The Paradoxical Foundation
of Strategic Management

Contributions to Management Science

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To My Family

Foreword – Strategic Management *in* Deconstruction

The concept of 'corporate strategy' has changed significantly during the last few decades. Whereas the strategic *planning* orientation of the 70s and early 80s was still dominated by a belief in feasibility, rationality, and the smooth implementation of prefabricated strategies by top management, strategic *management* sharpened our understanding of possible pitfalls during planning and put more emphasis on the 'messy' realization of strategic plans. Moreover, the unavoidable paradoxes and dilemmas that occur within strategizing are increasingly discussed when writers consider the general importance of the organization together with its external and internal context. Although this trend towards strategic management cannot be neglected, as a quick look into any of the major journals proves, there still is the question of how we can find a theoretical fundament that gives adequate reference to phenomena such as paradox. This is where this book fills a void in the existing academic discourse.

Andeas Rasche's book, a critical, yet constructive, analysis of the theoretical foundation of strategic management *and* its paradoxical nature enters new territory. In particularly, there are three reasons this is a novel and innovative treatise. First, the discussion of deconstructive thinking with regard to strategic management represents a risky and hence courageous as well as extremely ambitious task. Second, the author manages the difficult task of giving a short but comprehensive introduction to the work of Jacques Derrida. Third, he also surprises the reader with his extraordinary ability to concentrate complex relationships into reduced, though not overly reduced, illustrations. These illustrations allow the reader to gain new insights and sharpen her/his existing knowledge about the theoretical discourse that underlies strategic management.

The capability to 'guide the reader' through the discussion is evident when looking at Rasche's matrix (see Figure 1 in chapter one) that is presented in the introductory chapter: based on Pettigrew's distinction between strategy *context*, *process*, and *content* he provides a structured overview of the strategy field that guides his entire discussion. The resulting clarity of the analysis allows Andreas Rasche to handle a high degree of

complexity within his discussion. For instance, he criticizes the conventional wisdom of strategy research by identifying three dominant logics – the 'necessity of adaptation' (strategy context), the 'primacy of thinking' (strategy process), and the 'fullness of strategic rules and resources' (strategy content). He uncovers the underlying oppositions that reside within these dominant logics that have until now been obscured. In so doing, the author is able to deconstruct the strategy discourse and thus reveals its paradoxical foundation. The consequences of the deconstructions are clearly discussed: strategy research has to accept its paradoxical foundation and can only do so by challenging its deeply held assumptions, namely the belief in a 'given' market (strategy context), the idea of non-paradoxical strategic decisions and the resulting linear nature of strategizing (strategy process), as well as the faith in generalizable solutions to strategic problems (strategy content).

Chapters seven and eight present the 'practical' implications of the deconstructions and demonstrate that Rasche's discussion has significant consequences not only for the practice of strategic management in organizations but also for the way strategy is researched and taught within business schools. The integrative framework – *strategy-as-practice* – introduced to discuss these consequences represents, from my point of view, a consistent and comprehensible conclusion since a practice perspective allows for a discussion of the implications of a Derridian deconstruction of strategic management while, at the same time, still remains attached to the underlying ideas of his philosophical work. The introduction of the concept of 'communities of strategy formation' can especially enrich future empirical research on strategic management and thus represents a promising way into the future.

All of this results in five major recommendations that the author sets up to extend, modify, rethink, and discuss scholars' strategic realities. These recommendations he puts forward: (1) move away from the ideology represented by the dominant logics, (2) create future strategic realities under consideration of paradox, (3) acknowledge the fictional ground of strategic management as a means to deparadoxify the identified paradoxes, (4) recognize the supplementary nature of strategy context, process, and content, and (5) start researching strategy as an enacted social practice occurring within the flow of human activity.

Andreas Rasche is right: We have to think of strategy as being always already *in deconstruction*.

Günther Ortmann
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Preface – Strategic Management and Paradox

This book is the outcome of a long journey throughout the wilderness of strategic management. It represents a revised version of my PhD thesis that was presented and defended at EUROPEAN BUSINESS SCHOOL, Germany. I would like to briefly address two essential questions within this preface.

Why does it make sense to discuss the philosophy of Jacques Derrida with regard to strategic management? I think there are particularly two points that should be considered. First, Derrida's philosophy can enrich our understanding of the value of and necessity for paradox in strategic management. As mentioned in the foreword by Günther Ortmann, paradox is often mentioned in writings about strategic management, at least in those writings that move beyond a planning orientation, but not sufficiently backed up with theory. I offer *one possible* way to theorize about paradox in strategic management without immediately concluding the impossibility of strategizing. Rather, I consider paradoxes to operate at the *necessary limits* of knowledge about strategy management, limits that we should know in order to improve future theorizing. Second, Derrida's philosophy, a way of thinking that is often called deconstruction, provides a 'walking stick' to uncover and address many phenomena that are very important to strategy scholars (e.g., the role of the future and the suspension of meaning). By 'applying' Derrida to strategic management – although strictly speaking you cannot apply Derrida from the outside but instead need to recognize that his thinking has always already been part of the practice of strategy – I hope to open up new ways of thinking about strategizing in organizations.

Why do we need a variety of new terms to discuss the presented issues? Since this treatise enters new theoretical territory, I had to introduce some terms that the reader might not be familiar with. Although I provide a glossary at the end of the book, let me briefly distinguish three essential terms. First, what I call a *'strategic reality'* represents my basic unit of analysis. A strategic reality reflects the assumptions somebody attaches to her/his understanding of strategic management. Even though practitioners as well as strategy scholars have strategic realities, I will focus primarily on the

strategic realities of strategy scholars. Porter, for instance, has a well-known strategic reality in which he makes certain assumptions (e.g., competitive advantage is determined by the structure of the industry). Second, *paradigms* in strategy research occurred during the development of the scientific discourse. Whereas in the 60s and 70s the paradigmatic orientation was much influenced by the planning school, the 80s brought about the rise of the market-based paradigm and the 90s the resource-based view. Throughout the book I treat these different schools of thought as paradigms of strategy research. Third, what I call a *dominant logic* refers to the obscured assumptions that strategy scholars refer to when theorizing about strategic management. The important issue is that dominant logics cut across a variety of paradigms; dominant logics (e.g., that the market dictates strategic conduct) are always part of more than one paradigm, scholars have become so used to them that they are rarely acknowledged or even referred to.

Contents

1 Introduction to the Study

> "The lack of critical assessments
> of strategy research is a conspicuous
> barrier to more rigorous and
> useful research."
>
> *Paul Shrivastava (1987: 89)*

1.1 Underlying Problem and Research Objective

Strategy research has been criticized that its contributions are paradigmatically constrained by positivistic assumptions and research traditions largely stemming from economic analysis.[1] Not too surprising, such constraints open a considerable gap between the knowledge accumulated by scholars and managers' ability to use this knowledge (Gopinath and Hoffman 1995). In his review of strategy research Bettis (1991: 315) notes that he is "struck by the sense that most of this research is irrelevant to what is going on in such firms today." He concludes that the field of strategic management is prematurely stuck in a 'normal science straightjacket'.

Shrivastava's (1986) early critique of the strategy field gives reference to this theory-practice gap by uncovering the narrow functionalist *ideology*[2] on which strategy research is based. Ideology for him

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[1] See for example the debate in the *Strategic Management Journal* on the usefulness of applying a constructivist methodology to strategy research (Kwan and Tsang 2001; Mir and Watson 2001, 2000). Another debate in the same journal focuses on the contributions of pragmatist philosophy to a theory of competitive advantage (Durand 2002; Powell 2002).

[2] The term 'ideology' is used in different ways. Marx (1992), who is often considered the "inevitable point of departure for any contemporary discussion of ideology" (Giddens 1979: 165), used the concept politically to express the interests of dominant classes. Our concept of ideology is similar to the one of Mannheim (1936: 36) who states "that ruling groups can in their thinking become so intensively interest-bound to a situation that they are simply no longer able to see certain facts which would undermine their sense of domination."

"refers to those aspects of idea systems that obscure interests served by ideas and facilitate the establishment and maintenance of domination. […] Meaning and legitimation are connected by ideas in such a way as to favor *dominant interests*." (Shrivastava 1986: 365, emphasis added)

For Shrivastava these dominant interests are well reflected by scholars' assumptions of a given 'natural' environment and a tendency to provide generalized statements that decontextualize research problems. He accuses researchers of seeking technical efficiency and instrumental rationality as primary goals of analysis. Whilst Shrivastava provides a good starting point to challenge this functionalist ideology, recent critical assessments seem to prove that scholarly activity is as firmly rooted in this ideology as ever (Clegg et al. 2004; Farjoun 2002; Hafsi and Thomas 2004; Levy et al. 2003). To better understand this scientific inertia and to offer alternative ways of reasoning, we need to know more about the *process of ideology production* that influences the field's intellectual foundation.

