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).

2.2.1 Potential Paradigmatic Classifications

There is often confusion about what counts as a paradigm. Masterman (1970) counts 21 different definitions of the term in Kuhn's (1996) book *The Structure of Scientific Revolutions* which we can group into two broad notions. The first notion, which we call 'the model paradigm sense', states that paradigms occur with regard to a specific field of research (e.g., strategic management) and need to be understood as "universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners." (Kuhn 1996: xi) This notion stresses the model character of paradigms because they are "[...] accepted examples of actual scientific practice [which] provide models from which spring particular coherent traditions of scientific research." (Kuhn 1996: 10, annotation added) Paradigms reflect *certain* standards of scholarliness accepted by a community of researchers but questioned outside this community (Lewis and Kelemen 2002: 251).

Paradigms contain assumptions that are often unconsciously held to define the 'legitimate' problems and research methods for succeeding in a specific field of inquiry (Mitroff and Mason 1982: 361). Kuhn regards paradigms as governing the progress of what is called 'normal science'. The latter aims to articulate and apply the accepted paradigm which is not itself questioned. Scientific problems are considered to be an agglomeration of puzzles that can be solved by referring to the assumptions of the paradigm. A normal-scientific puzzle always has a solution that is provided by the paradigm (Kuhn 1996: 36). Normal science needs to be contrasted to 'revolutionary science' in which anomalies occur that cannot be solved by the paradigm anymore. As a result, a new paradigm emerges and becomes accepted by the scientific community. Kuhn (1996: 115) argues in this context "[…] the scientist with a new paradigm sees differently from the way he had seen before." What does he see different? Of course, the field of research s(he) is embedded in.

The second broad notion identified by Masterman (1970) regards the metatheoretical character of paradigms. Here, a paradigm is something wider than a model for scientific conduct that supplies 'tools' (Kuhn 1996: 37, 76), or model solutions that make problem solving possible. Indeed, the 'metatheoretical paradigm sense' argues that paradigms are filters through which individuals make sense of research problems, i.e.: a whole Weltanschauung. Burrell and Morgan (1979) follow this perspective in their trail-blazing book *Sociological Paradigms and Organizational Analysis*. Although they view paradigms as metatheoretical assumptions with regard to the nature of science (objective/subjective) and the nature of society (regulation/change), they limit their analysis to social theory,

whereas Kuhn is concerned with the philosophy of science in general. While introducing their paradigm-concept, Burrell and Morgan (1979: 24) argue that

> "[t]o be located in a particular paradigm is to view the world in a particular way. The four paradigms [developed by them] thus define four views of the social world based upon different *meta-theoretical* assumptions with regard to the nature of science and society." (emphasis and annotation added)

Burrell and Morgan's perspective is shared by Scherer (1999: 5) who identifies paradigms with basic assumptions regarding ontology (the way we think the world is), epistemology (what we think can be known about the world), as well as the methodology used (how we think the unit of analysis can be investigated).

Neither 'the model paradigm sense' nor 'the metatheoretical paradigm sense' can fully account for whatever is researched. It is thus surprising that strategy scholars have relied on an either/or-decision when discussing the paradigmatic status of their field. Some follow 'the metatheoretical paradigm sense' by believing that paradigms represent distinct ontological and epistemological assumptions with regard to strategy (Göbel 1997; Mitroff and Mason 1982). Others have followed 'the model paradigm sense' by suggesting that paradigms represent universally recognized scientific achievements that provide model problems and solutions regardless of whether these achievements differ substantially in their perceived metatheoretical nature. Foss (1996: 4) and Hoskisson et al. (1999), for instance, argue that the resource and market-based view represent paradigms because they address the same *explanandum* phenomenon by using different explanatory apparatuses. Surely, both possibilities of classifying paradigms are interrelated. Paradigms understood as model problems and solutions always follow certain metatheoretical assumptions. Conversely, metatheoretical assumptions by themselves make no sense as along as they are not applied to an object of analysis and reflected by model problems and solutions that are accepted. For the remainder of this study, we take an integrative view and characterize paradigms in strategy research as *universally recognized scientific achievements that provide model problems and solutions by referring to a certain methodology and metatheoretical assumptions.*[15]

[15] This definition is quite comparable with the one given by Kuhn in the postscript to *The Structure of Scientific Revolutions* (starting with the 1970 edition). In the postscript, he explicitly points out that shared beliefs about certain *model problems* and *personal values* (which touch upon metatheoretical issues) are part of a paradigm (Kuhn 1996: 184-185). See also the discussion by Lueken (1992: 118-122).

This definition helps us to differentiate paradigms from strategic realities. A strategic reality is *not* a paradigm: however, it can be ascribed to one. In this sense, paradigms consist of a variety of strategic realities (i.e. only those strategic realities that are in line with the assumptions favored by the paradigm). Paradigms in strategy research are broadly accepted and provide a point of reference for 'legitimized' research during a certain period of time, whereas strategic realities can also reject the assumptions of the dominant paradigm(s). Weick (1987a), for instance, outlines a specific strategic reality, which, though, never gained a paradigmatic status in the strategy field like the planning school did in the 1960s. Because paradigms are heavily influenced by their underlying disciplinary roots, most of all because these roots affect the chosen metatheoretical assumptions, we first discuss the disciplinary basis of paradigms in strategy to then provide a historical sketch of paradigm development in strategic management.

2.2.2 Disciplinary Roots of Paradigms in Strategy Research

Because the issues of strategy are multifaceted, the study of strategic management has drawn upon a wide range of disciplines (Baum and Rao 1998; Baum and Dobbin 2000). Pettigrew et al. (2002: 9) even see strategic management as a multidisciplinary melting pot crowded by a variety of dissimilar aspirants. The term discipline follows a rather broad definition in this context. Following, the remarks of Michel and Chen (2004: 5), disciplines do not necessarily refer to well-established sciences like sociology or economics but also include subfields of such sciences (e.g., game theory in economics or organization theory in business administration). Strategy scholars tend to identify their scholarly activity with such disciplines when writing about the 'economic perspective of strategy' or the 'sociological view on strategy' (Rumelt et al. 1994: 31).

A closer look at available theories in strategic management reveals that the field has borrowed extensively from other neighboring disciplines. Theories from various disciplines have expanded and enriched the knowledge base of the field of strategy (Volberda 2004: 35). In a recent survey among 500 members of the Academy of Management's *Business Policy and Strategy Division*, Michel and Chen (2004) observed that organization theory, economics, sociology, and psychology are by far the most relied upon disciplines. This survey reveals a diversity of disciplines utilized by strategy scholars. We discuss the contributions of economics and sociol-

ogy as both disciplines are typically regarded as the most influential (Baum and Rao 1998; Rumelt et al. 1994).[16]

During the 1980s strategy content scholars increasingly applied *economics* and developed sophistication in using economic modeling. Rumelt et al. (1991: 9) discuss some reasons for this. First, strategy studies that were conducted in the 1970s were not able to interpret observed performance differentials. For instance, there was need to find out what meaning should be ascribed to performance differences between identified strategic groups (Hatten and Schendel 1977). It was not possible to interpret these results without the rise of industrial organization that provided the notions of market power and barriers to entry. Second, traditional case-based research showed that profits are persistent over time (Learned et al. 1969). There seemed to be an inertia associated with profit differences of firms within the same industry. Again, it was industrial organization economics together with the economics of innovation that provided various explanations for persistently abnormal returns (e.g., mobility barriers or cost of technology transfer). These two points already show that the most significant impact of economics on strategy research has been the explanation of success. Third, it was not until the development of the *new institutional economics* (Williamson 1975, 1985) that economic thinking moved closer to strategic management. In traditional neoclassical economics, competition eroded extra profits earned by successful firms. This changed as the nature of economic thinking was altered to include concepts like uncertainty, information asymmetry, bounded rationality, opportunism, and asset specificity (Williamson 1975).

Of all subfields in the 'new institutional economics', the transaction cost approach gained wide popularity in strategic management. The main reason for this dominance is that transaction cost economics provides a common ground where economic thinking, strategic issues, and organization theory meet (Rumelt et al. 1994: 28). Based on this conviction, Williamson (1991: 90) argues that transaction cost economics provides strategy scholars with a core theory to understand the economy as the best strategy. This does not imply that economizing and strategizing are mutually exclusive, but that strategic ploys are pertinent to understand a small number of

[16] We do not include organization theory as this field is by itself heavily influenced by economics and organizational sociology. Nelson and Winter's (1982) book on evolutionary economics, for instance, is often referred to in organization theory. Similarly, many theories of organizations owe a lot to sociological concepts (e.g., new institutionalism, see for example DiMaggio and Powell 1983).

transactions only, whereas economic transactions are relevant for all (and thus also strategic) transactions.[17]

Besides transaction cost economics, agency theory gained considerable popularity in strategy research. As agency theory is primarily concerned with the design of incentive agreements and the allocation of decision rights among individuals with conflicting preferences, strategy researchers employed this subfield of the new institutional economics to design incentive schemes so that agents will not distort the capital budgeting process (Milgrom and Roberts 1992; Rumelt et al. 1991; Hoskisson et al. 1999). In the 1980s, evolutionary economics also moved to the forefront of strategic management. Nelson and Winter (1982), for instance, claim that because capabilities are a function of corporate history, it is impossible to just copy best practices from competitors. Accordingly, strategies cannot be simply or even quickly changed but underlie the dynamics of an evolutionary process.

In sum, we may state that economics has greatly enriched the study of strategic management by contributing to such persistent paradigms as the market and resource-based view. Nonetheless, it is of categorical importance to recognize that these contributions were possible only after the weakening of the neoclassical orthodoxy. Yet, the rise of the new institutional economics in strategy also accounts for the continuing dominance of quantitative empirical studies. A central focus of empirical research has been to understand the relations associated with the structure-conduct-performance framework by means of databases rather than direct engagement with the firm (Bowen and Wiersema 1999; Pettigrew et al. 2002). We conclude that notwithstanding the contributions of economics to strategy, economic thinking has also helped to establish and sustain the ideology this study is concerned with.[18]

Similar to economic thinking, *sociological* insights have come from a variety of directions (Pettigrew et al. 2002: 10). Two main concerns distinguish sociology in strategy research from economic reasoning. First, most sociological theories do not study voluntary exchange but start with the

[17] Williamson (1991: 76) makes this quite clear: "Strategic ploys are sometimes used to disguise economizing weaknesses. […] More often, strategic ploys can be used to promote economizing outcomes. […] The beguiling language of strategizing – warfare, credible threats, and the like – notwithstanding, students of economic organization are better advised to focus on more mundane issues of an economizing kind."

