion, I want to make a second; namely, that many writers are sensing the inadequacy of our existing theory and knowledge about strategy and strategic management.[6] As examples, some are sensing a need to synthesize and reframe existing work (cf. Kay, 1993); others have chosen to plunder the ideas and models from other sciences (cf. Stacey, 1996), and 'discover' truths and insights from the ideas and methodologies of other disciplines (cf. von Krogh *et al.*, 1994). And finally yet others are noticing the need to develop new paradigms (cf. Prahalad and Hamel, 1994) which are capable of dealing more adequately with the world we perceive[7] and in which we act.[8]

Assertion 3: A contribution from postmodernism

My third assertion, which colours the paper throughout, and becomes the second theme, is that the adoption of a *postmodern*[9] style of thinking provides two main benefits to strategic thinking and practice.

As the first benefit, the adoption of a postmodern way of thinking reveals the hidden ontology of the rational managerial model, and as a consequence leads us on to elucidate more precisely the circumstances (the times and contexts) when the use of the approach may be justified.

As the second benefit, the adoption of a postmodern way of thinking helps clarify aspects of the focus and scope of an agreed paradigm, and gives impetus to the agendas and actions which we as managers, strategic theorists and management developers need to complete.

III. Methodology

Recognizing that these assertions may not be to everyone's tastes, challenging as they do received wisdom and other people's livelihoods, it is sensible to lay out the underlying methodology.

In terms of **the first Assertion**, I will bring evidence from a number of sources to support the contention that our knowledge about the scope and meaning of 'strategy' is inchoate and incomplete.

I acknowledge that in bringing this evidence together I am engaging in a sort of casual empiricism which is open to criticism on three main grounds.[10] Specifically:

1. I have deliberately chosen writings which I can use to support my assertions.

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[5]There's an alternative formulation: i.e. to define strategy by its use. In this essentially pragmatic definition, strategy *is* what strategy *does*. Strategy is therefore defined by the actions which are carried out in its name. On this basis, the search for a definition of strategy is defined rhetorically and is therefore an irrelevant diversion from practice.

[6]There are others who continue to hold on to the mistaken idea of management as a science (cf. Freedman, 1992), adopting a naive appreciation of the limits of science per se, and worse, operating in the belief that the world works in a rational deterministic way without entropy, chaos and people. See Handy's 1994 critique.

[7]I am using the word 'perceive' deliberately. cf. Kanter (1994, p. 281).

[8]I have chosen this expression to reflect in part the work of Mintzberg on planning and learning (1994), the work of Eccles *et al.* (1992) who explore the ideas of rhetoric, identity and action in managerial behaviour, and the work of Argyris (1994) on organizational learning.

[9]For clarity I should note here that there are possibly four distinct but associated ways of explaining the idea of postmodernism. One is as an aspect of social thought; another to do with culture, and a third relating to semiotics. Following Lyon (1994, p. 2), as a useful starting definition 'one way of seeing the postmodern ... is [as] a debate about reality.' The debate about reality as it affects our ability to develop strategic thinking, theory and practice is taken up in Part 2.

[10]There is a fourth potential criticism which falls outside my methodological framework. Put quite simply critics

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I make no attempt to argue the alternative case, or to find opposing evidence. I make no claim about there being a balanced argument.

2. The works I have chosen are based on others' priorities, preoccupations and methodologies. Citation to particular ideas or comment on others' work is often made out of the context of the work as a whole; and in that sense I may well be accused of treating others' work unfairly.

3. Possibly the most damning criticism is that, in terms of the first Assertion only, I have no intention to construct a *robust* axiomatic argument as such. An implicit argument appears, but my concern with Assertion 1 is to leave in the reader's mind sufficient doubt about the scope and meaning of 'strategy' that they're willing to engage in a discussion of Assertion 2.

Assertion 2 (the need for an agreed paradigm) is in part derived from Assertion 1 concerning the sloppy development and use of the term 'strategy'. Assertion 2 provides a full-blown axiomatic argument about the role and application of paradigms, and as a corollary, the sorts of symptoms which paradigms display when they are yet to be started, incomplete or in distress. For Assertion 2, our argument is based closely on Kuhn's (1970) interpretation of normal science and scientific progress which, as we shall see, has resonance in postmodernism. Again I shall call on others' writing to support the argument, and as the first two assertions are linked, there will be a small number of duplicate references.

Assertion 3 takes as given the generalized view that 'most' 'strategy' literature (unknowingly and probably unwittingly) is part of the modernist project. It argues that the largely

might allege that I am engaging in nothing more than sterile and 'debilitating' (Bertens, 1995, p. 11) 'language games' (Eccles *et al.*, 1992, p. 88). For those who take a modernist or structural stance, such criticism stands. I repudiate this allegation with the view that as 'language constitutes, rather than reflects, the world' the pursuit of 'language games' is inevitable (Berten, 1995, p. 6).

unthinking adoption of the positivist modernist approach has enabled writers and practitioners to conceptualize and use 'strategy' more as a function than a process; as a technique, rather than as an approach which, when used intelligently and sensitively, prompts managers to think through, simulate and strategize about the future which they aim to create.[11] In contrast, however, and somewhat ironically, the ubiquitous adoption of strategy as a cure-all causes 'strategy' to lose any meaning it might have once enjoyed (cf. Mockler, 1995, pp. 4–5) and worse, misleads researchers and readers into believing that we (as teachers, advisers and managers) can offer ideas, management techniques, and models which have general applicability coupled with the possibility of known and reliable outcomes.[12]