Bachelard (1987: 46-50) provides a profound examination of the underlying dynamics of ideology production. Central to his argumentation is the concept of *dominant logic,* which can be defined as pervasive, yet invisible predispositions with regard to certain scientific problems. Based on the assumption that research fields are often governed by such logics, he claims that once they are established, the appreciation of underlying problems and the willingness to question them vanishes. To be 'scientific', researchers need to give reference to the established predispositions that tacitly pervade the community. These predispositions fix central conceptions as well as the used terminology for the respective field of study. Problems are not perceived as problems anymore as the dominant logics dictate what is regarded as scientifically desirable.[3] The ability of scholars to critically reflect the underlying assumptions of their discipline is eroded. As discussed

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[3] These remarks show that the concept of dominant logic *comes close to*, but is not equal to, what can be labeled 'normal science' in a Kuhnean sense (Broich 1994: 1). Kuhn (1996: 24) himself regards normal science as "[...] research [that] is directed to the articulation of those phenomena and theories that the [dominant] paradigm already supplies." (annotations added) The ideas of dominant logic and normal science share the claim that doubts about favored assumptions and research procedures are suspended (see also the discussion by Willmott 1993: 686). Both concepts are different in that normal science, as we understand the term, "means research firmly based upon one or more past scientific achievements, achievements that some particular scientific community acknowledges for a time as supplying the foundation of its further practice" (Kuhn 1996: 10), while dominant logics are less about the model-role of scientific achievements but look at the *assumptions* that are attached to these achievements.

above, strategy research makes no exception in this case. Whipp (1997: 270), for instance, argues that a lack of reflexivity represents a serious problem to strategy scholars. Similarly, Michel and Chen (2004) claim that the field needs to be more self-critical to guarantee relevance, to further intellectual progress, and to help recognize the contribution relative to other areas of research. Considering this, an in-depth discussion of the ideological character of strategy research requires that we examine the process of ideology production by identifying the prevailing dominant logics of the field.

The decision which lines of argumentation are labeled 'dominant' is contingent (like any decision). This does not mean that we cannot find *some* classificatory scheme that guides the identification process and thus limits the sphere of possible dominant logics. What is needed is a framework for theory building that captures the widespread activities of strategy scholars and enables us to understand the embeddedness of *strategic realities* in the context of past and ongoing research. Strategic realities reflect scholars' constructed nature of the 'world-of-strategy'; they describe the assumptions researchers attach to their more detailed theories and frameworks of strategic management in terms of central categories like 'the environment'. For instance, Porter's (1980) strategic reality includes a variety of assumptions regarding the nature of the environment and the causes of competitive advantage. Since dominant logics need to refer to something, we propose to consider strategic realities as their building blocks. Then, to find a classificatory scheme for dominant logics, we have to articulate those dimensions that scholars use to structure their strategic realities (Freeman and Lorange 1985: 10).

To identify these dimensions, we use Pettigrew's (1988) tripartite framework of *strategy context, process,* and *content* as it is (a) widely accepted by scholars working in the strategy field[4] and (b) holistic, including a considerable extent of past and ongoing research. Strategy context asks which set of circumstances influence decisions with regard to strategy content and process and thus gives rise to the *wherein* of strategy research (wherein, in which circumstances, are strategy process and content embedded?). By contrast, content and process assess the purpose of strategic decisions. Do we investigate the decision itself (its content) or how the decision has been made (its process)? Strategy process research covers the way strategies are created, sustained, and changed over time by focusing on the *how* of decision-making, whereas strategy content addresses the product of

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[4] See for instance the textbook by de Wit and Meyer (2004) as well as the treatises by Freeman and Lorange (1985), Ketchen et al. (1996), Moore (1995), and Vos (2002).

the strategy process by asking *what* constitutes a competitive advantage. Strategy context, process, and content give us an idea about the dimensions that scholars discuss in their strategic realities and thus tell us where we have to look for dominant logics. As a consequence, we now set up the 'necessity of adaptation' (strategy context), the 'primacy of thinking' (strategy process), and the 'fullness of strategic rules and resources' (strategy content) as dominant logics of strategy research and illustrate that their dominance relies on a *disregard of their own paradoxical nature*. The paradoxes we are interested in are operational in the sense that they are reflected in the praxis of strategizing. For us, paradoxical reasoning is reasoning whereby the enabling and constraining conditions of an operation (e.g., a strategic decision) coincide. Paradox implies that the respective operation is impossible because the condition of the possibility of the operation leads, at the same time, to its impossibility.

Regarding *strategy context*, we can identify a tendency to view organization and environment as two separate entities while thinking about the circumstances that shape strategy. This separation gives rise to a dominant logic that we label the 'necessity of adaptation', because it characterizes the fact that scholars analyze the environment as existing on its own and hence in an objective manner. Organizations are left with the task of adapting and fitting to this environment as well as possible. Speaking with Chaffee (1985: 90), adaptation-based strategy research supposes that companies make up their environment in the sense that all social actors are parts of *one* reality. This reality is relevant to all and provides the point of reference for strategy formulation. The dominance of this thinking becomes most obvious when considering that Ansoff (1987a: 501) sees the core of strategic thinking as "the logic which guides the process by which an organization adapts to its external environment." This logic has been widely applied by advocates of market and resource-based thinking.

Advocates of the market-based view argue that organizations adapt to their environment by following the strategic rules of their industry. Porter (1980) believes that an industry can be perceived as an objective structure that restricts the strategic actions of the corporations located within it. All corporations observe and adapt to this structure while developing their strategy. A similar argumentation is brought forward by the resource-based view. Hamel and Prahalad (1995: 310) argue that a competence is only valuable if customers regard it as leading to a distinct competitive advantage. Customers, like the environment in the market-based view, become 'objectified' in the sense that they are thought to determine the value of competences. Similarly, Collis and Montgomery (1998: 31) state that

"[a] valuable resource must contribute to the *fulfillment of a customer's needs*, at a price the customer is willing to pay. At any given time, that price will be determined by customer preferences." (emphasis in the original, see also Brandenburger and Stuart 1996: 6)

Even the recent view on dynamic capabilities stresses that "in high-velocity markets, effective routines are adaptive to changing circumstances." (Eisenhardt and Martin 2000: 1117) Resource and market-based reasoning suppose that the environment is objectively given and able to mediate between successful and unsuccessful strategic conduct.

This adaptation-based logic *obscures* a paradox (Vos 2002). For this, we need to recall that the hidden assumption in the paradigm of adaptation is that there is only one environment that exists independent of all organizations. As a consequence, the solution to the problem of adaptation is a rather straightforward one: observe what is going on and adapt to the situation. Considering Ashby's (1956: 206-207) *'Law of Requisite Variety'*, for a firm to be in control it needs to take as many control measures as there are external variations. In the paradigm of adaptation, firms adhere to this law because they build up requisite variety and establish a point-to-point correspondence to the environment they need to adapt to. However, in a world where the environment is more complex than the organization, it is impossible to establish such a point-to-point correspondence (Luhmann 1994: 46-48). Because of the indispensable complexity-gradient between organization and environment, every observation of the environment is just a *construction* from the perspective of the organization. This notion implies that every organization possesses *its own* environment.

If the environment is just a construction, what do firms adapt to? It cannot be *the* (objective) environment because the complexity-gradient restricts full access and thus correspondence to the environment. When considering that the environment is just a construction from the perspective of the organization, there is a paradox that needs to be accepted: adaptation to the environment is only possible as self-adaptation. This situation is paradoxical in the sense that an organization needs to distinguish itself from an environment that is not part of itself, while at the same time it observes that this environment is nothing more than its own production. Organizations cannot observe the environment despite and because of themselves. As long as one obeys to the paradigm of adaptation, one *obscures* the paradox that organizations can only be adapted to their environment if they are adapted to themselves. This paradox is obscured by the 'necessity of adaptation' since the observation of the environment is not problematized and can only be taken into consideration when conceptualizing the organization/environment distinction in a self-referential way.

Concerning *strategy process*, scholars tend to follow a notion of feasibility by alleging that thinking (strategy formulation) and action (strategy implementation) are two separable entities (Mintzberg 1994a: 290-294). This results in a dominant logic that we call the 'primacy of thinking' because thinking is thought to come before action in a way similar to a cause determining its effect. Implementation is perceived to be a derivation of the fully formulated strategy. Scholars who follow this perspective stress the goal-oriented nature of strategic management and argue that strategies rely on explicit deliberate decisions. Strategizing is thought to be an overly linear process based on rational assumptions. Like an engineer builds a bridge, a manager is thought to be a designer of a grand strategy which first becomes formulated, then implemented, and later evaluated (Leibold et al. 2002: 72; Pettigrew et al. 2002: 12). Instabilities and structural ruptures are assumed to be obstacles to a thriving strategy formation. Unintended successful action patterns are either seen as brilliant improvisations or just pure luck. The implications of this view are far-reaching. For instance, middle and lower management are assigned the role of facilitators that provide relevant information to the executive level where the strategy is developed. In consequence, strategic and operational issues are detached.

It is widely recognized that Andrews (1971) and Ansoff (1987b) are advocates of this view on strategy. Whereas it became popular to criticize the linear and formalized character of their work,[5] the underlying assumptions are still established in several well-know concepts. Wack (1985: 140), for instance, introduces scenario planning which "[…] structures the future into predetermined and uncertain elements." Scenarios are thought to provide a range of options about future developments by outlining plausible ways to act. Although scenario analysis does not forecast one best way but rather a set of possibilities, it still relies on the basic premise that thinking precedes action. Similarly, Brandenburger and Nalebuff (1995) assume a predetermined continuity between present and future, although they recognize that there can be multiple futures. Their game-theoretical approach supposes that the future is knowable through "look[ing] forward far into the game and then reason[ing] backward to figure out which of today's actions will lead you to where you want to end up." (Brandenburger and Nalebuff 1995: 58, annotation added) Both examples demonstrate that conceiving the 'primacy of thinking' as a dead tradition of thought may be a misleading presumption (Mintzberg et al. 2005: 56).

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[5] As a prominent example one can refer to the 'Mintzberg-Ansoff-controversy' held in the *Strategic Management Journal* between 1990 and 1991 (Ansoff 1991; Mintzberg 1990a; Mintzberg 1991).