[18] See also the critical commentaries of Bromiley and Papenhausen (2003), Foss (1996), and Seth and Thomas (1994) regarding the relation between economics and strategy. Rumelt et al. (1994: 25-31) provide a good overview of the taxonomy of economic theories pertinent to strategic management.

presumption that authority plays a major role in shaping social order. For example, sociological resource dependence theory sees strategic management as a way to protect the organization from those parties that possess critical resources upon which the firm depends (Pfeffer and Salancik 1978). Second, sociology is not much concerned with the instrumental worth of an exchange but studies the exchange itself (Rumelt et al. 1994: 31). This issue has been highlighted by organization ecology approaches, which study a population of firms that are embedded in exchange relationships. Influenced by the work of Hannan and Freeman (1977, 1984), organization ecologists are quite pessimistic about the ability to actively influence strategies. In their view strategies can hardly be influenced in a deliberate way as organizations adopt their environment. Well-managed strategic change becomes the exception rather than the rule because strategies are subject to inertia. The assumption of strategic inertia may be realistic, as Rumelt et al. (1994: 34) argue, if we consider that a whole lot of corporations struggle to 'manage' changing environmental conditions.

Exchange plays yet another role in sociological strategy research. Whereas economists claim that organizations seek efficiency through exchange, sociological institutionalism argues that firms are part of exchange relationships to act in socially expected ways and thus gain legitimacy. In institutionalism society is seen as the source of strategies which organizations institutionalize (adopt) to gain legitimacy (DiMaggio and Powell 1983). While an economist might argue that a merger is necessary because it provides efficiency, an institutionalist would argue that mergers are conducted because other firms have done so and academics have rationalized them. Understood in this way, institutionalism comes close to social constructivism which describes how 'taken-for-granted' institutions come into being (Berger and Luckmann 2000). Institutionalism, organizational ecology, and resource dependence are but a few theoretical lenses that are commonly associated with sociology in strategy research. Recently, European scholars introduced other sociological perspectives by showing the relevance of self-referential systems theory (Knyphausen-Aufseß 1995; Vos 2002) and Giddens's theory of structuration (Ortmann and Sydow 2001b; Pozzebon 2004).

2.2.3 Paradigms in Strategy Research – A Historical Sketch

Recall that we defined a paradigm as consisting of universally recognized scientific achievements that provide model problems and solutions by referring to certain metatheoretical assumptions. Based on these remarks, we now discuss four paradigms (i.e. 'planning', 'forecasting', 'market-based',

and 'resource-based') that occurred during the last 40 years in the strategy field. Although, we introduce the paradigms in a linear fashion, it needs to be noted that the occurrence of one paradigm cannot be identified with the total disappearance of its predecessor. The ascription of a paradigm to a certain decade is rather an idealized version of events. Today, scholarly work often draws on assumptions from different paradigms.

Practically, it is hard to differentiate paradigms in a research field because they examine the same object of analysis. To provide a structured yet comprehensive discussion, we employ four criteria that guide the discussion. The criteria are derived from our discussion of the term 'paradigm' (section 2.2.1) and the disciplinary roots (section 2.2.2). First, we look at certain *model problems and solutions* that are offered by the advocates of the paradigm. Second, we assess the underlying *methodology* that is used by scholars working in the paradigm because the recognition and perceived validity of scientific achievements also depends on the employed methodology. Third, we discuss the underlying *disciplinary roots* of the paradigm as these influence the metatheoretical assumptions of scholars. Last but not least, we look at these *metatheoretical assumptions* by referring to the two dimensions discussed in section 2.1.2 (i.e. the 'need for planning' that relates to assumptions about rationality and 'environmental determinism' that relates to the ontological question whether the environment is given).

During 1960s, the first scientific achievements that gained a paradigmatic status in a field known then as business policy can be subsumed under the label *'planning'*. An important year for the establishment of this paradigm was the publication of Chandler's (1962) seminal work *Strategy and Structure* that emphasizes the role of internal processes (e.g., decision-making) and firm characteristics (e.g., internal structure). Strategy was considered to be about the planning of the basic long-term goals of a corporation to achieve growth. The model problem of the paradigm was to explain how planning practices were supposed to arrange the functions of an organization to achieve long-term goals. Model solutions were primarily developed by focusing on the role of the general manager whose responsibility was the enterprise as a whole (Learned et al. 1969: 3). This active role of management in shaping strategy is also well-reflected in the works of Ansoff (1987b) and Andrews (1971) who suggest that corporate strategy is composed of two practically separated processes: formulation and implementation. The importance of the planning paradigm is highlighted by Rumelt et al. (1994: 18) who argue that "[n]early all of the ideas and issues that concern us today can be found in at least embryonic form in these key writings of the 1960s."

In terms of methodology, early strategy scholars were primarily concerned with identifying 'best practices' that were useful for managers (Hoskisson et al. 1999: 423). The most appropriate method for achieving this objective was seen to be inductive case-based research as outlined in the book *Business Policy: Text and Cases* by Learned et al. (1969). Generalizations of what strategy is all about were deemed to be impossible.

> "It is not possible to make useful generalizations about the nature of these variables or to classify their possible combinations in all situations. Knowledge of what, *in general*, Policy is and should be is incomplete and inconclusive." (Learned et al. 1969: 4-5, emphasis in the original)

Because practitioners and other researchers demanded generalizations, strategy scholars relied on comparative case studies to find some general patterns as Chandler did. Because of this perspective, scholars working in the planning paradigm were rather skeptical about the contribution of other disciplines like economics, sociology or psychology. Strategy was seen to be much about intuition. Although it was believed that these disciplines have a lot to do with business in general, there was much disbelief that they can transform intuitive skills into conscious ones (Learned et al. 1969: 6). In terms of the underlying metatheoretical assumptions, scholars believed in a rather high environmental determinism because market opportunities and threats were treated as given (Andrews 1971). To adapt to this environment, managers were advised to follow a rational approach that emphasized a high need for planning (Ansoff 1987b).

Where the 1960s gave rise to the basic concepts of strategy, the decade of the 1970s brought these concepts to practice, primarily driven by the continued expansion and further development of strategy consulting. The paradigmatic orientation can be described as *'forecasting'*. Forecast-based planning stood out from long-range planning in that it not only described strategy development in a general sense but also how firms forecast the inputs of management decisions. Forecasting forced managers to define their plans in more competitive terms by gathering information about markets and including customers and competitors in the analysis. The question of how to forecast the performance of a business or set of business units thus acted as the model problem for this paradigm. By focusing on internal and external factors alike, organizations were rearranged in terms of business units to map customers and competitors (Bowman et al. 2002: 35). Model solutions were provided by portfolio management (Hedley 1977; Henderson 1977), which offered a method to evaluate investment opportunities and factors associated with long-term performance, and the PIMS

database (Schoeffler et al. 1974), which attempted to identify the factors related to long-term performance.[19]

Besides this focus on performance, the underlying methodology for research changed dramatically. As Rumelt et al. (1991: 8) note, the 1970s witnessed the rise of multivariate statistical methods that were capable of handling large sets of data to test hypotheses in a deductive style of research. Equipped with this methodology, strategy scholars produced an enormous amount of research, the results of which were difficult to interpret because of missing theoretical frameworks and the still unspecified disciplinary roots. Even though econometrics entered the field by providing a framework for conducting research, there was still no common disciplinary ground until industrial organization economics started to search for linkages between research results and theory in the 1980s. Despite the increasing hostility and instability of the environment, largely driven by the oil shock, the metatheoretical assumptions used by scholars remained the same for the most part. Although markets were expected to shift, there was still much hope that one can plan ahead by conducting fine-grained analyses.

During the 1980s, because of the abovementioned need for a common theoretical framework, economic thinking moved closer to the center stage of strategy research in terms of theory and method and gave rise to the *'market-based'* paradigm. The influential work of Porter (1980, 1985) brought industrial economics to the forefront of strategic reasoning. The adoption of the structure-conduct-performance (S-C-P) model shifted the focus of strategic management from the individual firm to the industry or competing groups of firms. Porter (1981) argued that a firm's performance primarily depends on the industry structure in which it competes. Because structure determines conduct and conduct was basically seen as dependent on the industry structure, performance, which depends on conduct, can be explored by structure. The model problem for this paradigm was to explain competitive advantage by understanding the structure of an industry. The model solution provided by Porter (1980) was the five forces framework that enabled an assessment of industry attractiveness.

Industrial organization economics also had a significant influence on the methodology used in strategy research. Porter (1981: 617) outlines this methodological promise as follows:

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[19] Other tools and concepts that fit in the same category for reasons discussed in section 2.3 are: the experience curve (Henderson 1973), research on strategic groups that explored the linkages between resource choices (interpreted as strategy) and firm performance (Hatten and Schendel 1977), and the formalized strategy formulation process model by Hofer and Schendel (1978).