By contrast I will argue that the postmodern approach has a liberating tendency which enables us to pursue theoretical and empirical research from a new angle promising greater individual 'micro' returns, while denying the metanarratives of modernism. Thus we are able to discard the limiting ideas of organization found in modernism, substituting the objectification of organizations by an understanding of the processes whereby organizations (i.e. groupings of one or more individuals engaging in complex and dynamic relationships) 'emerge' and survive.[13] For strategy, adoption of the postmodern approach will cause us to deny the possibility that there is a *general* theory which is *generally* applicable, or a set of reliable techniques which have

[11] As an analogy I have in mind here the shifting emphasis in marketing literature from marketing as a function, to marketing as a process. The parallels of the shift in thinking and language from market*ing* orientation to *market* orientation should also not be lost. cf. Kohli and Jaworski (1990).
[12] One interpretation of this failing, and one interpretation of postmodernism, is that it is an essentially empty paradigm, endemically unable to offer potentially helpful advice. In popular management literature a sense of this difficulty is found in Handy (1994). The most extreme expression of this aspect (or possibly outcome) of postmodernism is associated with Baudrillard's work (1994) and his idea of 'hyperreality' where the 'quest for some division between the moral and immoral, the real and the unreal, is futile' (Lyon, 1994, p. 16).
[13] See Eccles *et al.* (1992, p. 39) for a simplified evocation of this issue.

equal applicability whatever the context. In this limited sense, adoption of the postmodern approach can be considered to have greater honesty, for the approach rejects the promise of the development of objectified and timelessly valid universal techniques or models. Indeed, it offers the contrary, noting the specificity of the moment in a world characterized by change, chance and difference.[14]

Assertion 3 (the adoption of a postmodern approach) is developed through a careful argument which first develops an understanding and expression of postmodernism, and then goes on to look how our understanding of 'strategy' might be enhanced by adopting a postmodern stance.[15]

Acknowledging that much of the literature on postmodernism is opaque, inaccessible or irritating to many, the paper attempts to simplify some of the ideas without diluting the meanings and underlying epistemology which postmodern writers are creating. A glossary is appended to each Part to facilitate readers' understanding.

Health warnings

Finally, it's time to issue our health warnings and to expose the motives which have initiated and informed the development of this paper.

First the ideas and arguments developed in this paper are part of a personal search to discover, in an *a priori* way, the times and contexts when the powerful ideas embedded in strategic theories can be legitimately applied,

and the circumstances when they *should not* be applied. There is therefore a strong normative emphasis shaping this paper.

Second, my assertion that a postmodern approach is likely to yield new insights is part of a related project which is concerned first to explore the meanings and value of postmodernism per se, and subsequently to investigate the implications of taking a postmodern approach to strategic thinking and practice, and finally to share this with others in the development of strategic thinking, and strategic theory and practice. My purposes, however, should not be misunderstood by readers; they will not confront an approach which recommends the adoption of postmodernism 'at any cost'. Rather it seems to me to be necessary to take from postmodernism ideas which help us develop 'better' theory, 'better' insight, and provide 'better' advice. Throughout the discussion therefore, and implicit for the most part, will be a concern for a common sense approach which also takes on some of the intentions of Critical Theory (Alvesson and Willmott, 1996, p. 17).

Our subsequent health warning is that there will be references to ideas, paradigms and literatures from different traditions which some might well regard as being wholly inconsistent with one another; where, adopting another voice, and speaking philosophically, there is no possibility of synthesis or of measured comparison. At this stage in our understanding of strategy, or postmodernism for that matter, I can see no other way out of this implied dilemma than to reveal it clearly as a flaw in the development of the argument. Whether the flaw invalidates the assertions, propositions and arguments over the paper overall, however, is for you the reader to judge.[16]

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[14]This last expression is intended in part to refer to the work of Derrida and of Baudrillard.

[15]In this expression there are two issues which need to be surfaced. First, and relatively insignificant, I am not intending to imply that modernism needs to be abandoned; rather that postmodernism appears likely to be more fruitful in terms of specifying research objectives and methodology. Second, more importantly, and a problematic which I am unable to resolve, is the difficulty of developing an argument for postmodernism using the tools and techniques of modernism. If this problematic can be thought to be a paradox (rather than irony), then I regret (a) I am unable to resolve the paradox and (b) at this stage in the development of postmodernism, deny the value of seeking resolution, (i.e. I am implying that we should deny 'either/or' as the dual and adopt 'and' as a pragmatic way forward).

[16]This is intended to echo the expression of several writers, notably Derrida, who deny that the interpretation of a text is settled or stable or necessarily commonly shared. See also von Krogh *et al.* (1996, p. 176) the semiotic approach taken by Eco (1979) and others, who distinguish between a sign, an object and its interpretant. In this case, whatever I intend by my words as your writer will in part be interpreted differently by you, the reader, now and subsequently.

IV. Assertion 1: the muddle of strategy

Outline

Assertion 1 is developed over four parts. After this initial introduction, there are three parts which provide 'exhibits', evidence and argument which have been chosen to support the assertion. These exhibits are taken from the work of a very small handful of the profusion of writers who have contributed to the idea and practice of 'strategy', and in the main are well-known authors who are generally regarded as having made a significant impact on the development of strategic theory and practice. The argument, sustained in the third part, is particularly concerned with the epistemological problems inherent in the application of strategy tools and techniques.