In establishing a dichotomy between formulation (thinking) and implementation (action) strategy scholars have overlooked a paradox that inevitably is inherent in any decision. According to non-paradoxical logic, strategic decisions are executed after an appropriate preference order has been established – a preference order that fully justifies the decision (Jutterström 2005). This is a rather idealized version of events because *particularly* strategic decisions underlie double contingency. Ortmann and Salzman (2002: 208) characterize a double contingent situation as follows:

> "One firm will make its action dependent upon its competitor's action, and vice versa, and none of them knows or can have full knowledge about what the other will do – each conditions its actions on the actions and outcome of the other and factors in the environment."

According to double contingency, the world does not hold still while we are trying to establish a preference order. Strategic interactions among organizations constitute a situation of double contingency, which is recognized as such by both sides: both know that both know that one could also act differently. Then, can we justify a strategic decision *ex ante* to indicate that goals exist detached from the decision situation?

Luhmann (2000: 142) is well aware of the underlying paradox: no decision can ever reach a final justification because it concurrently potentializes other decisions. Any decision (fixation) as opposed to a non-decision (contingency) contains the non-decidable that it cannot analyze away. The paradox points to an interesting insight: a strategic alternative is an alternative because it is potentially possible; however, at the same time the alternative also is *no* alternative because it cannot be justified. To address this paradox means to recognize that the meaning of decision criteria is constituted *in actu*, in the course of action so to speak. Preferences, as Luhmann (2000: 134, 222-256) remarks, are fully constituted only after the decision has been made. Not until the decision has finally been executed can one decide whether and how contingency was fixed and what justification was chosen. If we do not want to evade this paradox, we need to break with the either/or-logic to give reference to both, formulation and implementation at once; strategy formation is thinking within (and not prior to) action.

According to Hoskisson et al. (1999), *strategy content* research uncovers the constituting factors of competitive advantage by either deriving certain strategic rules that tell strategists 'how the markets works' (e.g., industry analysis) or highlighting the need to develop distinct organizational

resources (e.g., knowledge).[6] Usually, strategic rules and resources are treated as generalizable; strategic rules are thought to be generalizable *across* organizations while the resource-based view classifies resources as 'given' and thus generalizable *within* organizations. To be generalizable, scholars implicitly assume that strategic rules and resources are able to define their own conditions of application by being 'full' of meaning prior to their usage. The resulting dominant logic is called the 'fullness of strategic rules and resources' since fullness implies that rules and resource-based theories give recommendations that are thought to be valid regardless of their context of application. To make contextual claims resources and strategic rules need to give reference to the process of their application because a contextual 'filling' can be achieved only *in actu* (Ortmann and Salzman 2002: 208). Theories of competitive advantage are conceptualized *as if* they were full, whereas in fact they are 'empty' waiting to be filled with meaning in the course of application. Emptiness implies that rules and resources expel contextual meaning and are treated as *a priori* given; corporate diversity is overlaid by generalized ('empty') solutions.

Wernerfelt (1984: 172), one of the advocates of the resource-based view, argues that "[…] a firm's resources at a given time could be defined as those (tangible and intangible) assets which are tied semipermanently to the firm." He defines resources with regard to the corporation but independent of their context of application and thus supposes that resources possess *a priori* characteristics. Surely, resource-based reasoning emphasizes heterogeneity, which refers to the belief that different organizations have different resources (Rasche and Wolfrum 1994: 503). Yet, heterogeneity does not imply that resources are conceptualized with regard to their application *within* a firm. Similarly, Porter (1980) defines the skills that are necessary to implement *generic* strategies. Managers aiming at cost leadership are advised to accomplish:

> "aggressive construction of efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force, advertising […]." (Porter 1980: 35)

Porter's *common* characteristics do not acknowledge the dynamic and equivocal nature of implementing a generic strategy. On the one hand, Porter (1996: 62, emphasis in the original) claims that strategy is about "performing *different* activities from rivals' or performing similar activities in

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[6] Strictly speaking, resource-based reasoning also offers strategic rules. Barney (1991), for example, tells us that a resource's potential depends on its value, rareness, and non-substitutability.

different ways." On the other hand, he delivers *general* recipes for doing so. By neglecting the process of application that produces the specific context in which strategies are put, he believes in the fullness of his rules, but in fact delivers emptiness. This is *not* to say that strategic rules and resources are superfluous, but that they are *potentials* that need to be activated *in situ*.

By conceptualizing rules and resources as counterparts to their own application, strategy research has overlooked yet another paradox. If strategic rules and resources were full of meaning, it should be possible to *perfectly* iterate them across contexts. Yet, every attempt to perfectly iterate a rule or a resource points to a paradox. For this we have to recognize that generalized – 'full' – statements suppose that meaning is *not* context-bound. Meaning, however, is always context-bound and contexts themselves are boundless (Derrida 1999a). Accordingly, rules and resources need to be modified in the course of application because a contextualization becomes necessary. The existence of a rule/resource at the same time implies the impossibility of application without alteration. Perfect iteration is rendered impossible since rules/resources need to, at least partly, destroy their own nature during the process of application. In other words, rules and resources cannot define their own conditions of application. When applying strategic rules and resources, a strategist needs to refer to them and to manage to get along without them at the same time. The either/or-logic that has been established between rules/resources and their application obscures this paradox because it is assumed that rules are one thing and their application another. The paradox can only be uncovered when referring to rules/resources *and* their application at the same time.

Our discussion of the dominant logics of strategy context, process, and content revealed three paradoxes that were *disregarded* by strategy research up to this point. Put differently, the dominant logics persist as long as scholars obscure their paradoxical foundation. Once we accept paradox and agree to those phenomena that helped us to uncover paradox (e.g., complexity and contingency), the dominant logics' impossibility is uncovered. By definition, every paradox is about contradictory self-referential reasoning and thus impossibility. In our case, this impossibility refers to an objective description of the environment (strategy context), full justification of strategic decisions prior to implementation (strategy process), and 'purely' generalizable strategic rules and resources (strategy content). This raises an important question: *What is the point of emphasizing the impossibility (paradoxical foundation) of strategic management?* We disagree with scholars who claim that paradox undermines scientific utility and diminishes the ability to guide managerial practice (Porter 1991; Priem and

Butler 2001). We propose that paradox in scientific inquiry is intrinsic and indelible (Lado et al. 2006: 116; Poundstone 1988), and increases interest (Davis 1971) and theories' general potency (DiMaggio 1995). Within this study, we treat paradox as a necessary limit to our knowledge about strategic management, a limit that enhances our understanding of strategic phenomena because its consideration increases our ability to create requisite complexity in strategic realities (Cameron and Quinn 1988). Accordingly, we use paradox as a nucleus for theorizing in strategic management.

Since we are attempting to expose the three paradoxes that were briefly outlined above, we need to understand why strategy scholars were able to neglect them. For this we must realize that the identified dominant logics are structured around *binary oppositions*. The 'necessity of adaptation' relies on the opposition *environment/organization*; the environment demands, the organization reacts accordingly. The 'primacy of thinking' is based on the separation *formulation/implementation*. The 'fullness of strategic rules and resources' is founded on the proposition that rules and resources are detached from their application. This claim refers to the oppositions *strategic rules/application* and *resources/application*. All oppositions are hierarchically structured. The environment dictates the organization's strategy, formulation is thought to precede implementation, and strategic rules/resources are thought to determine their application.

If strategy scholars sustain these oppositions by giving primacy to one hierarchical pole, they follow the classic dichotomous approach for coping with paradox (Clegg et al. 2002: 485; Poole and Van de Ven 1989: 566). By regarding self-contradictions as an either/or-choice, research hopes to get rid of or at least evade the 'dysfunctional' status of paradox. This mode of thinking is problematic because we cannot analyze paradox away (Luhmann 2000: 131). This would require 'a safe ground', 'a self-defining' origin that acts as a ground for strategic reasoning. Yet, to be 'safe', every ground needs to be justified. Striving to solve paradox by looking for a fully justified ground, we find ourselves in a situation once characterized by Albert (1985) as the Münchhausen trilemma. According to this trilemma, any attempt to find a *final* justification that would 'solve' paradox results in the choice between an infinite regress, a *circulus vitiosus* or a dogmatic interruption at an arbitrary point.[7] The last alternative of

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[7] An *infinite regress* represents the causal or logical relationship of terms in a series that logically has no first or initiating term. A *circulus vitiosus* characterizes situations in which one trouble leads to another that aggravates the first. The conclusion of one argument is appealed to as one of the truths upon which the argument rests itself. *Dogmatic interruptions* simply terminate the justification process at an arbitrary point to evade an infinite regress.

this triple blind-alley sounds familiar since the dominant logics of strategy research terminate the process of justification by privileging one side of an opposition as a metaphysical ground. Accordingly, we cannot prove with a noncontradictory logic that reality is free of paradox. As Luhmann states (1988: 154): "There are paradoxes everywhere, wherever we look for foundations." To facilitate orientation, the major points of our analysis are summarized in Figure 1.