> "IO [industrial organization] research has developed a strong tradition built around the statistical analysis of populations of firms and industries. Research on strategy is now using such methods to supplement the in-depth case studies that have been the bread and butter of policy research […] Recently a hybrid research design has emerged, using a series of mini-case studies to test richer hypotheses than can be feasibly tested in big samples." (annotation added)

The use of statistical modeling was now complemented and extended by cases to increase the validity of research results. Yet, the dominance of positive economical research focusing on the precision of the made predictions was still present (Hoskisson et al. 1999: 431). Based on the disciplinary orientation provided by industrial organization economics, the metatheoretical assumptions remained largely the same as in the 1970s, even though the high need for rational planning was more an implicitly held assumption than an explicit concern.[20]

Because research showed that some firms perform better than others in the same industry and/or strategic group, strategic management refocused on firm level phenomena in the 1990s. Based on Wernerfelt's (1984) early examination of the relationship between resources and profitability, the field slowly established a *'resource-based'* paradigm that gained full momentum in the 1990s with the widely recognized contribution of Prahalad and Hamel (1990). Criticizing the work of Porter (1985) for neglecting the impact of firm attributes on the competitive position of corporations, Barney (1991) presented a framework for identifying the characteristics of resources in order to generate sustainable competitive advantage. The underlying model problem for this paradigm can be described as the search for competitive advantage by analyzing a firm's resource base. In terms of model solutions, scholars identified a variety of resource characteristics (e.g., rareness and non-substitutability) that are supposed to ensure competitiveness and emphasized the role of organizational learning (Teece et al. 1997), knowledge (Kogut and Zander 1992), resource factor relationships (Black and Boal 1994), and organizational culture (Fiol 1991).

Because the resource-based view has been mainly concerned with intangible constructs, which are by definition unobservable, researchers have used proxies (e.g., human capital leverage for employee skills) as measures in empirical studies. The methodological focus moved away from large-scale data collection to a case study approach that caught the particular circumstances of corporations and provided richer information of a firm's re-

[20] Porter's (1981: 616) updated version of the industrial economics framework by Bain (1968) moved beyond simple determinism and also allowed for changes in the industry structure by the conduct of firms. Nevertheless, the underlying ontological tradition in which all firms are part of one reality remained unchanged.

source base. To increase the reliability of information, scholars combined quantitative financial and qualitative interview-based data in their study of firm resources. This cross-fertilization on the methodological level is well reflected in the disciplinary base of the resource-based paradigm. We agree with Sydow and Ortmann's (2001: 10-11) claim that the core of resource-based reasoning rested (and still rests) on economics. However, as Barney (1991: 116) noted

> "[r]ather than being contradictory, the resource-based model of strategic management suggests that organization theory and organizational behavior may be a rich source of findings and theories concerning rare, non-imitable, and non-substitutable resources in firms. Indeed, a resource-based model of sustained competitive advantage anticipates a more intimate integration of the organizational and the economic as a way to study sustained competitive advantage."

Accordingly, resource-based reasoning also included aspects from sociology and organization theory and thus opened the strategy domain for inputs from non-economical disciplines to understand socially complex competitive resources such as knowledge or culture. Unfortunately, the explicit inclusion of other disciplines did not alter much of the underlying metatheoretical assumptions. Even though scholars highlighted the importance of informal planning processes (Burgelman 1983), the resource-based perspective did not integrate these insights. This neglect of process-related issues can be traced to Barney's (1991: 113) argument that strategic planning itself is unlikely to be a source of sustained competitive advantage.

As we enter the 21st century, we need to ask, what is the paradigm that strategy scholars currently refer to? Certainly, the resource-based paradigm is still on the agenda and often perceived to be the dominant frame of reference for research (Hoopes et al. 2003). Because resource-based scholars are increasingly aware of the limitations of theoretical constructs imported from economic theory, they start to cross-fertilize, for instance, by exploring how managerial cognition affects industry structure (Johnson and Hoopes 2003). The continuing dominance of the resource-based paradigm depends on its potential to integrate insights from other disciplines and preceding paradigms (Herrmann 2005; Sydow and Ortmann 2001: 11). First steps in this direction have already been taken. Helfat and Peteraf (2003), for instance, show how to gain a better understanding of dynamic capabilities by integrating insights from evolutionary theory and demonstrate that capabilities follow certain paths over time. We can also *speculate* that a new paradigmatic orientation might evolve out of a stronger integration of strategy process issues in the resource-based perspective. In his ten-year retrospective on the resource-based view, Barney (2001: 648)

expresses much hope that theories that assess 'capability building' may turn out to be a major issue on the strategy agenda of the future. However, it would be too early and speculative to ascribe these developments a paradigmatic status. We can only argue that there are four paradigms that occurred in the course of the last 40 years (Figure 5). Although these paradigms do not exhaustively cover the entirety of studies in strategic management, they do give a fair overview.

	Planning (1960s)	Forecasting (1970s)	Market-Based (1980s)	Resource-Based (1990s)
Model Problem and Solution	Problem: set up long-range planning practices in individual firms Solution: general management as leader	Problem: forecast performance by looking at firm characteristics Solution: portfolio, PIMS, experience curve	Problem: assess competitive advantage by analyzing industry Solution: five forces and generic strategies	Problem: assess competitive advantage by analyzing firms Solution: identify valuable resources
Methodology	single in-depth case studies based on inductive research	deductive research based on falsification and multivariate statistical methods	deductive research based on statistical methods combined with mini-cases	inductive case study approach combined with quantitative measures (small samples)
Disciplinary Roots	not specified	largely unspecified, economics (econometrics) for methodology	economics (industrial organization)	economics, organization theory, and sociology
Metatheoretical Assumptions	high environmental determinism / high need for planning	high environmental determinism / high need for planning	moderate environmental determinism / high need for planning	moderate environmental determinism / not much concern with process issues
Advocates	Chandler (1962), Ansoff (1987a/1965), Learned et al. (1969), Andrews (1971)	Schoeffler et al. (1974), Henderson (1977), Hedley (1977), Hofer/Schendel (1978)	Porter (1980, 1985)	Wernerfelt (1984), Hamel/Prahalad (1990), Barney (1991), Teece et al. (1997)

Fig. 5. Paradigms in Strategy Research

Having discussed paradigms in strategy research, we are left with the question whether we should accept and value paradigmatic diversity or seek some sort of integration among paradigms? On the one hand, paradigms provide some order in a time when we face an ever-increasing number of strategic realities. On the other hand, paradigms do *not* replace one another in a mutually exclusive manner. Our linear treatment of paradigms is a rather idealized version of events that may hold in theory but is less relevant when considering scientific practice. With a co-existence of different voices the legitimized order offered by paradigms turns into a cacophony of opinions. Some scholars stick to resource-based reasoning and look for new ways to conceptualize a firm's resource base by employing novel methodologies (Hoopes et al. 2003). Others still follow a market-based perspective but acknowledge the need to reach beyond typical cross-

sectional economic analysis by also focusing on longitudinal problems (Porter 1991).

This *co-existence of different paradigms* fosters concerns that "our field is rapidly being pulled apart by centrifugal forces." (Hambrick 2004: 91) In addition, some scholars heavily criticize existing paradigms for being too narrowly focused and plead for a radical shift towards distinct guiding assumptions and the establishment of yet other paradigms (Daft and Buenger 1990). How should we cope with the co-existence of voices? Do we need to integrate different perspectives or maybe look for one overarching paradigm?

2.2.4 The Desired Paradigmatic Status of Strategy Research

As discussed in the preceding section, various paradigms have expanded and enriched the knowledge base of the field of strategy. Yet, instead of progress there seems to be disillusionment with the value of the strategy literature (Clegg et al. 2004; Göbel 1997). The *desired paradigmatic status* of the field remains unclear, resulting in sheer confusion among researchers. Hambrick (2004), for instance, claims that there are too many paradigms with too many assumptions trying to solve too many unrelated research problems. Despite the incredible amount of research undertaken and the rapid development of different paradigms, there is still confusion about which way to go. Should we pursue integration more vigorously in a certain direction or keep expanding our knowledge base? This comes down to the question of whether we need one isolated dominant paradigm, several competing paradigms, or maybe even integration among existing views (Foss 1999: 725; Pettigrew et al. 2002: 9)? How should we think about the desired paradigmatic status of the field?

Some scholars favor a clear *domination* of the field by a single paradigm. Camerer (1985: 1) believes that the deductive use of mathematics and economic concepts with regard to market-based reasoning is *the best* way to approach corporate strategy. The message such scholars have for the community is that paradigmatic pluralism is dangerous because it ends up in an 'anything goes'. Scherer (1995: 5) remarks that pluralism is a problem because practitioners, who are the addressees of strategy research, need to make a choice among competing paradigms since their actions require clarity. Podsakoff et al. (2005: 487) even advise us that the existence of a single agreed upon paradigm may be positively related to the influence of journals as editors and reviewers come to rely on universalistic criteria for the evaluation of research. Obviously, the greatest problem of this perspective is the impossibility of justifying the decision why a certain

paradigm should be used. Nonetheless, once a decision for a paradigm is made, research results can be better evaluated and the field is perceived as 'mature'. Pfeffer (1993: 618) even argues that a dominant paradigm immunizes a discipline against hostile takeovers from other disciplines (see also Herrmann 2005).

Contrary to domination, several researchers argue that strategic management should value paradigmatic *pluralism*. The belief is that everybody should be heard in the conversation because if this is not the case research will produce a monolithic discipline. Mahoney (1993: 173) remarks that "strategy research should concern itself with continuing the conversation of the field rather than insisting upon a place for universal methodological criteria within that conversation." Pettigrew et al. (2002: 6) compare such a perspective with a kaleidoscopic view in which new patterns of research are not necessarily any more true or false but are merely there. In a similar way, Rumelt et al. (1994: 1) argue that what will most benefit strategy research is not an overarching paradigm but the articulation of a diversity of orientations. Pluralists are in favor of this position:

> "Because we find ourselves unable to determine how close our theories are to some absolute truth, we are unable to evaluate paradigms in a way that would enable us to know that any particular one is a priori deserving a dominant position in organizational science. Science is not a magnificent march toward absolute truth, but a social struggle among scholars of the profession to construct truth. […] Because there is no meta-paradigm with which to make the choice between or among paradigms, each scholar must argue from his or her paradigmatic frame." (Cannella and Paetzold 1994: 332-333)

The benefits of this orientation are obvious. Because there is more than one paradigm and thus also more than one description of the same phenomenon, the complexity and multifaceted nature of strategic issues can be taken into account. The various aspects of one whole (e.g., aspects of strategy) are best grasped under different paradigmatic frameworks (Gioia and Pitre 1990). A single set of assumptions provides only a narrow perspective because many issues will never be debated (Daft and Buenger 1990: 100). In addition, pluralism enhances greater reflexivity because scholars need to reflect on the impact and contribution of their perspective to compare and evaluate research results.