Exhibit A: the use and abuse of the idea of strategy

Our first exhibits are concerned with the use and abuse of the idea of strategy.

Following Ansoff's influential study in 1965, the term 'strategy' has been appropriated by writers and speakers to the point that the idea and practice of 'strategy' has so many meanings that now it has none.

Consider two pieces of evidence. One is the fact that the term 'strategy' is now applied to virtually every function of the organization. Thus we have books, articles and practice concerning:

● human resource *strategy*;
● IT *strategy* and
● marketing *strategy* to name but three.

Indeed, there appears to be no self respecting field of study which doesn't have the term 'strategy' bolted-on to give it attention and to enhance the credibility of writers and users.

This leads us on to the second piece of evidence; namely that the word 'strategy' is brought out under the cover of darkness when writers and speakers, theorists and managers, are looking for a more impressing word than 'important'. The idea of '*strategic*' objectives sounds so much more impressive than the idea of *business* objectives on their own. The idea of a business '*policy*' sounds second rate to the idea of a business '*strategy*'. The idea of 'strategy', and its common-usage, has reified the term so that no self-respecting scholar or manager fails to engage in 'strategy' in preference to other apparently more mundane issues.[17] As Alvesson and Willmott (1996, p. 134) put it, 'one could argue that not only different talk about strategy is needed, but also less talk.'

Such behaviour might be treated humorously, if it didn't have such damaging effects on the development of the theory and practice of 'strategy'; and this becomes a key part of our second assertion. But for the moment let's cite some evidence which supports the general assertion that what we might understand by the term 'strategy' is, muddled and incomplete.[18]

Exhibit B: what is strategy?

The first piece of formal evidence I want to bring into discussion demonstrates the differences of meaning which exist among writers when writing about the theory and practice of strategy. In summary these differences can be pictured with a simple Cartesian diagram (Figure 1) involving two scales—a horizontal one concerning a writer's or manager's preferences for adopting a rational managerial approach versus the processural culture-excellence one, and the vertical scale concerned with the uniqueness or plurality of performance objectives. The diagram, like lots of other techniques in strategy, conceals both the subtlety of approaches adopted by different

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[17]Alvesson and Willmott (1996), refer to the colonizing tendency of strategy. cf. p. 133.
[18]Indeed, as Hussey's (1997a and 1997b) papers show, the progress of strategic thinking and writing over the last 30 years or so has involved many of the most able minds, and certainly inspired all sorts of creative energies in devising good (and bad) pieces of empirical research. Whether all of these have truly added to our knowledge of 'strategy', however, is open to question.
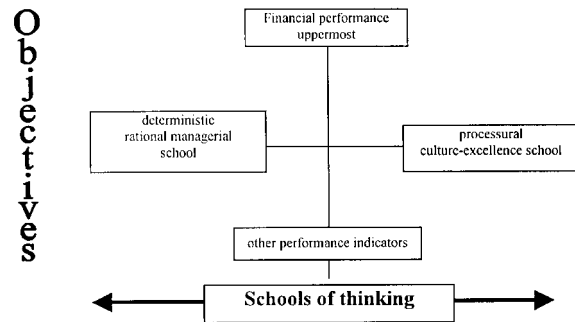
Figure 1. Figure 1 provides a simple quadrant where:

- the central horizontal line represents a spectrum of approaches ranging from 'deterministic' to 'behavioural'; the first being associated with a rational managerial approach, and the second the culture-excellence school of management;
- the vertical line represents a scale showing at the top, a sole concern for financial performance (such as profits), and at the bottom, a pluralistic view of performance including, for example, concern for stakeholders. The first is typically being found in economic interpretations of strategy and management, and the second among the behavioural writers.

Source: Adapted from Whittington (1993)

writers and, as we shall see, also conceals the implications of these differences for thinking and practising strategy.

As a matter of convenience only then, reflecting the current debate amongst strategists about the scope and nature of strategy, I shall begin first with some of the recent work of Michael Porter before calling on contrasting interpretations expressed by Hamel, Ghoshal, Bartlett, Ansoff and others.

Porter's most recent contribution (1996) distinguishes the idea of operational effectiveness from strategy, and encourages managers not to mistake the one for the other. Porter writes (1996, p. 62),

> Operational effectiveness (OE) means performing similar activities *better* than rivals perform them. Operational effectiveness includes but is not limited to efficiency. It refers to any number of practices that allow a company to better utilize its inputs … In contrast, strategic positioning means performing *different* activities from rivals' or performing similar activities in *different ways*. (Italics in the original).

Porter's approach is derived from micro-economics

Porter's approach to strategy is derived from micro-economics (Franklin, 1997). Here, much like Chamberlin's and Robinson's treatment of imperfect competition in the 1930s, strategy is based on cost leadership or differentiation, within a rational managerial approach where the choice and management of a firm's activities determine its value chain and performance.

By contrast Hamel (1996, 1997a and 1997b) takes a pluralist and essentially processual approach. He writes of 'revolution'; about the

Hamel takes an essentially processural approach

need for a 'dream that energizes a company', and a process which is 'democratic' (Hamel, 1996, p. 75). For Hamel, like Bartlett and Ghoshal (1994), and Peters and Waterman (1982) before, strategic management is as much to do with 'purpose, process and people', as it is with the other icons of strategy, systems and structure.