	Strategy Context	Strategy Process	Strategy Content
Nature of Dimension	Set of circumstances under which process and content occur (Wherein?)	Decisions and actions that define how strategy is made (How?)	Imperatives that define how a competitive advantage is reached (What?)
Dominant Logic	necessity of adaptation	primacy of thinking	fullness of strategic rules and resources
Obscured Paradox	To adapt, organizations face an environment that exists because of and despite them.	Decisional preferences are supposed to guide implementation, yet are only constructed *in actu*.	To be generalizable, rules and resources need to be iterable, but iteration implies modification.
To obscure paradox, the dominant logics build up oppositions		
Underlying Opposition	Environment/Organization	Formulation/Implementation	Rule/Application Resource/Application
Privileged Pole of the Opposition	Environment	Formulation	Rules Resources

Fig. 1. The Ideology of Strategy Research

If we cannot analyze paradoxes away, there is need to establish a way of thinking that acknowledges their unavoidable occurrence in order to not regard them as a dysfunctional state. Learning to handle paradoxes implies becoming engaged in their passionate endurance (Derrida 1998b) by actively pursuing implications for further theory development. Recall that the key characteristic of paradox is the simultaneous presence of two mutually exclusive elements. The dominant logics, because of their reliance on hierarchical oppositions, disregard paradox and thus ignore the simultaneous presence of the 'ends' of the oppositions. We then need to confess that the 'ideological core' of strategy research rests on the existence of oppositions. According to this argumentation, the *research problem* underlying this study can be formulated as follows:

The theory of strategic management sustains dominant logics that arise according to the 'necessity of adaptation' (strategy context), the 'primacy of thinking' (strategy process), and the 'fullness of strategic rules and resources' (strategy content). To maintain their dominant character, these logics obscure paradoxes. The paradoxes demonstrate that the arguments that underlie the dominant logics aim at impossibilities (viz. environmental adaptation in strategy context, full justification of strategic decision in strategy process, and generalizable strategic rules and resources in strategy content). As these paradoxes cannot be analyzed away, scholars' disregard of them, based on the establishment of hierarchical oppositions in the dominant logics, calls for further conceptual research.

To expose paradoxes and consequently dismantle the three dominant logics of strategy research, we highlight the simultaneous existence of both sides of an opposition. By doing so we not only criticize the prevailing dominant logics but offer ways of reasoning that reach beyond ideology. Certainly, this is *not* to say that the outlined ideology has not been criticized up to this point. By regarding paradoxes not as dysfunctions but statements that meaningfully indicate the *margins of knowledge*, this study wishes to complement, enrich, and also extend the rich accounts of critical knowledge strategy scholars have developed so far.[8] To evocatively explore these margins, an appropriate theory perspective is needed.

There are three requirements for a suitable perspective: (a) the theory needs to acknowledge oppositions in some way, (b) the theory has to unravel hierarchical structures to expose their simultaneous occurrence (paradox), and (c) the theory must be applicable to strategic management. A good point of departure for the identification of a suitable approach is provided by Linstead's (1993: 56) statement:

"Where modernism pursues the *opposition* of terms, actively placing the one over and against the other, postmodernism resists the closure of terms, actively exploring the *supplementarity* of the one within the other." (emphasis in the original)

By using the terms modernism and postmodernism, we face a profound problem as both expressions refer to a wide range of theoretical concepts. Modernism and postmodernism cannot be reduced to Linstead's remarks on oppositional and supplementary logic. Whereas an in-depth discussion of the various meanings of both perspectives is beyond the scope of this in-

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[8] Recently published critiques of strategy research as a field of study include: Sarason and Huff (2005), Pozzebon (2004), Clegg et al. (2004), McKiernan and Carter (2004), Knights and Mueller (2004), Levy et al. (2003), Farjoun (2002), Ortmann and Salzman (2002), Sydow and Ortmann (2001), Hoskisson et al. (1999), Franklin (1998b, 1998a), and Calori (1998).

troduction, we need to clarify *which theoretical element of postmodernism* addresses the *supplementarity* mentioned by Linstead. Supplementarity is vital for our analysis, since the *limit* of every supplementary relation points towards a co-presence of oppositional elements and thus paradox.

While sociologists like Luhmann (1994) and Giddens (1984) have endowed us with approaches like 'the autopoiesis of social systems' or 'the duality of structure' that reflect supplementary relations between categories like agency *and* structure or organization *and* environment, we are in search of a more general perspective that captures the diversity of phenomena subsumed under the three dominant logics. An author whose intellectually rich account of work reflects this variety is the French philosopher Jacques Derrida who is often associated with postmodern thinking.[9] His work is appealing to our analysis as he focuses on exposing and dismantling hierarchically structured oppositions within 'texts'. Derrida's understanding of text may be misleading at this point as one is led to believe that he is exclusively concerned with the written. For Derrida, however, 'the text' also relates to the (social) world, or as Cooper (1989: 482) specifies: to the interactional text. This makes texts the building blocks of con-*texts* because contextual features are 'textualized' in that they provide the context for 'the text' in question.

> "I believed that this extension and strategic generalization of the text was necessary to give *deconstruction* its chance. The text is not restricted to the written [...] language is a text, the gesture is a text, reality is a text in this new sense." (Derrida 1987a: 107-108, cited in Ortmann 2003a: 109, translation and emphasis A.R.)

What Derrida labels *deconstruction* in the quote above represents the major theoretical embodiment of his thinking. Deconstruction acknowledges *and* overturns the dependence of any text on hierarchically ordered oppositions. Overturning in Derrida's view does not mean to devote primacy to the so far neglected pole of the opposition. Deconstruction seeks to explore the supplementarity of both poles by thinking the one *within* the other. The meaning of one pole depends on the supplementary relationship with its other, and this relationship is never fixed but always reconstituted

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[9] This is not to say that we ignore the work of Luhmann and Giddens form here on but that we discuss their ideas *on the background* of Derrida's philosophy. Proceeding in this way is feasible since Giddens (1979: 9-48) extensively refers to Derrida's work and Luhmann (1995a: 9-35) at least recognizes the importance of his thinking. To neglect ideas like the paradox of decision-making (Luhmann 2000) or the importance of agency in (re)constituting rules and resources (Giddens 1984) for the sake of sticking to one theory only, surely is not an appropriate way for scientific progress.

in space and time. Meaning is constantly in a state of flux and can never be fully grasped. Strategic rules, for instance, cannot be applied regardless of context, as this implies that one side of the opposition ('the strategic rule') is regarded as being full of meaning, whereas the other side ('the application') is deemed to be a simple derivation. Deconstruction argues that both sides cannot do without each other as there is no self-defining cause that is full of meaning to precede and govern the neglected pole of the opposition. Both sides come into existence by giving reference to their (apparent) opposite. In consequence, deconstruction reveals a tension of juxtaposed opposition, a tension that, according to Derrida (1992a), exposes paradox.

We argue that deconstruction meets the outlined demands for a theoretical perspective that can guide our analysis: (a) it addresses oppositions in a general sense, (b) it provides a supplementary logic that exposes paradox if the tension of the juxtaposed opposition is considered as a co-presence of its poles, and (c) it can be applied to strategy research since the definition of 'text' offers a way to examine the ideas located in scientific discourses and the behavior of strategists (that relates to these ideas) as text production (Kilduff 1993: 14). Deconstruction fits the specific purpose of this treatise and helps to create new ways of thinking by moving beyond the established either/or-ideology of contemporary strategy research. Deconstruction's potential to challenge existing ideologies is illustrated by Eagleton (1997: 117) who remarks:

> "Deconstruction has grasped the fact that binary oppositions […] are representative for ideologies. Ideologies like to draw exact lines between the acceptable and the unacceptable, between the self and the non-self, between true and false, sense and nonsense, the central and the marginal, the surface and the depth. Such metaphysical thinking cannot be simply avoided: we cannot propel from this binary thinking into an ultra-metaphysical space. But by means of a specific manner of treating texts […] we can start to unravel these oppositions to show how one term of an antithesis secretly contains its opposite." (translation A.R.)

Deconstruction enables the conceptual research we like to undertake by providing an apt theory perspective; it thus reflects the *possibility of research* within this study.

> *Deconstruction provides a supplementary logic to dismantle the hierarchically structured oppositions that occur in the 'text' of strategic management. This logic uncovers the paradoxes that have been obscured by the dominant logics of strategy research up to this point.*

The need to dismantle the dominant oppositions of strategy research and the realization that deconstruction offers a way to do so justifies the following *research objective.*

This study aims at outlining an approach to strategy research that deconstructs the hierarchical oppositions reflected by the 'necessity of adaptation' (strategy context), the 'primacy of thinking' (strategy process), and the 'fullness of strategic rules and resources' (strategy content) to disclose the unavoidable paradoxes that have been neglected so far. As paradoxes only indicate the limits of knowledge we can gain about the nature of things, this study also shows how these paradoxes can be unfolded to think about the possibility of strategic management despite their existence.

Our approach to strategy research intends to challenge taken-for-granted assumptions to offer new ways of thinking about the conventional wisdom of strategic management to complement and extend existing perspectives. Complementing and extending current research does *not* imply that we deem other positions to be ineffective ways for thinking about strategy; just as we do not claim that research that is in line with the presented dominant logics inevitably follows a 'modern' perspective that is now replaced by a more encompassing 'postmodern' one. The examined questions may be fundamental, however inevitable to the progress of the field.