These benefits, however, come at a price. Hambrick (2004), for example, argues that too much pluralism erodes the 'scientific nature' of the field because no clear standards for the evaluation of research exist anymore. A selection among competing alternative views becomes out of reach (Foss 1996: 7). Does this imply an *'anything goes'*? Based on the remarks of Cannella and Paetzold (1994: 336), we argue that pluralism in

strategic management does not imply that everything is possible, but that every position deserves to be heard. Positions that do not contribute to the development of the field by solving the problems of practitioners (or at least contribute to this process in some way) will not be heard for a very long time. Accordingly, pluralists cannot be accused of favoring an *undirected* 'anything goes' just because they argue that all positions should be heard.

A third alternative is the so-called *integration* of strategy paradigms.[21] Whereas for radical pluralists incommensurable paradigms simply coexist, integrationists aim to utilize these paradigms to integrate them into a coherent whole. Combe (1999: 341) argues that to reach beyond the narrow and specialized view of one single paradigm, we need to adopt a holistic approach that combines different views. Similarly, Hart (1992) and Cravens et al. (1997) argue that research has been unable to capture the range of themes and dimensions that constitute strategy and therefore would benefit from theoretical integration. As a result, paradigm integration offers holistic frameworks that are supposed to guide future research. The most prominent example of integration comes from Mintzberg (1990b) and Mintzberg et al. (2002) who integrate different paradigms into one holistic and all-encompassing approach that they name the configurational school:

> "All of the above: That is the message of the configurational school but with a particular angle. […] In other words, the configurational school focuses on typologies and episodes of various kinds – types of organizations, kinds of environments in which they operate, distinct periods in their histories – ideally all integrated into states which are sequenced over time, in life cycles." (Mintzberg 1990b: 179-180)

Similarly, Hambrick (2004: 93) argues that the 'big breakthroughs' in strategy may only arise if multiple paradigms are reconciled or integrated. Integrationists not only join paradigms at a superficial level but also try to combine their underlying metatheoretical assumptions.

What are the benefits of integrating different paradigms? Foss (1999: 743-744) argues that an integration of paradigms enhances the understanding of complex phenomena that are hard to grasp through the lens of one single paradigm. Because there are interaction effects between different

[21] Integration has its roots in the philosophy of science debates. Lewis and Kelemen (2002: 258) argue that "[m]ultiparadigm inquiry strives to respect opposing approaches and juxtapose the partial understanding they inspire. Paradigm lenses may reveal seemingly disparate, but interdependent facets of complex phenomena." See also the remarks of Gioia and Pitre (1990) on multiparadigm theory building.

paradigms, adopting one view only is likely to lead to a biased understanding. Notwithstanding these benefits, the integrational perspective poses the risk for scholars and practitioners that by trying to see everything, they may end up seeing nothing because of the required high level of abstraction that joins radically different perspectives. Therefore, attempts at integration often lead to sophisticated theoretical frameworks that are disconnected from problems in strategic management (Volberda 2004: 35). The three positions (domination, pluralism, and integration) are depicted in Figure 6.

	Description	Principle	Problem	Benefit
Domination	There should be only one dominant paradigm.	Make a decision among competing paradigms!	Impossibility to justify the decision for or against a paradigm.	The field may be regarded as mature. Easy evaluation of research results.
Pluralism	There should be multiple paradigms that exist next to each other.	Everybody should be heard!	One gets lost in the paradigm jungle. Evaluation of results only under consideration of the paradigm.	The complexity of the object of analysis is considered and reflexivity is enhanced.
Integration	There should be multiple paradigms that need to be integrated into one coherent whole.	Take the best of all and combine it!	By trying to see everything, one may end up seeing nothing at all.	Captures the complexity of the object of analysis.
Loose Coupling	Paradigms are responsive but retain evidence of separateness and identity.	Look for sudden cross-fertilization that occurs occasionally!	There is no easy assessment of where interaction effects between paradigms occur.	The complexity of strategy is considered along with the problems of integration/pluralism.

Fig. 6. Views About the Desired Paradigmatic Status of Strategy Research

This brings us to the question, which of the perspectives is adopted within this study? Recall that we, because of our relation to postmodern thinking, favor the incommensurability thesis (section 1.2). An unfounded decision for one particular paradigm (domination) is therefore not feasible. Neither is trying to hear all existing voices (pluralism) nor integrating all views into one overarching whole (integration). Too much pluralism halts the progress of the field by harming communication and evaluation of research, while too little pluralism isolates the field from its empiric reality and fosters scientific rigidity. We need a conception of the paradigmatic status that gives reference to incommensurability but also allows for paradigmatic cross-fertilization. This status would bridge conflicting paradigms while still maintaining their diversity (Weaver and Gioa 1994).

In escaping this pluralism-integration dilemma, we suggest the more modest approach of *loose coupling* (see Figure 6). Based on the work of Weick (1976) and Orton and Weick (1990), originally worked out to study

the nature of organizations, loose coupling enables us to accept the logic of different paradigms (and thus incommensurability) without losing sight of the whole. To think of loosely coupled paradigms means to accept that the elements of different paradigms are responsive but retain evidence of separateness and identity (Weick 1976: 3). With elements we mean model problems and solutions, methodology, disciplinary roots, and metatheoretical assumptions. These elements are *coupled* because they can be linked and thus preserve a certain degree of determinacy. Simultaneously, their coupling is loose which means, as Orton and Weick (1990: 203) remark, that the ties between the elements can change suddenly (rather than slowly or not at all) and occur occasionally (rather than constantly).[22] According to loose coupling, paradigms retain a sense of incommensurability because there is no neutral language in which the contents of rival theories can be expressed and thus evaluated (Derrida 1981b: 24), but there is also a logically necessary degree of commensurability. This means that although an exchange of ideas between alternative worldviews is never isomorphic, "*such communication is not only possible, but is a necessary condition of theory development*." (Willmott 1993: 688, emphasis in the original) The choice we as researchers face should not be to *either* defend incommensurability *or* get assimilated by functionalism as Jackson and Carter (1991) claim, but to look for cross-fertilization among competing views for the sake of solving research problems (Galison 1999, 1997).

The position of loosely coupled paradigms describes a kind of balanced pluralism that emphasizes that even in the light of incommensurability there can be collaboration. This pluralism is balanced because paradigms are used flexibly, bent to fit the underlying research problem, and complemented by other paradigms. Balanced pluralism does not imply that every paradigm can be usefully applied in every context, nor does it mean that the ties among different perspectives are sluggish. The interaction effects, which are valued by the integration perspective for being stable and coherent, are now conceptualized as unstable and dependent on the context of the research problem. For instance, market and resource-based perspectives show complementarities when applied to a specific problem.

[22] A similar position has been suggested by Weaver and Gioia (1994) who argue that a "successful multi-paradigm perspective […] must explain how different theoretical approaches might be related, but must do so (a) while preserving *genuine* multiplicity (e.g. the relatedness does not involve the reduction of one approach to another) and (b) without uncritically embracing the *disunifying* 'paradigms' paradigm' (i.e. the increasingly entrenched view of organizational inquiry which – by appealing to the incommensurability thesis – purports unalterably to divide the field into mutually exclusive, contradictory metatheoretical camps)." (Weaver and Gioa 1994: 566, emphasis in the original)

Whereas Porter (1980: 23-24) points to the importance of considering the dangers of substitute products, he provides little insight into how to analyze competitors for such substitutes.[23] Resource-based reasoning can complement Porter's analysis by providing criteria for assessing the capabilities of competitors (Foss 1996: 19). This interaction effect does not change the nature of both paradigms – they remain separate. To assess where such interaction effects can occur is not an easy task. Scholars need to set premises and test these premises in building and testing their models; they need to build new types of language in a kind of theoretical bricolage (Booth 1998: 15). The pay-offs of loosely coupled paradigms are substantial: one avoids the unrealistic view of a grand theory (integration) and the speechlessness or even paralyses that come along with a bulk of unordered and unconnected perspectives (pluralism).

While cross-fertilization can be achieved on a thematic level, the loose coupling of methodological and metatheoretical assumptions is possible as well. Here, the challenge is not only to look for complementarities among existing paradigms, as these show few differences concerning their metatheoretical assumptions anyway (section 2.2.3), but also to include perspectives neglected in the analysis so far. Gioia and Pitre (1990: 591) discuss how such assumptions can be meaningfully combined without ending up in a *total* integration. They argue that the boundaries between different metatheoretical assumptions can be conceptualized as *transition zones*. According to the concept of transition zones, these boundaries are permeable to a limited extent. Metatheoretical assumptions can be accommodated and sometimes even linked despite incommensurable paradigmatic bases. Loose coupling is best understood when discussing exemplary transition zones.

For instance, within strategic management there is a strong dichotomy between determinism and voluntarism that occurs with regard to a variety of phenomena (e.g., the strategy/structure debate). Does structure follow strategy as Chandler (1962) suggests, or does strategy follow structure as Hall and Saias (1980) claim? Ortmann and Sydow (2001a: 427) show how one can reach beyond a perfunctory compromise between both positions by referring to Giddens's theory of structuration. Strategic actions bring

[23] "Identifying substitute products is a matter of searching for other products that can perform the same function as the product of the industry. Sometimes doing so can be a subtle task, and one which leads the analyst into businesses seemingly far removed from the industry." (Porter 1980: 23) Jemison (1981: 605) highlights other opportunities for cross-fertilization: (1) the relationship in the evolution of industries and organizations or (2) the influence of interorganizational relationships on strategy-making.

about changes in organizational structure and this structure influences the way strategies are formed over time. The dichotomy disappears as the duality of structure implies that structures are not determined but (re)created by and through strategic action. Certainly, the application of Giddens's theory has its limits, as Ortmann and Sydow (2001a: 428) remark themselves; however, it also leaves a great deal of room for coupling seemingly contradictory assumptions for specific problem sets. When considering that the world of strategy (and thus its problems) do not hold still but are constantly changing and that metatheoretical frames can be modified over time, it makes a lot of sense to conceptualize the elements of paradigms as loosely coupled systems.