For well intentioned managers, while these two approaches to strategy might be thought to be reconcilable, Porter seeks to sweep the revolutionaries aside, commenting (1996, p. 75), 'Exhorted to think in terms of revolution, managers chase every new technology for its own sake'. As a consequence, 'Caught up in the race for operational effectiveness, many managers simply do not understand the need to have a strategy.'

Dazed by the contrary positions of Porter and Hamel, managers may be forgiven for wondering which guru they should follow. But in Gary Hamel's (1997a and 1997b) latest papers, the search for strategy goes one stage further and one stage deeper, arguing to an idea which is shared and expressed in this paper—

that strategy is devoid of a robust theory or paradigm.

Hamel writes (1997a),

> ... *the strategy industry doesn't have a theory of strategy creation*. It doesn't know where bold, new value-creating strategies come from. There's a gaping hole in the middle of the strategy discipline. No, let me put it differently: There's no *foundation* to the strategy discipline. (Italics in the original).

Others writers also share this view of strategy theory. In the penultimate chapter of his book, for instance, Kay writes (1993, p. 358, and p. 363),

> The subject of strategy which I have described falls a long way short of an established discipline, characterized by a widely accepted organizing structure and growing body of empirical knowledge. [Strategy and] management has far to go before it can claim [to be] scientific.

The quarrel about the reliability, scope and nature of strategy recorded briefly in these paragraphs represents not just a difference of opinion about the strategy process, but more importantly a different philosophical approach to the whole strategizing process.[19] Indeed, the joint work of Hamel and Prahalad (1994) ably makes the point that, in their judgement, strategy is not about incremental steps to the future; rather, strategy requires a long term vision—or 'strategic intent'—supported by 'core competences' acquired and developed *over time*. Far from an incremental view of the future then, Hamel and Prahalad's thesis is a revolutionary one where strategy is best

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Strategy requires a long term vision

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[19]I am using the term 'strategizing' to emphasize the intellectual cerebral processes, as distinct from the managerial ones involving revealed preferences or a 'theory in use' (cf. Argyris, 1994, pp. 89–90).

understood 'backwards'; where tomorrow's long-term vision shapes today's actions and tomorrow's 'strategic architecture' (Prahalad and Hamel, 1990, p. 89).

A third view of the meaning and scope of strategy can be found in Stacey's work; especially his most recent text (Stacey, 1996). Here Stacey explains the need for strategic management by contrasting received wisdom with his own thesis. The received wisdom is

> that the purpose of strategic management is to reduce the level of surprise, to increase the level of predictability, and thereby improve the ability of those at the top to control the long-term destiny of their organisation.

By contrast

> [t]he real management task is that of coping with and even using unpredictability, clashing countercultures, disensus, contention, conflict, and inconsistency. (Stacey, 1996, p. xix).

To deal with these two types of system-behaviour, Stacey works out two linked models of the world; one where relatively stable circumstances enable managers to practise 'ordinary management'; and the second where relatively chaotic circumstances require managers to practise 'extraordinary management'. For Stacey, the conditions requiring 'extraordinary management' are where managers justify their living and make strategic decisions.

Comparison of the work of the authors, gives weight to assertion that there are several competing views about the strategic process which managers *ought* to adopt.[20]

The possibility of confusion is sensed perceptively by Ansoff in one of his early contributions (1965, pp. 118–121). He comments (p. 120) that

> There is an unfortunate coincidence in our definitions. We speak of 'strategic' decisions, where 'strategic' means 'relating to

[20]To be fair, Stacey indicates his work should be taken as analytical and descriptive—not normative.

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firm's match to its environment,' and of 'strategy,' where the word means 'rules for decision under partial ignorance.'

The subtlety of Ansoff's thinking is expanded later in Ansoff and McDonnell (1990) where they propose a contingency approach to strategy, such that different rules—i.e. different strategies—should be adopted according to the turbulence of the environment. Where the turbulence of the environment is great or 'surprising' this should be met by creative flexible strategies, whereas when the turbulence of the environment is low or 'repetitive', the response should be to use stable and custodial strategies (cf. Joyce and Woods, 1996, p. 109).

Looking back over these paragraphs we can claim that the evidence suggests there is not a consensus about the idea of 'strategy'. Even the 'military' analogy is dismissed by Kay (1993,

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> *There is not a consensus about the idea of 'strategy'*

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pp. 364–365) as being limited and inappropriate. There is also a view, shared by Hamel (1997a) and Kay (1993) at least, that strategy is a term in want of a robust theory. And Mockler (1995, p. 17), encouraging the development of strategic theory from an inductive micro-contingency approach comments, 'There is a long way to go before an adequate base for [strategic management] theory can be built using this inductive micro approach.'

Exhibit C: on application

Whilst the 'search for strategy' (Hamel, 1997a) goes on, and whilst doubts about its 'foundations' are expressed, and criticisms are recorded (Kay, 1993, p. 358) about the tendency to see the 'strategy' process capable of being reduced to lists (like a SWOT), or frameworks (like Porter's 5 forces), 'strategy' is being practised, and strategic theories being adopted and applied by managers.