To facilitate orientation, Figure 2 summarizes our way of argumentation and thus shows the ideas on which the research design is based. We started with the statement that some scholars (e.g., Shrivastava 1987) claim that strategy research possesses an ideology but do not ask why this ideology exists and persists. We then suggested that this ideology is based on three dominant logics that arise according to strategy context, process, and content. These dominant logics are sustained because they neglect their own paradoxical foundation (and thus impossibility). Further sustaining these dominant logics calls for 'solving' paradox, which, however, requires an ultimate justification that we do not have according to Albert's (1985) Münchhausen trilemma. Hence, there is need to uncover and discuss the paradoxes that strategy context, process, and content obscure thus far. To identify a theory perspective that helps us to uncover and discuss paradox, we need to know why the paradoxes are neglected in the first place. The paradoxes are neglected because the dominant logics are based on conceptual oppositions that pretend to provide an origin for strategic reasoning. To dismantle these oppositions and uncover their simultaneous existence (viz. paradox), we use deconstruction. Since every paradox only indicates the limits of knowledge we can have about the nature of strategy, we also show how the impossibility of the dominant logics (viz. their paradoxical nature) can be used positively to inform future strategy research.
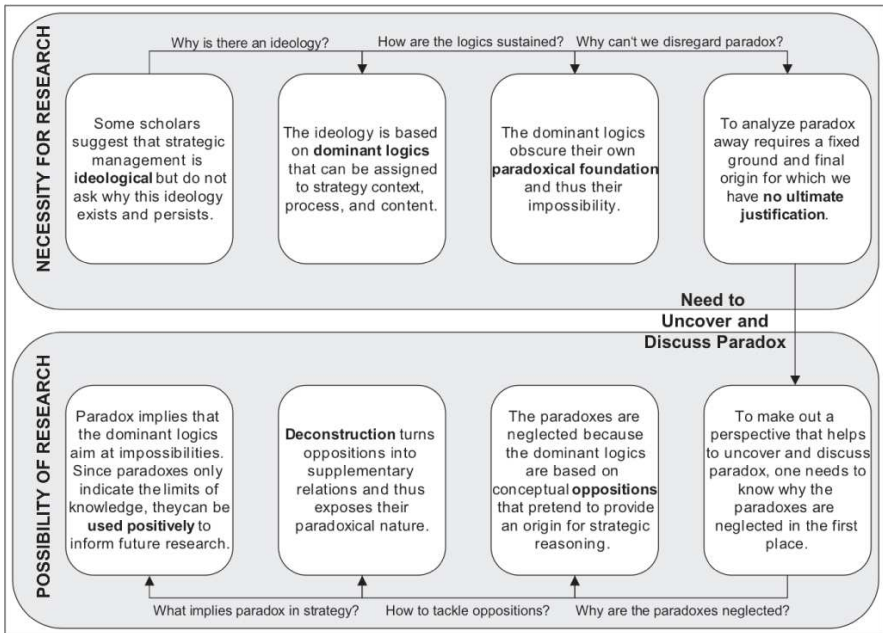
Fig. 2. The Way of Argumentation Underlying this Study

1.2   This Study and the Philosophy of Science

In the light of the previous findings, we classify our research in relation to the philosophy of science to better understand the context of the presented arguments and their relation to the work of other scholars (Scherer 1999). The philosophy of science is concerned with an analysis of the *methods* of scientific practice (How do we conduct our research?), its *purpose* (To which end do we conduct our research?), *its relation to other studies* (How can we differentiate our research?), and its *addressees* (Who do we conduct our research for?).

   The Methodology Used: We are conducting research about strategy research and thus deal with what Eberhard (1999: 36-46) calls a theoretical-critical way of reasoning. Schanz (1977: 67) remarks that empirical investigations are only useful if they are based on a solid theoretical foundation and Sutton and Staw (1995) remind us that without conceptual arguments any field ends up in dust-bowl empiricism. Because this study investigates the way scholars theorize within strategic management, our investigation is conceptual and not based on empirical tests of certain phenomena on the

object level. This does not mean that the presented arguments cannot be empirically tested, but that we need to rely on further research for empirical substantiation.[10] Freeman and Lorange (1985: 16) remind us that empirical validity is only one possible criterion for research and that strategic management is especially endangered in traveling the narrow path of empiricism; the creation of future strategic realities must not exclude 'thought experiments' that are necessary for conceptual changes. Only by means of these changes can there be further meaningful empirical research.

The Purpose of This Study: Reflecting upon the purpose of this study helps us to assess its contributions to the existing body of work. The resulting question is whether we conduct research to establish new 'truths' about the way strategy research has to function or how else we wish our arguments to be understood. Since this treatise navigates in the waters of postmodernism, we suppose a postmodern understanding of science that sees scientific practice as being subject to *incommensurable* metatheoretical assumptions. Following Burrell and Morgan (1979), we identify metatheoretical assumptions with postulates about the nature of science (related to ontological and epistemological issues). Incommensurability describes the impossibility of comparing scientific knowledge that was generated in accordance with different metatheoretical beliefs, as no common standard of rationality exists. Scientific dogmatism becomes out of reach as the validity of statements can only be judged locally (with regard to the assumptions). Incommensurability implies that any treatise needs to submit itself to a competing battle of voices with no voice having a claim to priority over others (Jackson and Carter 1991).[11] What are the implications of these remarks for our study?

Because of incommensurability this study does not reject the legacy of other perspectives on strategy or suggest that collaboration across different perspectives is impossible. We understand the contributions of this study neither as superior to other perspectives nor as a new 'truth' for strategy research but as a novel perspective to see theorizing in strategic manage-

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[10] Research methods that are consistent with the assumptions of deconstruction aim at qualitative empirical studies. Exploring organizations via narrative analysis provides a valuable point of departure in this context (Calás and Smirich 1999; Clandinin and Conelly 2000; Czarniawska 1998).

[11] Incommensurability does not dissolve scientific legitimization into taste preferences (Jones 2003: 510) as this would lead to the impossibility of serious scientific practice. Scientific argumentation in the light of incommensurability implies a local understanding of rationality – 'to play by the rules' favored by a particular community of scholars. Accordingly, Latour (2002) argues that 'scientific facts' are not given but constructed by a network of actors (also Astley 1985; Astley 1984; Cannella and Paetzold 1994).

ment from a different angle. For us, incommensurability implies that the results and claims of this study need to be judged against the background of the assumptions of deconstruction. Hence, science is not a magnificent march towards some higher truth. If there is no final truth to discover, to which end do we conduct our research? How can we *evaluate* research that denies the existence of final truths? Lyotard (1999: 173-174), for instance, views scientific practice primarily as a way to create new ideas and Weick (1989: 517) claims in a much similar sense that

> "[…] a good theory is a plausible theory, and a theory is judged to be more plausible and of higher quality *if it is interesting* rather than obvious, […] a source of unexpected connections, high in narrative rationality, aesthetically pleasing, or correspondent with presumed realities." (emphasis added)

Interesting theories deny routinely held assumptions; they engage attention and make people sit up and take notice; they create discomfort and produce debate (Davis 1971: 311; McKinley et al. 1999). Kunda (1990) shows that the more a theory challenges taken-for-granted beliefs, the more other scholars see it as interesting and thus care about its arguments and Baldridge et al. (2004: 1066) propose that practitioners often judge interesting theories high in relevance. Thus, creating interest is the *purpose* of this study.[12]

The Relation of this Study to other Perspectives: If there is no ultimate, privileged point from where 'true' reasoning can unfold, it is essential to differentiate one's own assumptions to other forms of legitimization within the chosen field of research. Such an overview portrays the 'scientific landscape' and provides the scholar with orientation regarding her/his limits of reasoning. Within organization theory and strategic management, a variety of frameworks enable such a differentiation. Most of these reference frames reduce scientific debates to two dimensions to offer a matrix in which researchers are supposed to locate themselves. Burrell and Morgan (1979), for example, distinguish between objective/subjective studies and scholars' assumptions with regard to the nature of society (order/conflict). Not much different, Astley and Van de Ven (1983) emphasize the deterministic/voluntaristic nature of research as well as the level of organizational analysis (micro/macro). Similar to the modern-

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[12] Speaking with Weick (1989: 522-523), we contribute to heterogeneity in 'thought trials' within strategic management theory by choosing an uncommon perspective for criticizing existing research. Elsewhere Weick (1987b: 99) states that "[t]heories should be adopted more to maximize what we will see than summarize what we have already seen. Usually, what we have already seen merely confirms what we expect to see. To theorize better, theorists have to expect more in whatever they will observe."

ism/postmodernism debate, these frameworks rely on generalizations and are problematic insofar as they tend to dump authors in containers. Yet generalizations offer guidance as they enable a classification of one's own work in the ever-increasing body of research on organization theory and strategic management. In the following we refer to the framework of Deetz (1996) that represents an extension of Burrell and Morgan's (1979) work. The framework fits into this study as it addresses postmodern thinking and consequently deconstruction (Figure 3).
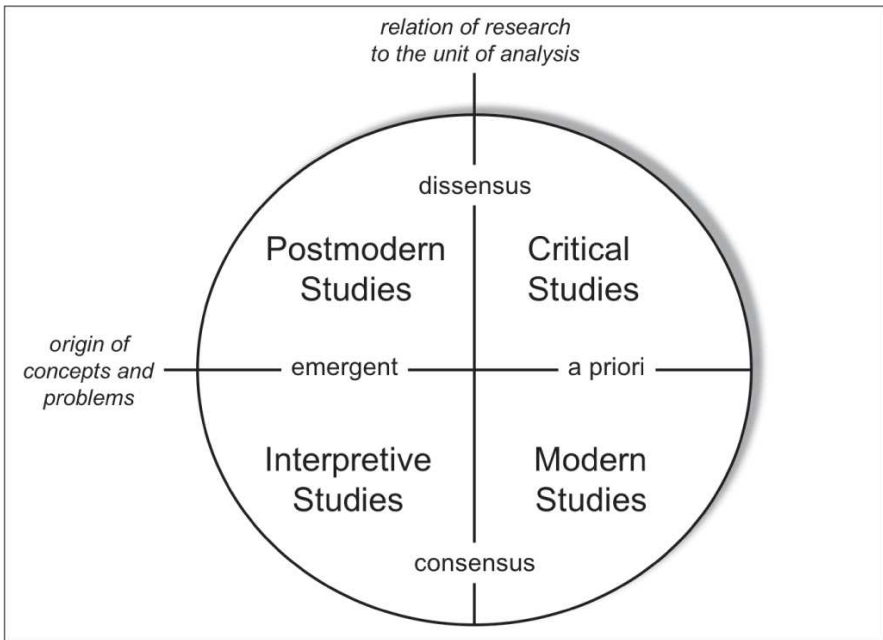
Fig. 3. Metatheoretical Assumptions in Organization Theory (adopted from Deetz 1996: 198)

What Deetz (1996: 197) labels the *consensus-dissensus* dimension refers to the question whether the studied object is regarded to display an unproblematic order (consensus) or whether the existing structures of the object are questioned (dissensus). Consensus based research is a reproductive practice that accepts the status quo of the investigated object, while a dissensus orientation is productive in the sense that it tries to disrupt the status quo by challenging mechanisms of order maintenance. The *a priori-emergent* dimension concerns the origin of concepts and problem statements within research. Scholars following an *a priori* orientation argue

that their knowledge claims exist independently of their conditions of production; they belief in the production of rational knowledge that is not constrained by the subjectivity of the researcher or the researched. The emergent pole draws attention to scholars who stress the situated nature of research and belief in producing insights rather than truths.