Loose coupling between paradigms does not imply simply looking for 'a middle way' or some sort of compromise but giving reasons why and to what extent different perspectives can be linked with one another. As will be shown in chapter six, deconstruction emphasizes loose coupling because (a) it overcomes the conceptual oppositions on which strategy research rests (section 1.1) and (b) it does so without integrating both poles of a dichotomy into an overarching whole. Derrida's philosophy is a 'walking stick' that helps us to make sense of possibilities for cross-fertilization and thus supports the development of future paradigms. Of course, deconstruction is not the only possibility for fostering cross-fertilization.[24] Deconstruction is also *not* a novel paradigm for strategy research because model problems and solutions are created on the level of the object of analysis. By contrast, metatheoretical assumptions, as provided by deconstruction, may be part of one or even more paradigms on the object level, but are not genuinely concerned with the object of analysis (viz. strategic management).

[24] On a metatheoretical level, we have a variety of under or even unexplored possibilities. Giddens's theory of structuration is just one possibility (Ortmann and Sydow 2001b). Luhmann's social systems theory provides a frame of reference as well (Knyphausen-Aufseß 1995). Apart from social theories, we may also make use of perspectives that highlight different epistemological and ontological alternatives like constructivism (Mir and Watson 2000). In addition, we should also look within organization theory where metatheoretical frames that favor a weak ontology, such as Weick's (1979) sensemaking approach, can be found and have already been applied to strategy research (Schneider 1997; Stensaker 2002; Weick 1987a).

2.3 Strategic Realities – Context, Process, and Content

2.3.1 Shaping the Contours of the Strategy Field

While the preceding section outlined four paradigms that illustrate those lines of argumentation that had a significant influence on the field, this section identifies three broad *dimensions of thinking about strategic management* that are reflected by the different strategic realities within the paradigms. Because strategy scholars have not always dealt with the same set of questions within each paradigm, we need to get to know those dimensions that have informed the creation of distinct strategic realities within these paradigms. For instance, the 'planning' and 'forecasting' paradigm focus a great deal on the *process* of strategy creation, while the 'market-based' and 'resource-based' paradigm are more concerned with the *content* of strategies. Considering these differences, Pettigrew (1987, 1988) points to a heuristic that yields three fundamental facets: 1) *How* do we conceptualize the way in which strategies come about (strategy process)? 2) *What* input needs to be considered by this process to fix the final product (strategy content)? 3) *Wherein,* in which organizational and environmental circumstances, are the former two dimensions embedded (strategy context)?

These three dimensions interact and are only treated separately for analytical purpose.[25] Rumelt et al. (1994: 19) note that the distinction between content and process can be traced to the advancement of strategic management as a field of research in the 1970s. The notion of strategy context is not as old as the other two dimensions and was introduced by Pettigrew (1987) as a necessary complement to better understand the development of strategies over time. As context raises the question of wherein process and content are embedded, it is almost self-evident that there can hardly be context research on its own. As MacKay and McKiernan (2004: 69) remark, "the strategy context is very difficult to research in an applied manner." Strategy context rather provides an important complement to enhance the understanding of process and content. We look at research on context,

[25] The separation between the three dimensions is subject of debate. Whereas scholars like de Wit and Meyer (2004: 6), Moore (1995: 22), and Pettigrew (1987: 657) highlight the interrelation of the different facets, Schendel (1992b: 2) is more in favor of a distinction reaching beyond analytical purposes by "contrasting process and content research as opposites, as a dichotomy." Interestingly, Schendel (1992a: 2) argues some months later in another editorial comment of the *Strategic Management Journal* that the dichotomy is not real because process needs to be seen as an integral part of content.

process, and content and introduce basic distinctions that scholars use when they refer to these dimensions. Without doubt, the provided distinctions do not represent an all-encompassing perspective but shape the contours of the strategy field to provide a basis for our further argumentation. Given the enormous volume of relevant research, this review is not meant to be exhaustive. The purpose is to identify lines of inquiry in each dimension that have become widely accepted within the scientific community.

2.3.2 Strategy Context – What Shapes Strategies?

As outlined above, *strategy context* concerns the embeddedness of process and content by looking at the circumstances that influence the strategic decision process as well as the content of the decision itself. According to this view, strategy process and strategy content need to factor in the specific circumstances prevalent in the strategy context. Pettigrew (1987: 657) distinguishes between inner (organizational) and outer (environmental) context. Inner context refers to the capabilities, structure, corporate culture, and political context of a corporation, whereas outer context deals with the social, economic, political, and competitive environment in which a firm operates. Strategy scholars haven taken both perspectives as a starting point for their reasoning. Market-based (outside-in) research focuses on understanding how the external context of a firm, its industry structure, relates to strategic decisions. Of course, the environment is not a homogenous entity but composed of multifaceted combinations of factors such as governmental regulations, common industry practices, product and labor market conditions, and more general megatrends on the societal level like the 'individualization of preferences' (Miles and Snow 1978: 18). On the contrary, resource-based (inside-out) research focuses on the internal capabilities an organization possesses and their role in yielding certain strengths and weaknesses that influence strategic decisions. Not all strategy-relevant issues can be divided into the internal and external spheres. Indeed, some influencing factors cut across both dimensions. Accounting for differences between public and private sector organizations, for example, yields variations in the firm's needed capabilities and its relation to governmental regulations.

Outside-in and inside-out thinking correspond to different management styles. Whereas the market-based perspective focuses on effectiveness, the doing of the right things, scholars who take the organization as a reference point are more concerned with efficiency, the doing of things in the right way. The outside-in view tends to favor effectiveness over efficiency by considering Drucker's (1987) famous claim that it is more important to do

the right things than to do things right. What sense would it make to serve a market with a product that is not needed? In Chandler's terminology: the efficiency-oriented organizational structure follows the strategic intent which ensures effectiveness.[26] By contrast, the inside-out perspective is concerned with the allocation of resources and the exploitation of capabilities to achieve efficiency. This internal focus is thought to constrain strategy because the structure and processes of an organization influence the scope of the strategic scanning mechanisms available to management. Miles and Snow (1978: 8) put it the following way:

> "Over time, this *limited search* activity tends to become routinized in any organization, so that the organization may do some things very well (such as manufacture products efficiently) but lacks capabilities in other areas (such as developing new products)." (emphasis in the original)

According to this point of view, the strategy of tomorrow is thought to follow today's structure as the latter constrains strategic choice. In this vein, Hall and Saias (1980) argue that structural characteristics, like bureaucracy, affect the organization's perception of its environment and capabilities. Internal efficiency, represented by the need to have the right structure in place, becomes a precondition for market effectiveness. In other words, the organizational structure has to be modified before strategic planning can be introduced. Hall and Saias (1980) conclude by inverting Chandler's thesis to assert that 'strategy follows structure'. In sum, 'structure follows strategy' and 'strategy follows structure' are two maxims that are inevitably linked to research on strategy context.

Strategy context provides challenges to managers and researchers as sensemaking in a complex and fast-changing world not only entails continuous self-reflection but also requires tools that support such reflections in the first place. This increases the awareness of managers of why certain decisions with regard to the organization's strategy are made. Yet, we

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[26] Chandler (1962: 14) argues in favor of this proposition by stating that "[t]he thesis deduced from these several propositions is then that structure follows strategy and that the most complex type of structure is the result of the concentration of several basic strategies." Chandler's maxim is based on an investigation of the disappointing diversification activities of four large American corporations (e.g., General Motors and Sears Roebuck). He concludes that the problem for those early diversifiers was not strategy, but structure. Only when moving from the established centralized structure to a multidivisional one, these corporations were able to fully leverage diversification strategy. In Chandler's (1962: 314) words, "[u]nless structure follows strategy, inefficiency results. This certainly appears to be the lesson to be learned from the experience of our four companies."

should not be too confident in believing that strategy context is something that can be handled by employing the right tools. Lowendahl and Revang (1998, 1996) argue that a simultaneous increase in external (market) and internal (organization) complexity makes it difficult for managers to capture a clear picture of 'what is really going on at the moment'. The process of complexification is largely driven by the increased importance of different kinds of knowledge and skills among employees as well as the necessary level of sophistication within the respective knowledge area. Likewise, increasingly unstable and dynamic environments that cause a high degree of uncertainty enlarge external complexification. For instance, a rapid diffusion of technology can transform and even integrate entire industries, as a glance at the computer and telecommunication sector proves. Lowendahl and Revang (1998, 1996) conclude that under these conditions strategy context is both fluid and flexible.

2.3.3 Strategy Process – How Are Strategies Formed?

Contrary to strategy context, *strategy process* research has gained significant attention among scholars.[27] Recall that the notion of strategy process looks at how strategic decisions are made and put into action and is less concerned with the content of the 'final product' that we label strategy. To review the strategy process literature, we rely on an overly *linear conception* of the strategy process that acts as a ground for our further argumentation. Certainly, there are also non-linear process models that stress the emergent character of strategy making (Eisenhardt and Brown 1998; Stacey 2003) or its political dimension (Knights and Morgan 1991). Yet, since these alternative conceptions are discussed in section 3.4 and this section is solely intended to introduce some basic terminology, we stick to the idealized linear conception.

Following the work of Andrews (1971), scholars distinguish between the formulation and implementation phase. Both phases make up the more general process of strategy formation. Formulation typically starts with the *agenda building* process in which strategic issues gain the attention of management (Dutton and Duncan 1987). To gain the attention of decision makers, a strategic analysis needs to be conducted to reveal the strengths and weaknesses of the organization as well as the opportunities and threats that reside in the environment. The final organizational agenda consists of

[27] For different reviews of the large body of strategy process literature see Chakravarthy et al. (2003), Chakravarthy and White (2002), Fredrickson (1983), Huff and Reger (1987), Lechner and Müller-Stewens (1999), and Van de Ven (1992).

a variety of plausible strategic options that are legitimized throughout the organization. The next activity in the formulation phase, *decision-making*, concerns the evaluation of these options to finally make a choice. Strategy process research has produced a whole range of theories to cope with the question of how strategic decisions are made. While there is consensus among scholars that decisions and actions represent the core of strategy process thinking, there is major disagreement on how decisions are actually reached.