I have already warned of the unthinking adoption of strategic ideas, and hence the second strand of formal evidence supporting Assertion 1 is concerned with the issue of the application of 'strategy' concepts and frameworks to 'real' business contexts. Beyond the problems that we've encountered so far, we will discover that the idea of 'application' is itself problematic, conflating all sorts of complex and often subconscious intellectual processes going on in the minds of decision makers.

Indeed, to speak about the 'application' of an idea, we need to understand something of the intellectual processes which managers engage when practising strategy. To achieve this a simple *a priori* process model is developed, based very loosely on ideas which are found, *inter alia*, amongst the work of Cyert and March (1963), von Krogh and Roos (1996), Weick (1995) and Stacey (1996).

The process of application

'. . . we approach everything in the light of a preconceived theory'. (Popper, 1970, p. 52 as cited by Loasby, 1976, p. 193). Let's begin with the possibility that the process of application requires two distinct 'objects'; one being the idea, tool or model to be 'applied', and the other being the context, problem or issue to be analysed or changed. This is represented in Figure 2.

idea
tool or
model to be applied

Application by
manager
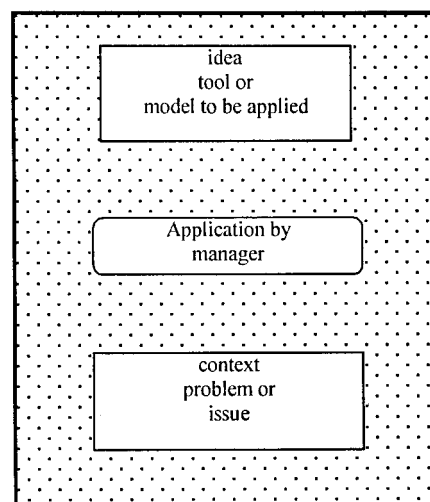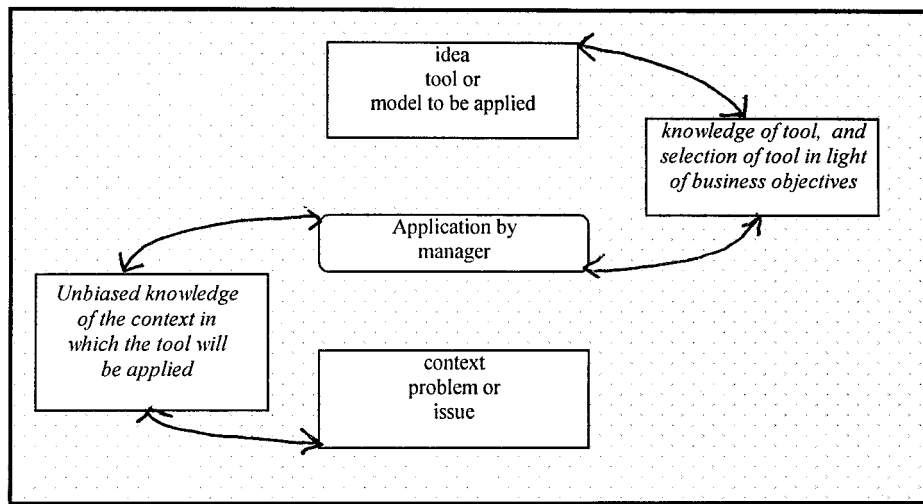
context
problem or
issue

Figure 2.

Figure 3.

In Figure 2 then, we might imagine that the technique or model is the BCG matrix, and the context is the manufacture and supply of steel. Application in this instance is the use of the BCG model to clarify which steels might be grouped into being *managed as* cash cows, which as stars, which as dogs and which as question marks.

A moment's reflection on the process leads to the observation that the application of a tool or technique to a particular context is itself problematic, for it requires the completion of at least two other distinct but linked (and often implicit and subconscious) intellectual processes; one concerning prior knowledge of the existence and functionalities of the tool itself (and by implication, its selection in preference to other tools), and the second concerning unbiased knowledge of the context (problem or issue) which is to be treated by the tool.

Figure 3 is an embellishment of Figure 2. On the right hand side of Figure 3 we have brought into sight issues concerning knowledge about the particular tool or technique in the context of all alternative techniques and the manager's business objectives.[21] Additionally, on the left hand side we have brought into view the issue of unbiased knowledge about the context (or

[21]Readers might like to work through the example of the BCG matrix.

problem or issue) to which the tool, technique or model will be applied.

In this discussion then, proper application of a tool needs both some prior knowledge about the tool and the context in which it is to be applied, plus the adoption of a prior hypothesis suggesting application is likely to be helpful. To be specific, for a manger to be able to apply a tool with complete integrity they would need all of the following:

1. knowledge of the existence of the tool;
2. knowledge of the functionality of the tool: i.e. what the tool is alleged to be able to do or to provide, and in what circumstances;
3. judgement that the tool to be applied is appropriate to the context or issue to be considered;
4. a hypothesis that the application of the tool will provide valid and valued outcomes which can be carried forward to subsequent stages in the strategic process;
5. sufficient unbiased knowledge about the context in which the tool will be applied;
6. integrity in the application of the tool (adopting any processes or protocols recommended in application);
7. ability to interpret the results or outcomes in an unbiased way;
8. as appropriate, an ability to communicate the results to others to enable the results

to be carried forward to any subsequent stage in the decision making process.