As discussed in section 1.1, this study is based on ideas stemming from philosophical *postmodernism*. Following Deetz's analytical frame, we are now able to specify the metatheoretical assumptions of postmodern research and in what aspects this style differs from other modes of investigation. For this, we need to discuss the dissensus and emergent character of our research as these are contrasted with postmodernism in Deetz's framework. The very idea of this study, which is to question the conventional theoretical foundation of strategic management, already points to a *dissensus* orientation. We view our unit of analysis (strategic management theory) not as unproblematic but refer to three dominant logics which challenge existing belief structures. The discussion of incommensurability already illustrated the *emergent* character of the proposed research problem. By acknowledging the situated and contextual nature of our claims, we oppose the logic of objectification and unadulterated rationality that is proposed by *a priori* conceptions of research. Following this line of argumentation, it needs to be recognized that the three dominant logics are not *a priori* given but inhibit our deconstructionist Weltanschauung.

The Addressees of this Study: Creating interest in novel topics by discussing and denying conventional wisdom is a bold venture. Yet, most people will ask: For whom is it done anyway? Is it done for the many strategists who are trying to shape the future of their organizations? Is it done for other scholars to foster reflexivity? This gives rise to the question whether our undertaking represents 'basic' or 'applied' research. Ulrich (2001b, 2001a) conceptualizes management in general as an applied social science in which 'practical' problems are solved. Practical problems in his view are those problems that originate from and refer to practice and are of interest to practitioners, whereas theoretical problems emerge within the process of research. Practical problems are solved for the sake of giving advice to practitioners, while basic problems are merely an intra-scientific matter and solely address other scholars. But is this distinction (i.e. opposition) a useful one?

Weiskopf (2003b: 12) remarks that from the viewpoint of deconstruction, there is no reason to distinguish between 'basic' and 'applied' science since no final legitimization for knowledge, be it practical or basic, exists. If meaning, as Derrida (1976: 425) argues, cannot be objectively determined, there is no way to identify a safe ground (basic knowledge) from

which we could derive applied knowledge. To classify scholarly work as basic or applied research obscures that neither 'applied' nor 'basic' knowledge possess a reference point for justification. There is no fully legitimized basic research from which applied research emerges, like there is no 'pure' theoretical knowledge that passively flows into practice to be applied (Nicolai 2004: 954). Such purity would require theories to instruct operations that are by themselves 'purely' practical. Deconstruction sees itself as a kind *of theoretical practice* (Khurana 2002: 251) happening in theory *and* practice (Derrida 1989a: 85). Science is successful if it fosters dialogue among scholars and practitioners, a dialogue that produces new alternatives for action (Kieser and Nicolai 2005).

The question is not whether we conduct basic or applied research, or whether we address practitioners or the scholarly community, but in what way people, be they other scholars or managers, make use of the presented claims to make sense of their problems (Weick 1995: 90). Practitioners may find our arguments helpful in exploring and understanding the messy realities of strategy making. They will, however, not come across a clear set of recommendations of a checklist type that finally tells them 'how to do strategy'. Researchers may find the presented claims helpful in questioning their own basic belief structures of how to think about strategic management. Since curiosity and an inclination to the unknown are inevitable parts of scientific progress, we hope to contribute to ongoing and stimulate upcoming discussions. If this study creates discomfort about the way a range of scholars still thinks about strategic management, its primary goal has been achieved.

1.3   Limitations of the Study – Some Words of Caution

Alvesson and Skoldberg (2000) suggest that research should always be presented in a reflexive style, paying as much attention to process as to product. Calling for more reflexivity in the field of strategic management also means being self-reflexive. As in any other study this treatise is faced with limitations that need to be considered as constraints while making sense of the presented arguments. First, there are limits to the *scope of including existing theories and frameworks* into the discussion. As the field of strategy relates to a considerable number of journals and books, a complete treatment of the full range of approaches that represent the identified dominant logics is not only impossible but also not desirable. Any attempt to hear and consider all voices would end up in an unfruitful cacophony of opinions. Therefore, the purpose is to isolate key assumptions from exem-

plary and well-known theoretical offerings in order to use them as a nucleus for argumentation. This means that we deliberately generalize around existing schools of thought (e.g., the market and resource-based school of strategy).

The second limitation deals with the *way in which existing approaches to strategy are criticized*. For this, we need to recognize that the prevailing Zeitgeist influences scholars' assumptions at the time of theorizing. Wack (1985: 139-140), for instance, notes that in the 60s it was simply considered incompetent or unprofessional to say "Things could go this way – or that." The disciplinary roots of scholars represent a similar constraint. Students of strategy have borrowed ideas from other fields such as economics, psychology, and sociology (Baum and Hayagreeva 1998). These disciplines pursue their own research traditions and with it certain dominant logics. Economic theory, for instance, does not make ontological or epistemological questions the subject of the discussion. It is no big surprise that strategy scholars working in the realm of economic theory are not overly concerned with questions about the nature of reality or usefulness of causality. When criticizing the works of other scholars, we should keep their disciplinary orientations as well as the prevailing scientific Zeitgeist in mind in order to avoid jumping to conclusions.

A final limitation addresses the *manner in which a 'deconstructive study' – if there is such a thing – needs to be written*. Deconstruction means to be critical of any fixed definition of terms and concepts, of any pre-given linear structure of analysis, as well as the authority of the author to have a privileged access to her/his writings. We cannot reject offering at least some 'prefabricated' definitions in the course of this study; neither can we do without a linear way of analysis (an unavoidable feature of any book). Yet, we remind the reader that (a) the meaning of terms (e.g., strategy) is not objectively given but constructed by the reader in the particular and unique context of reading, consequently that (b) the author of this text has no privileged relation to it as every reading (by whomever) gives rise to new meaning (Giddens 1987: 206), and that (c) the linear representation of arguments is contingent and simulates a non-existent causal logic. To keep in mind that even though this study may *appear* to be straightforward, but is in fact struggling with the tensions that any text holds, we ask the reader to remember that any text can be disrupted in its 'flow' if we consider that:

"W A R N I N G: LINEARITY KILLS"

This phrase was introduced by Burrell (1997) who used it in regular intervals throughout his text to underplay the importance of developing an argument in a linear-logical way. The apparent linear nature of the analysis at hand is more a construction than a force.

Dealing with these limitations effectively means not abandoning the arguments of this study, but learning to use them with reasonable perspective. Deconstructive logic looks for supplementarity – the one within the other, the destruction for the sake of construction. This destruction-construction circle provides *one option* for criticizing theory in strategic management. Options act as constraints and opportunities alike. They are constraints because their availability implies a subsequent decision to either follow deconstructive logic or not. Likewise they are opportunities since they enable the researcher to make this decision in the first place.

1.4 Structure of Analysis

Forced by the linear nature of a book, the development of our arguments must proceed in stages. Not all things can be discussed at the same time and usually some terms require the discussion of other terms prior to their introduction. In chapter two we discuss those approaches, classifications, and definitions that have been the 'bread and butter' of strategy research ever since its foundations in the 1960s. Mostly, this chapter is supposed to introduce some basic terminology to provide guidance to the reader by bringing in *our understanding* of what research on strategy context, process, and content is all about. This chapter is necessary because references to the theory developed so far help to set the stage for new conceptual arguments (Sutton and Staw 1995: 372). Any author needs to acknowledge the stream of logic on which s(he) draws and to which s(he) wishes to contribute. Besides this basic introduction to the field of strategy, chapter two also contains a discussion of the paradigmatic status of the field. We deem this discussion to be of special importance, since a treatise that criticizes currently held assumptions inevitably faces the question whether and how different conjectures are related to each other.

While chapter two presents a general introduction to the field of strategic management, chapter three argues that *within this general field* we find three dominant logics that represent the taken-for-granted assumptions of scholars. Chapter two and three differ in that chapter two is about a basic introduction to strategy research whereas chapter three is more argumentative by criticizing the field's underlying assumptions. Based on the twenty most popular documents of the strategy field, we demonstrate that the

dominant logics, which we briefly discussed in section 1.1, are the reference point for theorizing in strategic management. This chapter is necessary to provide a fair treatment of other authors and to give substance to the claim that strategy research is trapped in specific belief structures. Moreover, we discuss how dominant logics come into existence because the mere recognition that there are such logics provides an insufficient picture of the stickiness of scientific knowledge. Last but not least, we assess existing critical perspectives of the dominant logics to show that (a) a small number of scholars have developed a critical tradition in strategic management and (b) that this tradition still leaves a lot of questions unanswered. These remarks provide legitimization for the analysis in the subsequent chapters.

Chapter four introduces the philosophy of Jacques Derrida. Starting with some general remarks on the philosophical tradition of postmodernism, which provides a frame of reference for Derrida's arguments, we explore his style of thinking which is commonly referred to as deconstruction. Since this treatise is not about philosophy but strategic management, we only introduce those parts of Derrida's work that seem relevant to the overall structure of argumentation. As one would expect, this is not easy, because Derrida has not developed a systematic philosophy. Mostly, we focus on introducing the general reasoning behind deconstruction (because it concerns the oppositions of the dominant logics), his treatment of paradox (because it is the prerequisite for criticizing the dominant logics), and his perspective on the indeterminacy of meaning (because it is necessary to understand how paradox comes about). In addition, we demonstrate how and why Derrida's philosophical arguments can be applied to social theory since research in strategic management is not genuinely philosophical.