Eisenhardt and Zbaracki (1992) identify four dominant perspectives in the strategic decision-making literature: rationality, bounded rationality, power and politics, as well as the garbage can approach. Especially the bounded rationality and garbage can approach challenge the linear nature of an ideal strategy process. While the rational approach assumes that actors enter decision situations with known objectives that determine the value of possible consequences, bounded rationality considers the cognitive limitations of people by stressing that goals are unclear, shift over time and the analysis of alternatives is limited because decisions tend to follow routinized procedures rather than systematic analysis. The political approach focuses on the process by which conflict among individuals with competing preferences is settled. Strategic choice is ultimately a political process in the sense that powerful persons get what they want and that people engage in tactics and use information to enhance their power. The garbage can model was first articulated by Cohen et al. (1972) and highlights the complexity and ambiguous nature of decisions. By calling attention to the importance of chance and luck, garbage can approaches model decisions as occurring as a result of a random confluence of everchanging problems, choice opportunities, solutions, and people. Decisions are not the result of boundedly rational individuals but emerge in a fuzzy and largely random confluence of events.

Strategy implementation is concerned with translating the chosen strategic option into a number of *strategic actions*. In this sense, the output of the strategy formulation phase provides the input for implementation. Whereas formulation attracted a whole range of conceptual and empirical research, strategy implementation was treated as a minor issue for a long time. Lechner and Müller-Stewens (1999: 12) name two reasons for this. First, since formulation is often equated with decision-making, organizational processes that come after the decision are often neglected or perceived to be the responsibility of other research fields (e.g., organizational behavior). Second, because of the dominance of linear thinking, it is often assumed that once the 'right' decisions are made by top management, implementation is not a difficulty anymore and thus rather an issue of opera-

tive management. This neglect of implementation partly changed with the introduction of the Balanced Scorecard (Kaplan and Norton 1996) that put the translation of theoretical strategy statements onto the agenda of scholars and executives.

In his review of empirical and conceptual contributions to strategy implementation research, Noble (1999a, 1999b) identifies a structural perspective and an interpersonal perspective. Whereas the structural standpoint studies the effects of the formal organizational structure on implementation, the interpersonal view looks at how interpersonal processes (e.g., consensus building or leadership style) can help to realize strategy. Considering Chandler's (1962) argument that organizational structure follows strategic moves, scholars like Drazin and Howard (1984) argue that an alignment of strategy and structure is a precondition for successful implementation. Organizational redesigns become necessary since changing strategies generate administrative problems that cannot be adequately handled by the current structure. To treat organizational redesign as a means for implementation is to assume that an appropriate structure alters organizational routines which lead to the desired behavior (Gupta 1987).

Noble's (1999a, 1999b) second broad perspective of implementation, interpersonal processes, touches upon a variety of aspects. Strategic consensus, for instance, is often considered a vital element of implementation because it provides a collective mindset of the strategic direction and thus enhances commitment. Efficient and effective communication is inevitable in achieving such a shared understanding. Leadership style is another interpersonal aspect and can influence the organizational climate and delegation of authority, both of which have a significant impact on strategy implementation. Besides organizational and interpersonal aspects, implementation researchers also stress the importance of reward systems, changes in resource allocation, and the development of new competences (Aaltonen 2003). To be sure, the list could be continued since tools like the Balanced Scorecard (Kaplan and Norton 1996) give reference to a variety of the listed issues. Last but not least, it is worth noting that *strategy evaluation*, the monitoring and measuring of strategic activities to take corrective actions if necessary, is often conceptualized as part of implementation (Daft and MacIntosh 1984; Kreikebaum 1997).

To conclude, strategy process research, at least within the linear tradition, distinguishes between strategy formulation (i.e. agenda building and decision-making) and strategy implementation (i.e. strategic actions and strategy evaluation).

2.3.4 Strategy Content – What Are Strategies all About?

Strategy content does not refer to the planning of strategies by describing 'how' they are formed, but explains the subject matter of strategic decisions by investigating 'what' is decided in order to achieve a competitive advantage. For the purpose of this study, strategy content is defined as research that investigates the content of decisions regarding the goals and scope of strategy (Fahey and Christinsen 1986: 168). The major part of content research has sought to identify linkages among environmental conditions, strategic choice, and economic performance (Rumelt et al. 1994: 19-20). Accordingly, content scholars try to understand what drives success in the market and consequently enables organizations to reach a competitive edge. The central research question is usually some variant of the following: What performance results arise from following certain strategies under varying conditions? While economic performance is typically regarded the key measure for success (Rumelt 1982), some scholars have reached beyond a sole focus on financial indicators by including the satisfaction of other stakeholders as a performance measure (Freeman and Gilbert 1988). To think of strategy content solely as the subject matter of strategic decisions leaves little room for differentiation since the bulk of research that can be subsumed under this heading is too immense. Further differentiation is achieved when considering the *levels* on which strategy content research rests.

Levels of Strategy Content Research: Due to the recent increase in cooperative relations among organizations, we refer to *network strategy* as the highest level of analysis. Moreover, approaches to strategy have attempted to distinguish between issues relating to the scope of the business portfolio ('domain selection') and those relating to competing within a specific sector ('domain navigation'). The former set of decisions refers to a firm's *corporate strategy*, whereas the latter set defines its *business strategy* (Grant 2002: 72). *Functional strategy* represents the lowest level of analysis and is concerned with improving the performance of a particular function (e.g., marketing) to align its resources so that the goals of a specific business strategy may be achieved. These levels are analytical distinctions that are not always found in practice, often because they are not needed (not every corporation maintains interfirm relations or is in more than one business). In the following, we briefly introduce strategy content research on each level.

Given that Sydow and Ortmann (2001: 8) and Prahalad and Hamel (1994: 10) remark that due to the recent increase of interfirm networks it is inappropriate to view corporate strategy as the highest level of aggregation, it is worthwhile to include a *network level* into the analysis of strategy

content. As firms increasingly cluster together into groups of more than one organization (Ring and Van de Ven 1992: 483), the *modus operandi* for remaining competitive increasingly depends on linkages between organizations. The question posed by network level strategy is whether and how the strategy of a multitude of firms can be aligned into a coherent whole. Network level strategy examines the relationships a company wants or needs to have with other market players, most of the time in so-called strategic networks. Striving to understand this relationship, researchers typically appreciate mechanisms like trust and power as they influence the conditions of coordination (Bachmann 2001). By means of these mechanisms, companies in networks align their strategies or develop them in a joint manner to reap the benefits of participation.

Corporate level strategy is primarily concerned with assessing what set of businesses an organization should be in (Hofer and Schendel 1978: 27). For this question to make sense, a corporation needs to be in more than one business. Corporate level research supposes that firms possess a business portfolio that needs to be organized in a meaningful way. In today's business environment, corporate strategy must deal with different operating divisions or even separate legal business units that need to be given some direction. Corporate strategy is even more relevant if we consider that many corporations are increasingly internationalized and need to align their business units with regard to cultural considerations (Barr and Glynn 2004). Consequently, corporate strategy considers the scope and resource deployments as well as the synergetic effects among different business units. Depending on the historical context, strategy scholars have developed different ideas about how to handle a business portfolio. Based on the move of many large corporations from functional to divisional organization in the 1960s, authors like Chandler (1962) emphasized the need for diversification, which resulted in the establishment of conglomerates with a portfolio of relatively unrelated businesses.

The fashion changed in the 1970s when the *Boston Consulting Group* introduced portfolio analysis that offered conglomerates the possibility of managing the scope and relation of their businesses. In the 1980s, based on Peters and Waterman's (1982/2004) book *In Search of Excellence*, corporate strategy moved on to call attention to restructuring around core businesses and the disposal of poorly performing divisions. Similarly, Prahalad and Bettis (1986, 1995) recognized that the limit to the diversity of businesses within a firm is dependent on strategic variety, while the latter is determined by the composition of the top management team. During the 1990s the concern to have a clear central business idea continued with the establishment of the core competence debate in which Prahalad and Hamel

(1990) argued that the alignment of businesses on the corporate level depends on management's ability to identity, cultivate, and exploit the competences that make growth possible. While the described historical pattern provides a fair sketch of the most important ideas on which corporate strategy rests, it should be clear that the overview is neither exhausting nor fully representative (Grant 2002).

Business level strategy investigates how to compete in a specific industry or product/market segment. The overall scope of the corporation becomes less important as business strategy deals with product/market segmentation choices and the stage of product/market evolution instead of the breadth or depth of the business portfolio. As the name indicates, business strategy describes how a particular business intends to succeed in its chosen market segment against available competitors. This raises the question of what we consider to be the scope of a business. Here, it is useful to refer to the widespread notion of 'strategic business units'. Rappaport (1986: 2) characterizes such units as relating to distinct products or services that serve a well-defined market segment. Strategic business units are product or service oriented and possess an identifiable set of consumers and set of competitors. In practice there is hardly ever a single business strategy for each product offering, if we refer to an 'offering' as the unit of customer choice. One reason for this is that business strategies are often defined for entire product lines that include several distinct offerings (Macmillan and Tampoe 2000: 171). A chocolate bar, for instance, can come in a variety of sizes all of which represent different product offerings to the customer. However, not all kinds of bars have their own business strategy. Varying sizes may be represented by different marketing strategies. Business strategies, however, look at how different functional aspects (e.g., marketing, research and development) need to be integrated to deliver a specific product and/or service for a market segment.

One of the most well-known research projects in business strategy is the *Profit Impact of Market Strategies* (PIMS) database that was established based on a study of 57 corporations with 620 diverse businesses. Schoeffler et al. (1974) argue that the basic idea of PIMS is to provide management with information regarding the profit performance of a business under varying competitive conditions. To account for these conditions, the database analyzes the performance effects of 37 factors (among them market share and total marketing expenditures). The findings can be applied to show how profits are expected to vary, if a modification of performance factors changes the strategic position of a business. Besides PIMS, the work of Porter (1980, 1985) had a formative influence on business strategy. His notion of competitive strategy, that is, the search for a favorable

competitive position in an industry, is tied to an analysis of the determinants of industry attractiveness and an examination of the influencing factors of a relative competitive position within an industry. Industry attractiveness can be explored by considering the elements of industry structure – the five forces – for a specific business, whereas the competitive position is shaped by a company's ability to follow one out of three generic strategies: product differentiation, cost leadership, and market focus. Porter's market-driven concept of competitive advantage was complemented by Barney's (1991) remarks on the importance of resources for sustaining a favorable market position in a certain business.