Both in theory *and* practice, it is clear that these requirements are a tall order. Taking a theoretical stance for a moment, this implied model is internally inconsistent, in that if such a model was available then, paradoxically, why would one need it? Turning to practice, empirical observation of the strategy process suggests that something nearer the *reverse* of the idealized one outlined here is followed. First managers begin with a view about the class and detail of the information they want to capture; i.e. information which they seek to extend, and/or deepen their existing knowledge. In the back of their minds they may well have formed a view about the sorts of analysis they want to undertake and results they want to achieve, which will be affected by their prior, possibly limited knowledge of the tools available, their functionality, their fitness for purpose, as well as any past experience, including past performance of the tool itself. Thus a sort of circular process becomes evident: the terms of reference for research become determined by the techniques which managers judge likely to be helpful.

But all of this takes place in a social context; a context which may well be public and urgent, if not hostile. With an eye on 'results' and 'quick fixes', managers might well be therefore forgiven for choosing the tools they are familiar with (rather than choosing the most appropriate ones) and apply these to an ill defined context or problem so that an outcome can be seen to be produced quickly—however inappropriate and flawed.

The philosophical issue

> Known facts cannot be set on one side; a theory to apply 'closely to reality' on the other. A theory is the way we perceive 'facts', and we cannot perceive 'facts' without a theory. (Friedman, reprinted 1968, p. 42).

All of this, one might argue, supports the assertion that the strategic process is necessarily

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The strategic process is necessarily messy, incomplete and imperfect

messy, incomplete and imperfect; a process which justifies 'extraordinary management'. But to leave the argument there would be to deny—or at least conceal—certain philosophical issues.

For the moment just one deserves to be highlighted, and this concerns the ontology of managers: the way that managers' mental models, choice of language and subsequent action bring into being the 'facts' of the world they are seeking to understand and explore. For example, if managers perceive the world as competitive, then they will ascribe importance to any behaviour which seems to be rivalrous, and in their very actions, for example in their environmental scanning, they will interpret everything they see as being consistent with the ontology that they have created. For these managers all behaviour which fits their theory in use (Argyris, 1994) is seen as being rivalrous, and all other behaviours remain subconsciously ignored or deemed to be unimportant. In this way 'facts' (or more precisely ontologies) are therefore theory laden.[22]

But there's an epistemological problem too. For example, if managers believe that the world is rivalrous, then we might expect managers' own behaviour will reflect their beliefs, *causing* the very rivalry which they believe that they have observed (but don't necessarily want). In this way, and as Porter notes (1996, p. 61), managers will consequently reap the fruits of their own modellings and understandings of the world; the fruits of their own whirlwind. We return to these philosophical issues in Section V, and later in Part 2.

Concluding remarks

The aim of this section has been to explore the assertion that our knowledge about the

[22]See Gill and Johnson, 1991, p. 23, cf. Blaug (1980, p. 42) who refines this notion.

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scope and meaning of 'strategy' is incomplete and muddled, and for those intending to apply strategic tools, concepts or models, potentially damaging.

The section considered first the view that the term 'strategy' is too often misused, to the point where it's used as a synonym for other practices. We then went on to consider some of the different interpretations of 'strategy' which can be found in the literature. At one end of these interpretations is the idea of 'strategy' being part of the rational managerial process, and at the other end, the idea of strategy being a social and political process where managers' values affect all aspects of the process, including implementation. In the final part we discussed the difficulties of implementation, concluding with the result that application involves complex epistemological and ontological problems. The section has therefore set up the basis of the next section; namely the need for an agreed paradigm.

V. Assertion 2: strategy. In need of an agreed paradigm

Outline

Recognizing that the strategy field needs a new paradigm is a critical first step. However, finding a paradigm which fits the emerging needs of the field ... is a tedious task. (Prahalad and Hamel, 1994, p. 15).

Thoughtful members of the academic community are increasingly recognizing that the concepts and tools of analysis that formed the backbone of the strategy literature during its period of major growth (1965–1985), may need a basic re-evaluation in order to pave the way for new ideas ... We will argue that the need for strategic thinking and behaviour among managers has never been more urgent. This reality should force us to re-examine the traditional

strategy *paradigms*. (Prahalad and Hamel, 1994, p. 6). (Italics added to emphasize the plural—paradigms).

Our second assertion, that strategy is in need of an agreed paradigm, is to indicate at the outset that I judge that strategy research and theory has, for too long, been influenced by competing agendas and methodologies which are symptoms of a much deeper problem—the lack of an agreed research agenda or paradigm.

In setting up the case about the need for the development of an agreed paradigm, my intention is to argue that what is required now is for researchers and writers to return to the philosophy of science and, from its rules and insights, develop a concerted effort which leads to a paradigm which provides greater insights and ideally greater explanatory and predictive potential than the theories and models which continue to infect the writing and teaching (and doing) of strategy.

Even assuming that others share my concern about the state of 'strategy', I recognize that such an intention may well be regarded by some as being worthy but impossible, referring to examples in the history of science as showing the difficulties of paradigm change. But these reservations should not deter us from making the case for change. If, as Hamel and Prahalad (1994), Kay (1993) and Stacey (1996) imply, one detects an emerging crisis in the development of strategic thinking and practice, then as Kuhn (1970) points out, such a crisis provides the impetus for a re-evaluation of the existing schools of thinking and the subsequent emergence and adoption of a new one. Hence a secondary purpose of this paper is to bring closer the crisis, and the subsequent revolution, by proposing that there is an alternative way of looking at the world other than only through the modernist rational managerial approach which has dominated (and still dominates) much of strategy literature and thinking, and most practice.