While chapter four discusses deconstruction as a way to uncover paradox, chapter five discusses the role of paradox *in strategy research*. We argue that we have to research strategic management *because of* and *despite* paradox. We have to do strategy research because of paradox since paradoxical reasoning reveals the impossibilities that underlie the dominant logics. Yet, we also have to research strategy despite paradox because strategic management is nothing impossible (i.e. paradoxical). Numerous studies (Grant 2003; Regnér 2003) have observed strategic management *in praxis*. To explain how one can cope with the paradoxical foundation of strategic management, we illustrate how the paradoxes that underlie the three dominant logics can be deparadoxified. Deparadoxification does not imply reintroducing the dominant logics – because to deparadoxify one needs a paradox, a paradox that is obscured by the dominant logics. Deparadoxification paves the way for a different understanding of strategy

context, process, and content that is outlined in chapter six. The recognition that strategic management needs to be researched *because of* and *despite* paradox is a necessary prerequisite for the deconstructions in chapter six. From our perspective, each deconstruction has a double function: it criticizes conventional reasoning (i.e. the dominant logics) by exposing that the paradoxical foundation of strategy context, process, and content cannot be neglected *and* demonstrates how theorists can creatively use these paradoxes by deparadoxifying them to finally come up with new conceptual frameworks. This double function is reflected by the need to create future strategic realities *because of* and *despite* paradox.

Chapter six 'performs' the deconstructions that are structured with regard to our distinction between strategy context, process, and content. Based on our remarks in chapter five, each deconstruction uncovers a paradox (creating strategic realities *because of* paradox) and shows how this paradox can incite future research on strategic management (creating strategic realities *despite* paradox). Accordingly, the three deconstructions follow the same pattern. First, each deconstruction uncovers a paradox that has been neglected by the dominant logics. Thus, every deconstruction shows that the dominant logics aim at impossibilities and that strategy research that criticizes the dominant logics can only happen *because of* paradox. Second, each deconstruction also shows how the underlying paradox can be deparadoxified and how strategy research is possible *despite* paradox. Deparadoxification points to the recursive relations that underlie strategy context, process, and content and thus shows new ways of doing strategy research.

Chapter seven outlines the implications of the deconstructions. Because the result of each deconstruction is a recursive relation that points to the importance of discussing strategy context, process, and content as consisting of situated activities, we relate our research results to a recently emerging stream of research: *Strategy-as-Practice*. Based on already existing research on Strategy-as-Practice we outline a research agenda for future investigations in strategic management by concentrating the arguments that have been made up to this point into one underlying framework. In this sense, chapter seven embeds the particular implications that are discussed in chapter six with regard to strategy context, process, and content into one overarching research framework that can inform future investigations. Strategy-as-Practice introduces a common ground that is shared by all three deconstructions and thus enables us to argue in favor of a new perspective on strategic management.

The final chapter outlines the contributions of this study. We take a retrospective perspective and summarize the key findings of our discussion.

These key findings relate to the two major contributions of this treatise: (a) as a critique of currently dominating assumptions in strategy research and (b) as an outline of how to research strategic management in a different way (i.e. a way that considers paradox as a necessary limit to our knowledge about strategy). Finally, we outline how the nature of scholarship needs to change to take the key findings of this study seriously. This discussion is essential to show how the content-related arguments (i.e. how to research strategy context, process, and content differently) can be put into *research praxis*. We argue that substantial reforms (e.g., with regard to the methodology used and criteria for the evaluation of strategy research) are necessary and timely if the key findings of this study are seriously considered. Figure 4 depicts the structure of analysis and shows the main contribution that each chapter makes against the background of the general research design.

| Chapter (Structure of Analysis)	Contribution of the Chapter
Chapter Two - Strategic Management as a Field of Study	Discusses What Strategic Management Aims at and What it Means to Research Strategy Context, Process, and Content
Chapter Three - The Dominant Logics of Strategy Research	Uncovers Particular Dominant Logics that Arise with Regard to Strategy Context, Process, and Content
Chapter Four - Derrida, Deconstruction, and the (N)either/(N)or	Shows What Insights Deconstruction Offers to Uncover the Paradoxical Nature of the Dominant Logics
Chapter Five - Creating Strategic Realities - The Role of Paradox	Demonstrates that We Must Build Future Strategic Realities *Because Of* and *Despite* Paradox
Chapter Six - The Deconstruction of Strategic Realities	Introduces the Paradoxes that Arise *Because Of* Strategy Context, Process, and Content and Illustrates How to Do Research *Despite* Them
Chapter Seven - After Derrida - Strategy-as-Practice	Discusses How to Conduct Strategy Research When Seriously Considering the Insights of Our Discussion
Chapter Eight - Final Reflections - Retrospect and Prospect	Works out the Key Findings of this Study and Explains How We Need to Rethink the Nature of Scholarship to Practically Consider Them

Fig. 4. Structure of Analysis

2 Strategic Management as a Field of Study

While the complexity of strategy as a field of study makes it dangerous to push any particular classification scheme too far, some basic differentiations are useful in establishing starting points for deeper analysis. The objective of this chapter is to make sense of strategy research by shaping the contours of the field. By introducing some basic terminology and revisiting various approaches that have been the 'bread and butter' of strategy research for the last 45 years, we hope to give a comprehensive, yet not conclusive, overview.

We start by addressing the most fundamental of all questions: *What is strategy and why do we need it anyway?* Based on the discussion of why there is a need for corporate strategy (section 2.1.1), we discuss different definitions that scholars have attached to this term (section 2.1.2). Over time, *some* of these definitions became widely accepted and hardened into paradigms that we introduce in section 2.2. These paradigms demonstrate that there are different accepted notions of strategic management. Within these paradigms, strategy scholars have highlighted and discussed distinctive dimensions. To identify and discuss these dimensions, we introduce the tripartite framework of strategy context, process, and content that acts as a frame of reference for the arguments throughout this study (section 2.3).

2.1 The Concept of Strategy

2.1.1 Why Do We Need Strategic Management?

Defining the need for a concept like corporate strategy may seem easy at first glance but turns out to be a challenge when considering the large number of varying opinions (Oliver 2001: 7). However, a discussion of this question is inevitable since not everything that goes on in an organization can be labeled strategic; otherwise the notion of strategy would turn out to be meaningless leaving practitioners and academics paralyzed (Bower 1982). To understand why scholars find it worthwhile to apply a

concept that has its roots in conceptualizing war practice, we need to recognize that organizations are complex social systems that possess more alternatives than can be cognitively or practically realized (Luhmann 1995b; Seidl 2003a).[13] For action to occur, there needs to be a reduction of complexity by pre-selecting possibilities. Actions activate certain possibilities and leave others aside. The mechanisms that guide this selection process are *structures* which reduce the amount of 'approved' relations within social systems (Luhmann 1994: 384). Structures do not necessarily eliminate possibilities but provide a mechanism to handle them.

Strategy is one important means of reducing *complexity* within organizations. The structures that are constituted by strategic activity, like strategic goals or strategic rules, help managers to sort out possibilities that are not considered to be relevant for the survival of the organization. Complexity, however, is not the only driving force for strategizing since particularly strategic decisions are characterized by *uncertainty*. Actor A cannot determine its strategic actions until actor B has acted and *vice versa*. Both actors have a considerable scope for choice. Complexity combined with uncertainty results in *ambiguity* (Schreyögg and Steinmann 1987: 93). According to Weick (1995: 92), ambiguity is about unclear meaning structures that arise due to a lack of clarity or consistency in reality. Ambiguity covers the fact that there can be multiple even conflicting interpretations for existing data, that goals are unclear and cannot be coded precisely, and that intentions cannot be specified. In other words, ambiguity reflects the lack of clarity with regard to the internal and external environment of organizations.

Strategy is not an end in itself but a *necessary* 'walking stick' that helps managers to cope with the ambiguity of their social systems and environments. This walking stick gained popularity after World War II as business moved from a relatively stable environment into a rapidly changing (and thus more ambiguous) environment (Bracker 1980: 219). As organizations slowly moved into the post-industrial era, industries were propelled by technological discontinuities, customers demanding non-standardized products (mass customization), employees changing their work attitudes,

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[13] The term strategy derives from the ancient Athenian concept of *strategos* which is compounded of *stratos* (an encamped army) and *agein* (to lead). Cummings (1993) notes that the emergence of the term occurred at the same time as military decision-making complexity increased. The first organized writing about military strategy, which is also considered in the realm of strategic management, is Clausewitz's (1983) book *On War*. Within Clauswitz's writings the distinction between strategy and tactics is of great importance. In his view, strategy refers to the deployment of troops, whereas tactics refers to the employment of the latter.

and deregulated markets (McKiernan 1997: 796). These forces were changing the sources of competitive advantage and the economic structure of industries in an even more unpredictable way. After the fall of the Berlin Wall and the emergence of trading blocks like NAFTA and ASEAN, the speed of internationalization of competition and commodity markets increased rapidly. In a globalized business context with different cultures and corporations that have ever more operations in a changing international environment, ambiguity is gaining ground.

At the same time, as Prahalad and Hamel (1994: 7) note, ambiguity becomes a problem because single players do not dominate the decentralized and fragmented structure of numerous industries anymore. Simultaneously, other industries converge into a common whole (e.g., banking and financial services, photo and mobile phone technology). Of course, business strategy cannot foresee all those events. What strategy can do is sustain an organization's capacity to act in these situations by providing a common frame of reference. Structures, like strategic goals, are the constituting elements of this frame. They reduce ambiguity because they provide direction and cohesion to the enterprise by blinding out some and activating other possibilities.