Strategic issues at the *functional level* refer to specific functional aspects (e.g., marketing strategy, information technology strategy, and human resources strategy). The principal focus is on the maximization of resource productivity through synergies and the development of distinctive competences within the respective function (Hofer and Schendel 1978: 29). Which competences are considered to be important varies by functional area and the stage of product/market evolution. Unlike in business strategy, where synergy was sought between different functions, functional strategy aims to develop synergies within functions, for instance by developing appropriate labor and staffing policies or rescheduling production. Functional strategies describe how the resources of a function can be deployed to realize the objectives of network, corporate, and business level strategies. Since functional strategy is often covered by research of specialized disciplines, like marketing or human resource management, and is less a subject of strategy content scholars, we do not address this type any further.

Whilst each level stresses different aspects that we might consider in strategy content decisions, they also work together to form a whole. This opens strategic thinking for cross and even multi-level issues (Dess et al. 1995). Although the question 'What is the basis of a good strategy?' may be straightforward, a truly integrated strategy is hard to achieve and even harder to research as a variety of opinions about the nature of strategy content exist. Yet, at a fundamental level, there are two distinct approaches to content that underlie the majority of research on the outlined levels: *the market and resource-based perspectives* (see Figure 7). While market-based theories follow an external focus by trying to find certain 'rules of the market game' that corporations can rely on, the resource-based view emphasizes the importance of a firm's competences and capabilities to define the goals and scope of strategic choice. That is why we can presume that strategy content is concerned with the *rules of the market* and *re-*

sources of the corporation that define what strategic decisions are supposed to be taken.[28]

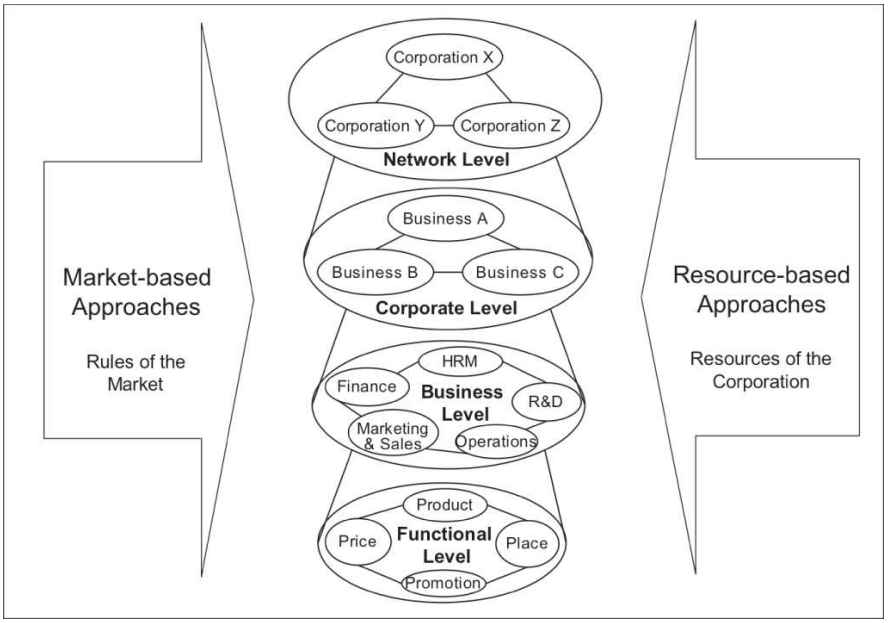

Fig. 7. A Classification Scheme for Strategy Content Research

To show that research on strategic rules (market-based view) and strategic resources (resource-based view) occurred with regard to network, corporate, and business level research, we briefly discuss the different levels with regard to market and resource-based reasoning. On the *network level*, Gulati et al. (2000: 205) argue that a consideration of interfirm relationships allows a more refined understanding of industry structure and thus firm performance, whereas scholars like Lorenzoni and Lipparini (1999) and Lavie (2002) stress that the capability of a firm to interact with other companies, which they refer to as a relational resource, accelerates firms' knowledge access. Within *corporate strategy* research, proponents of the

[28] Hoskisson et al. (1999) claim that over time strategy content research oscillates between the market and resource-based perspective *like the swing of a pendulum*. While early strategy scholars like Chandler (1962) or Ansoff (1987b) focused on firms' internal strengths and managerial capabilities, the rise of the industrial organization paradigm in the 1970s and 1980s led the pendulum to swing to the other extreme to come back to its original internal focus with the rediscovery of the resource-based approach by writers like Barney (1991) and Hamel and Prahalad (1990) in the 1990s.

portfolio perspective, like Hedley (1977), take a market-based view by highlighting the importance of market share and market growth for aligning the loose federation of business units. Prahalad and Hamel (1990) are at odds with such a position as for them a corporation should represent a common resource-base that is applied to various businesses. On the *business level*, Porter's (1980, 1985) notion of competitive advantage is fundamentally market driven and looks at the development of resources as a derivative activity. In contrast, Barney (1991) argues that a market-based view has neglected the impact of idiosyncratic resources on a firm's competitive position. According to this view, business level strategy depends on leveraging a firm's resource heterogeneity and immobility. To conclude, strategy content research has been concerned with either dismantling the rules of the market or finding the resources that provide a sustainable competitive advantage. This is evidently a simplifying classification, yet one that roughly reflects the field of strategy content.

Analyzing Strategy Content – Strategic Rules and Strategic Resources: To conclude our discussion of strategy content, we need to state more precisely how we define strategic rules and resources. This is necessary since the deconstruction of strategy content in chapter six rests on a discussion of the nature of strategic rules and resources. Because we contrast an 'empty' understanding of strategic rules and resources from a 'full' one later on, we define both categories independent of their use. In their most general sense, we treat strategic rules as expressions of what is supposed to be done. They are *codified interpretations of activity* that are provided by scholars' observation of strategy praxis. Strategic rules are regulative; they are typically paraphrased in the form 'Do X' or 'If Y, do X'.[29] Treating strategic rules as codified interpretations of strategists' activity as observed by strategy scholars implies that such rules are not defined as aspects of *praxis*.[30] Strategic rules are thus specific types of *formulated rules* that are devoid of contextualized meaning. That is why we claimed in section 1.1 that the 'emptiness' of strategic rules is not necessarily a bad thing but an inevitable (*yet not recognized*) feature of scholars' interpretation of strat-

[29] Porter (1980: 36), for instance, states that cost leadership is a valuable alternative *if* a firm has a "high relative market share or other advantages, such as favorable access to raw materials."

[30] Giddens (1984: 21) discusses the difference between both forms of rules. "Rules which are 'stated', as [regulative] above are interpretations of activity as well as relating to specific sorts of activities: all codified rules take this form, since they give verbal expression to what is supposed to be done. But rules are procedures of action, aspects of praxis." (annotation added) Wittgenstein's (1967: 81) argumentation is very similar: "[A]lso obeying a rule is a practice. And to *think* one is obeying a rule is not to obey a rule." (emphasis in the original)

egy praxis. If we agree that those strategic rules that are offered by scholars cannot be aspects of praxis (because they still await their application), it becomes more comprehensible why we define strategic rules as codified interpretations of strategy praxis.

A quite similar line of reasoning applies to our definition of *strategic resources*. Following Penrose (1995: 25), we define resources as transformative capacities that are *not yet* employed in the routine course of social interaction. Because, for the most part, resources can be defined independently of their use (Penrose 1995), we focus on the *manifestations* of resources (e.g., as a machine, a patent or a business contract) that still await their application. These manifestations can be classified in tangible (the organizational 'hardware') and intangible (the organizational 'software') resources (Wernerfelt 1984: 172). Extending Wernerfelt's work, Barney (2002, 1991) argues that tangible and intangible resources need to be valuable, rare, not imitable, and not substitutable to provide a sustained competitive advantage.[31] To conclude, resources are manifestations of transformative capacities and thus reflect a necessary emptiness.

2.4 Strategy Context, Process, and Content – A Résumé

The introduced dimensions provide a framework for understanding the rich accounts of research that haven been produced by strategy scholars so far. For the sake of this study, context, process, and content act as key constructs to reflect upon strategizing in organizations. We will come across many of the discussed issues in subsequent chapters. The three outlined facets are not exhausting but highlight distinct aspects of strategic thinking that need to be complemented and extended by other issues. In addition, the linkages among the dimensions are reciprocal and continuous; their separation is therefore of an analytical nature and not a straightjacket for future analyses (Ketchen et al. 1996: 22; Moore 1995). When conceiving the three perspectives in a three-dimensional way (Figure 8), there is need

[31] Barney's (2002, 1991) characteristics represent yet another 'empty' strategic rule. Then, one may ask why we not simply analyze the resource-based view as yet another strategic rule. As indicated in section 1.1, the underlying dominant logic (i.e. the 'fullness of strategic resources') is not concerned with the fact that resource-based reasoning is itself based on strategic rules that are *generalizable across organizations.* Fullness, here, refers to the way in which resources are defined *within an organization*. Because resources are defined as 'given' by the dominant logic, they are thought to be full of meaning before any application within the organization.

to foster diagonal, vertical, and horizontal moves to connect the different boxes. Especially, the dichotomy between strategy process and content calls for integrative research. Recognizing that the way strategies are formed influences the input and outcome of strategic decisions (and thus strategy content) may be a first move in this direction. Such moves can only serve to strengthen the scholarly basis of strategic management (Freeman and Lorange 1985: 32).