Almost by definition this section depends on Kuhn's (1970) seminal contribution. Indeed, the currency and power of the term 'paradigm' itself comes from his remarkable contribution to the philosophy of science which takes an essentially sociological approach (Blaug, 1990,

p. 33), noticing that science is pursued by a community whose values, interests and competences govern the research agenda and methodology. In Kuhn's world science is value-laden.[23]

This section begins with a summary definition about the nature and scope of paradigms. The section moves on to consider the assertion that strategy is in need of an agreed paradigm by likening existing work in strategy to the criteria described as a pre-paradigm by Kuhn (1970). The section concludes with a judgement about the implications of our findings for managers, strategy research and the development of theory.

On paradigms

Influenced by Kuhn's first edition (1962), Brian Loasby writes (1971, p. 866),

> A paradigm ... defines the types of relationships to be investigated and the methods and abstractions to be regarded as legitimate within a particular problem area.

A paradigm therefore defines a commonly agreed research agenda and methodologies which are to be considered as legitimate and appropriate. A paradigm is therefore socially and scientifically constructed. It follows that a paradigm is constituted by 'an enduring group of adherents [attracted] away from competing modes of scientific activity', whilst being 'sufficiently open-ended to leave all sorts of problems to resolve.' (Kuhn, 1970, p. 10).

Loasby (1971, p. 867) makes the important distinction between hypotheses and paradigms, noting that

> Because a paradigm defines a set—often a very large set—of possible hypotheses ... it

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[23]Kuhn's attitude is in contrast to Popper's (1959, p. 44, fn*1; 1957, pp. 154–156), who takes the view that scientists' values, prejudices and interests are immunized by the cut and thrust of the academic community (Hughes, 1990, p. 158). In hard sciences like physics or mathematics one might regard such neutrality as just about being possible, but when dealing with the behaviour of human beings—managers in our case—neutrality is surely a doubtful proposition.

follows that paradigms, unlike the hypotheses to which they give rise, cannot be validated by experimental or statistical methods.

New paradigms emerge and old ones cease to influence science when scientists judge that the existing paradigm no longer provides fruitful hypotheses (Loasby, 1976, p. 196), or where there becomes an increasing number of 'anomalies' (Kuhn, 1970, p. 52 *et seq.*) which the existing paradigm is unable to resolve.

But as Kuhn makes clear, scientists are unlikely to abandon an existing paradigm without an alternative one being available. In any case, seeing science as a social process, Kuhn argues that as more and more anomalies emerge, scientists begin to work more and more on the margins of the existing paradigm, being prepared to make '*ad hoc* adjustments' (Kuhn, 1970, p. 83) with a view to resolving the anomaly.

In Kuhn's thesis, these 'adjustments' symbolize the moment of crisis and the tendency towards scientific revolution when finally the scientific community begins to practice a new paradigm and ignore the old.

The state of the strategy paradigm

On the basis of our discussion in Section IV of Part 1, the notion that there is a single paradigm governing strategy research and writing must be considered to be far fetched, if not absurd. Not only are there different methodological approaches being played, varying from the positivism of (say) Porter through to the hermeneutics of (say) Watson (1994), but in addition there's no commonly agreed research agenda, and there is even doubt about the existence of a valid theory of strategy (Hamel, 1997a).

It would seem, therefore, that strategy has all the characteristics of being in a pre-paradigmatic state where, using Kuhn's diagnosis (1970, p. 178, 47–48) 'a number of schools compete for the domination of a given field', and 'frequent and deep debates over legitimate methods, problems and standards of solution ... define [the different] schools [rather than] produce agreement.'

From Kuhn's first edition, it is unclear how long we might expect a pre-paradigm to exist. In his critical evaluation of Kuhn's writing, Blaug (1980, p. 31) notes that the Copernician revolution took 150 years to complete, and on the subsequent page (p. 32) brings attention to the possibility, marked by Kuhn in his second edition, that scientific revolution—the switch from one paradigm to another—may well be much shorter for smaller research communities who become involved in 'a certain sort of reconstruction of group commitments' (Kuhn, 1970, p. 181).

The emergence of a paradigm from its pre-paradigm state can be recognized by the adoption of a common agenda and commonly applied rules. As Loasby (1971, p. 869) puts it,

> A change of paradigm redefines the set of relevant problems, and the criteria for selecting problems and evaluating solutions: it changes to some degree—occasionally to a large degree—*the accepted definition of the scope of a subject.* (Italics added.)

Such intellectual retooling is 'uncomfortable, as well as expensive' (Loasby, 1971, p. 869). Arguably the opportunity cost of giving up the quarrels about the scope and meaning of strategy may be judged by some to be too great. And in the urgent (managerial) world of the 21st century, where researchers and consultants have a vested interest in the continuous development and adoption of their *own* models of the world, then it is legitimate to ask just how many of these people are voluntarily likely to give up their existing 'school of thinking' for a place in someone else's?