This still leaves the question: Which possibilities are blinded out and which ones are activated by such structures? If we do not know which possibilities are blinded out or highlighted by strategizing activities, we cannot demonstrate why there is a particular need for *strategic* structures as means to reduce ambiguity. Obviously, non-strategic structures reduce ambiguity as well. What is particularly strategic? Surely, 'strategic' has become a buzzword for all disciplines trying to stress the significance of their work (Lyles 1990: 363). The label acts as a powerful rhetorical device (Alvesson and Willmott 1995: 99) often used by managers to make normal circumstances sound unique and important. Partly, this confusion is due to simplifying definitions like the one by Mintzberg et al. (1976: 246) who state that "strategic simply means important, in terms of the actions taken, the resources committed, or the precedents set" or the one by Brews and Hunt (1999: 891) who argue that strategic relates to non-routine problems for which no predetermined solution exists.

To gain a more precise understanding of what 'strategic' means, we need additional reflections. The most common and widely shared idea about the strategicness of strategy comes from the early days of the field. At that time, strategy was identified with the construction of possibilities for *future* actions. Chandler (1962: 11), for instance, distinguishes between strategic and tactical decisions. While strategic decisions are needed to secure the long-term health of the enterprise, tactical behavior deals with the

day-to-day activities that are necessary for efficient and smooth operations. Ansoff (1987b: 24) follows this distinction but specifies that strategies are needed to decide what business the firm is in and what kind of business it seeks to enter.

The forward-looking character of these characterizations stresses that strategies are necessary as they provide potentials for the *future* success of the *entire* organization. Strategy is about giving direction to organizations (Bower 1982: 630). Chandler and Ansoff's statements present a first reference point for exploring which possibilities are highlighted by strategic structures – viz. those that offer potentials for future success. Yet, this definition still remains quite vague. Different scholars have provided additional criteria to specify the term 'strategic' by suggesting that the future in strategy concerns the non-immediate future and that achievement of future success involves a significant commitment of resources (Schilit 1990: 436). Yet, the problem with understanding strategy solely as preparedness for the future is to neglect the multi-dimensional nature of the concept. Not everything that is preferred as a prospective business idea may be possible to realize or even desirable from the perspective of society. Strategic thinking is also needed to check whether future goals can be achieved at all with the resources at hand and whether these goals are morally upright.

Andrews (1971: 24-27) considers these shortcomings and puts the dimensions by which to create potentials for future success in more specific terms.[14] He names four aspects that need to be balanced when thinking strategically: what an organization *might* do, what it *can* do, what people *want* it to do, and what it *should do* from a social point of view. What a company might do refers to the perceived environmental opportunities and threats. By contrast, what a company can do refers to the strengths and weaknesses in its resource base. Apart from what a company might or can do, strategy also needs to consider what organizational members want to do because of their personal values, ideals, and aspirations. The 'want to do'-dimension accounts for the internal power relations that may offset decisions that are reasonable from the perspective of opportunities and threats as well as strengths and weaknesses. Finally, what a corporation should do refers to the ethical aspect of strategic choice (Behnam 1998).

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[14] Andrews (1971) is certainly not the only author who discussed the different dimensions of the concept of corporate strategy. Hofer and Schendel (1978: 5), for instance, discuss 'the allocation of resources' as an aspect of strategy. We use Andrews's classification since most other general conceptions of strategy relate to at least one of his dimensions (see also Oliver 2001; Porter 1996; Whittington 2001).

To conclude, if we consider that organizations need to reduce ambiguity to remain operative (Weick 1979) and believe that strategic management is responsible for sorting out those possibilities that create potentials for future success according to the four dimensions described by Andrews, we can come up with a reasonable way of describing the need for strategy. Strategy is needed because it *reduces ambiguity by highlighting those possibilities that tell organizations what they might, can, want to, and should do to create potentials for future success*. Structures, like strategic goals, can be described as 'filters' organizations apply to sort out possibilities that are not likely to create potentials for future success along these four dimensions.

2.1.2 The Definition of Strategy – Differing Perspectives

Our remarks on why a concept like strategy is needed also give us an idea of how scholars define 'corporate strategy'. Most strategy scholars would probably agree that strategic management aims to create potentials for future success by telling organizations what they might, can, want to, and should do. Although this *general* definition can act as a useful 'yardstick', strategy scholars have developed a variety of strategic realities that characterize 'corporate strategy' differently. We do not reproduce the entire list of characterizations but highlight two areas of disagreement that relate to our discussion of dominant logics later on. Most strategy definitions can be distinguished according to (a) whether they see a need for planning and (b) whether they suggest that the environment determines strategic decisions. The *need for planning* looks at whether scholars assume strategies to be deliberately planned (high need for planning) or in how far they suppose them to emerge in the course of action (low need for planning). *Environmental determinism* assesses to what extent the environment is seen as a structural constraint (high determinism) or is constituted by the agency of actors (low determinism).

Strategy definitions that highlight a high need for planning are (among others) those of Ansoff (1987b: 101), Chandler (1962: 13), and Learned et al. (1969: 15). In an attempt to specify his general remarks on strategy discussed above, Andrews (1971: 25) also expresses confidence in the capacity of managers to plan a strategy by arguing that

> "[t]he principal subactivities of strategy formulation as a logical activity include identifying opportunities and threats in the company's environment and attaching some estimate risk to the discernible alternatives. Before a choice can be made, the company's strengths and weaknesses should be appraised together with the resources at hand and available."

Andrews (1971: 20) suggests that strategic decisions crystallize a set of problems an organization can seize upon and solve out of the 'formless reality' of a company's environment. In sharp contrast, authors like Mintzberg (1979), Weick (1987a) or Quinn (1978) are less optimistic about the capacity of managers to plan ahead, because the underlying logic of decisions may only be perceived in an *ex post* manner making strategies an emergent and retrospective phenomenon. Strategic plans, even vague ones, are excuses to act. Weick (1987a: 229) calls this just-in-time strategy; a perspective that downplays the importance of accurately portrayed episodes where managers meet to make a strategic decision. Just-in-time strategies are an agglomeration of small steps (e.g., the writing of memos) that foreclose alternatives and limit what is possible. The strategy is made without anyone realizing it.

Definitions of the concept of corporate strategy can also be distinguished according to their view of the environment. Authors like Porter (1980), Williamson (1991) or Hill and Deeds (1996) argue that organizations are expected to match their environment as well as they possibly can. Strategy is seen as determined by structural constraints (e.g., number and size of firms) that prescribe the profitability of a particular industry; thus the economy somewhat imposes on firms. Accordingly, Hofer and Schendel (1978: 4) argue that "the basic characteristics of the match an organization achieves with its environment is called its strategy" and Williamson (1991: 76, emphasis in the original) stresses that "economizing is more fundamental than strategizing – or, put differently, that *economy is the best strategy*." In contrast to this deterministic view, only some scholars do not define strategy as a reaction to environmental circumstances and a means to achieve 'fitness' but rather as a way to think about how a firm, despite certain environmental influence, also influences and manipulates its own environment (Bourgeois 1984; Weick 1987a).

The discussion illustrates that the only point of agreement in the strategy field may be that there is no single universally accepted definition of strategy. It is a term with multiple meanings, a term whose substance depends on the underlying assumptions of scholars (Franklin 1998b: 446). Our illustration of the two dimensions (i.e. the perceived need for planning and the extent of environmental determinism) that strategy scholars refer to when defining strategy relates to two of our dominant logics. The 'necessity of adaptation' is based on the assumption of a high environmental determinism, while the 'primacy of thinking' relates to a high need for planning. As the discussion shows, there are perspectives that reach beyond these dominant logics and not all strategy scholars favor environmental determinism and planning-like strategizing. Yet as the discussion in chapter

three will reveal, (a) the 'mainstream' in strategic management theory complies with the dominant logics and (b) that even *some* of those scholars who take alternative perspectives do not fully disengage from the oppositional-logic that obscures paradox.

2.2 Paradigm Lost? – The Roots of Strategy Research

While the preceding section showed that there are different definitions of the term 'corporate strategy', some of these perspectives have gained more prominence and consequently *hardened* into paradigms. For instance, the work of Porter (1980, 1985) has attracted much attention, whereas Weick's (1987a) strategic reality is not widely accepted. To understand which strategic realities have become *established*, we need to appreciate the idea of 'paradigm'. Accordingly, we assume that each paradigm consists of a variety of strategic realities that reflect scholars' assumptions about strategy. Our discussion of paradigms in strategy research makes two contributions to this study. First, the identification of paradigms enables us to understand how the dominant logics are embedded in research activity. Dominant logics are *not* paradigms but cut across a variety of paradigms; the dominant assumptions are reproduced within different paradigms (see also section 3.2.5). Second, because the choice of a future direction in strategic management is influenced by its paradigmatic origins and because this study aims to pave the way for an alternative way of thinking, we should have a sound understanding of the terrain to appreciate the accounts of knowledge created by others.

To assess the paradigms of strategic management first requires making sense of the term 'paradigm' in order to be able to present possibilities for a paradigmatic classification (section 2.2.1). Before we introduce what we label the paradigms of strategy research (section 2.2.3), we discuss the disciplinary roots of strategic management (section 2.2.2) because the disciplinary orientation of scholars influences their paradigmatic perspective. We close by assessing whether strategy research should follow one paradigm (domination), or a bunch of unrelated paradigms (pluralism), and/or should combine paradigms (integration) to cope with research problems (section 2.2.4).