Implications for managers, strategy research and the development of theory

Yet a sense of balance needs to be expressed. Such pluralism is not in itself a bad thing. The history of science suggests that progress requires contention and argument (Popper, 1957; Hughes, 1990, pp. 152–153) where researchers' methods and findings are subject to critical evaluation by their peers. In the case of strategy in particular, it is possible to argue

Progress requires contention and argument

that diverse schools of thinking are positively to be welcomed; that contention is healthy and competition between different schools likely to bring about advances in knowledge. But in my judgement the contrary argument is more powerful; and certainly more ethical. When there is no agreed basis for argument; when distinguished writers and researchers produce conflicting policy advice, such that managers are unable to make sensible judgements because they're not based on research which arises from a shared philosophical position, or shared methodology, then there is a real danger that, as Prahalad and Hamel remark (1994), in the long-run the discipline (and the gurus) will be abandoned, and that managers will elect to rely on nothing more than their common sense in practising strategy.[24]

If we are keen to bring to 'maturity' (Kuhn, 1970, p. 179) the fruits of our existing work, then being honest about strategy being in a pre-paradigm condition is therefore a first step in any serious process of habilitation. Such an admission—assuming that it's adopted by 'an enduring group of adherents' (Kuhn, 1970, p. 10)—might at least get researchers and writers into a constructive dialogue (Franklin, 1996) about the focus, definition and scope of strategy research, theory and practice.

With strategy being in this pre-paradigm condition, it is possible to argue that the development of a coherent paradigm might well emerge from any one of the existing schools of thinking. Prahalad and Hamel (1994) note some of the possible sources and directions of a new strategy paradigm, seeing I/O economics, game theory, sociology and behavioural science as possible candidates.

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[24]Of course there is another potential outcome; an empty outcome one where all strategy theory becomes a sort of contemporary history, where it follows practice as a descriptive agent only.

Ansoff and McDonnell (1990), Kay (1993) and Mockler (1995) see progress being achieved through the adoption of a contingency approach; Hamel (1997a) wants to go back to basics and develop a theory of strategy creation.

In Part 2, this paper proposes an alternative formulation and suggests that the adoption of a postmodern way of thinking provides a different light on the idea of strategy. In particular, thinking of strategy in a postmodern way causes us to become more sensitive to our often unconscious tendency to attribute existence to entities—like competition—which are then willed into being by our use of language and hence our actions. The implications of postmodernism to strategy become the focus of Part 2.

Biographical note

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Glossary

The aim of the glossary is to provide summary definitions/explanations of terms used in the paper. Reference to more extensive definitions/explanations can be found in (for example) Gill and Johnson (1991) and Hughes (1990).

Term	Definition/explanation
a priori model	An abstract model where variables and relationships have few or no empirical counterparts.
axioms/axiomatic	a series of linked assumptions which provide the basis of any *a priori* theory. An initial test of any *a priori* theory is NOT whether the axioms are 'real' or 'unreal'; rather that the axioms are logically consistent with one another. Hence the notion of 'internal consistency' of a model or theory.
discourse	the formal treatment of a subject in speech or writing involving information, knowledge, argument and communication.
epistemology	a branch of philosophy which is concerned with validating knowledge: i.e. determining how we know what we know.
foundationalism	the belief that science can be built on observable facts (Lyon, 1994, p. 7).
hermeneutics	a study of the past gained through texts and artefacts.
hypothesis/hypothetico deductive reasoning	a research method which involves (1) the formulation of cause-effect hypotheses which are then (2) subjected to rigorous testing through empirical observation.
inductive empiricism	research which is based on observation without obvious regard to or foundation in an underlying theory. Induction is a research method where general results are inferred (i.e. induced) and adopted from singular instances of an observation or experiment. Hence the notion of the inductive fallacy: e.g. 'I have seen a large number of white swans; I have never seen a black one; therefore all swans are white' (Blaug, 1980, p. 15).
interpretavism/ interpretative research	usually associated with Weber, interpretavism is where the researcher interprets and gives meaning to others' action without prior or subsequent recourse to theory or hypothesis. It is therefore at odds with positivism.
metanarrative	an explanation or forecast of a movement having potentially (world-)wide implications. Marxism is generally regarded as a metanarrative.
methodology	governs the 'rules' of research; governs how we collect information and in particular whether we adopt a logical deductive process (where empirical observation is initially unimportant or ignored), or an inductive process which relies on observation to derive theory, understanding, explanation and prediction.
modernism/modernist	a period of time and an epistemology associated with the Enlightenment, the development of (Western) scientific thought and the repudiation of non-scientific explanations of natural phenomena.
ontology	ontology is concerned with the nature of reality, and in particular, aims to define rules or circumstances when we can concede or attribute existence to some entity or group of entities.
paradigm	following Loasby (1971, p. 866), a paradigm 'defines the types of relationships to be investigated and the methods and abstractions to be regarded as legitimate within a particular problem area.'
positivistic/positivism	a research method based in the natural sciences where empirical observation of phenomena (i.e. 'things' removed from abstract thinking) provide scientists/researchers with a basis for the development of theory.
postmodernism	an epoch and an epistemology which follows modernism and queries the basis of Progress arguing to alternative ways of observing the world and shaping the future other than positivism. In this paper, postmodernism is particularly concerned with the concept of 'reality'.
problematic	some phenomenon or behaviour where there is a philosophical problem which is endemic to the class of phenomena being studied.
rhetoric	the use of language to encourage or reflect (i.e. explain and understand) others' action.
rational managerial model	associated with Fordism; where human beings are treated as if they were machines.
semiotics	the study of signs and symbols.
theory	A formalized system of assumptions, variables and cause-effect relationships which provide simplifications of the world, aid understanding, and offer the prospect of prediction.