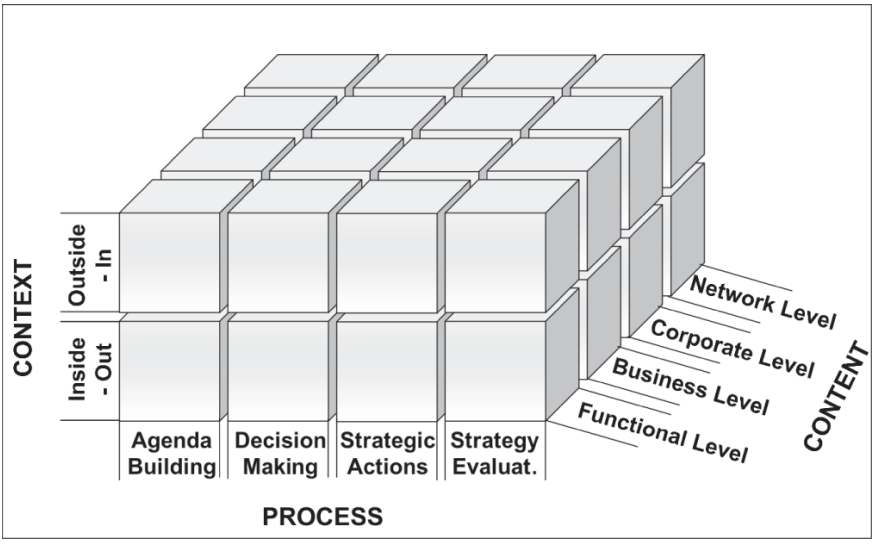

Fig. 8. Strategy Context, Process, and Content at a Glance

The consequences of this tripartite framework are depicted in Figure 9. We distinguish between first-order observations (questions in a theory) and second-order observations (questions about a theory). First-order observations aim to identify particular external and internal circumstances that influence strategy context and/or describe existing strategy processes and/or try to define those strategic rules and resources that help organizations to create a competitive strategy content. By contrast, second-order observations question the very nature of strategy context, process, and content by asking how these dimensions need to be conceptualized to come up with reasonable first-order observations. Such investigations aim to find out *in which way* strategy context, process, and content can be defined. As indicated in chapter one, this treatise exclusively discusses second-order observations by conducting *research about strategy research*.

	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?)	Strategic rules and resources that define how a competitive advantage is reached (what?)
First-Order Observation	Which external and internal circumstances define the *strategy context* organizations follow while making their content and process decisions?	Which decisions and actions define the *strategy process* organizations follow?	Which strategic rules and resources define the *strategy content* organizations follow?
Second-Order Observation	In which way do external and internal circumstances define the *strategy context* organizations follow while making their content and process decisions?	In which way do decisions and actions define the *strategy process* organizations follow?	In which way do strategic rules and resources define the *strategy content* organizations follow?

Fig. 9. Strategy Context, Process, and Content and Scholarly Inquiry

Whereas this chapter has provided the reader with some basic terminology and definitions that are relevant for strategy scholars and are needed to achieve mutual understanding, the next chapter takes a more normative stance by discussing the dominant logics of strategy research. When referring to first and second-order observations, we can think of the dominant logics as the 'conventional' answers that have been given to second-order questions. To facilitate orientation and show how the different analytical distinctions that were used up to this point interrelate, Figure 10 depicts the connection between strategy paradigms (section 2.2) and strategy context, process, and content (section 2.3) as dimensions of analysis.

As discussed in section 2.3, although the 'planning' and 'forecasting' paradigms were primarily concerned with process research and the 'market-based' as well as the 'resource-based' paradigms were predominantly focused on content, it would be oversimplifying to believe that there was no content research in the 1960s/1970s or process research in the 1980s/1990s. Barney (1991: 113), for instance, explicitly linked formal strategic planning to resource-based reasoning. Likewise, Hofer and Schendel (1978) introduced a variety of strategic rules and thus linked their work to strategy content research. Hence, paradigms only reflect a certain research *focus* but do not entirely exclude any of the three analytical dimensions (i.e. strategy context, process, and content). This becomes even more obvious if we look at the dominant logics that cut across the various paradigms and thus reproduce certain assumptions with regard to strategy context, process, and content over time. Strategic realities, which are represented by the citation of well-known works in Figure 10, are the 'building blocks' of dominant logics.

Paradigm / Dimension	Planning (1960s)	Forecasting (1970s)	Market-Based (1980s)	Resource-Based (1990s)
Strategy Context	**Necessity of Adaptation** Chandler (1962) Andrews (1971) Hofer/Schendel (1978) Porter (1980) Barney (1991)			
Strategy Process	**Primacy of Thinking** Ansoff (1965/1987a) Chandler (1962) Andrews (1971) Hofer/Schendel (1978) Porter (1985)			
Strategy Content	**Fullness of Strategic Rules and Resources** Ansoff (1965/1987a) Andrews (1971) Hofer/Schendel (1978) Porter (1980) Barney (1991) Wernerfelt (1984)			

Fig. 10. Strategy Paradigms and Strategy Context, Process, and Content

The next chapter takes the reader on a journey through the dominant logics of strategy context, process, and content. We will not simply explain the dominant logics (for this see section 1.1) but try to find prove for our claim that many well-known strategy scholars have given reference to the logics' central assumptions. In this sense, chapter three attempts to give substance to our assertion that past and present strategy research has given reference to these logics. By doing so, chapter three paves the way for our further argumentation.

3 The Dominant Logics of Strategy Research

"The most difficult thing in
science, as in any other field, is
to shake off accepted views."

George Sarton
(1959: 88, cited in
Gioia and Pitre 1990: 584)

Based on our remarks in chapter two, we demonstrate in this chapter how research on strategy context, process, and content is embedded in dominant logics. To reach beyond rhetoric and to avoid oversimplified arguments, we show not only that dominant logics exist in *some* strategic realities but particularly in those realities that strategy scholars most often refer to. If we believe Prahalad and Hamel (1994: 6) that many assumptions that traditional and recent strategic realities rest on may be incomplete and/or outdated, we need to become familiar with these assumptions before unfolding critical arguments. Discussing these beliefs is inevitable if we are to value the novelty of alternative ways of reasoning later on.

As a basis for identifying dominant logics, we first introduce a recent citation index that represents the 20 most widely cited publications in strategy research (section 3.1). We then illustrate that the assumptions and beliefs that are disseminated through these publications are embedded in the dominant logics: the 'necessity of adaptation' (section 3.2.1), the 'primacy of thinking' (section 3.2.2), and the 'fullness of strategic rules and resources' (section 3.2.3). In other words, we show that those publications to which strategy scholars most often refer comply with the dominant logics that underlie our analysis. Since these dominant logics do not appear out of nowhere, we discuss how they gain and sustain their prevailing character (section 3.3). We thereby demonstrate that science in general and strategic management in particular is a 'political' and an overly 'sticky' business. Because other scholars have also criticized the three dominant logics, we review these critiques and demonstrate that existing critical approaches do *not* recognize the need to renounce these logics on account of their disregard of their own paradoxical nature (section 3.4). We show that the dominant logics subside once we uncover paradox. This discussion demon-

strates that there is a need to introduce deconstruction as a 'method' for exposing paradoxes and thus acts as a 'bridge' to the theoretical introduction of deconstructive thinking in chapter four.

3.1 Where to Look for Dominant Logics?

To start with, we should recall that dominant logics refer to the invisible, taken-for-granted assumptions and basic belief structures that scholars refer to when theorizing in strategic management. This invisibility is well described by Kuhn (1996) who, in his *opus magnum, The Structure of Scientific Revolutions*, characterizes the nature of normal science, which dominant logics are part of, as follows: "No part of the aim of normal science is to call forth new sorts of phenomena; indeed those that will not fit the box are often not seen at all." (Kuhn 1996: 24) This implies that to see novel phenomena – and thus to foster the development of strategy research – we need to see the 'box' first. To paint a fair but coherent picture of this box, we have to identify some solid ground on which strategy research rests.

A good point of departure is to look for journals that have had a large impact on the field (Ofori-Dankwa and Julian 2005: 1314). In a recent survey among 500 strategy scholars, Michel and Chen (2004: 6) report that over 47% of the respondents ranked the *Strategic Management Journal (SMJ)* as the most influential publication.[32] Comparing the study of Michel and Chen (2004) to the one by Franke et al. (1990) demonstrates that the

[32] The two closest ranked journals are the *Harvard Business Review* with 13% and the *Academy of Management Journal* with 12%. Further evidence of the dominance of the *Strategic Management Journal* can be found when referring to Starbuck's widely cited ranking of social science journals where the *Strategic Management Journal* ranks 40th (out of 509 journals). For further information see *http://pages.stern.nyu.edu/~wstarbuc/cites.htm*. Aware of the limitations of previous studies of journal influence (e.g., the focus on a single sub-area of research over a restricted number of years and the inconsistency in using evaluation criteria such as subjective ratings of department chairpersons), Podsakoff et al. (2005) use the 'objective' measure of citation frequency to account for the influence of management journals. Out of a sample of 28 journals over a time period of 19 years (1981-1999) the *Strategic Management Journal* shows an increase in influence (from rank eight during 1981-1984 to rank four during 1995-1999 in terms of total citation counts in the 28 journals). Based on a survey among tenured professors in strategic management, MacMillan (1989, 1991) and MacMillan and Stern (1987) even rank the *SMJ* as the most outstanding outlet for research in strategic management.

SMJ's lead as the number one journal for strategy research has widened. A good number of surveys rank the *SMJ* among the five most influential journals in management (Franke et al. 1990; Johnson and Podsakoff 1994). Tahai and Meyer (1999: 279) even conclude their citation analysis with the recognition that the *SMJ* "has developed as the predominant academic journal influencing the field of management." Of course, choosing the *SMJ* as a vantage point comes at the price of neglecting important pieces of work from other journals. It is possible that changes in the intellectual structure of research could occur if articles from a wider range of journals were included. Nevertheless, since we are looking for mainstream strategy research, the *SMJ* provides a good, if not the most appropriate, object of analysis (Furrer et al. 2002: 20).

If we take the *SMJ* as a point of reference, we need to gain an impression of its underlying intellectual structure. Starting from the hypothesis that the bibliographic references cited in articles are a reliable indication of their influence on scholars' research, Ramos-Rodríguez and Ruíz-Navarro (2004) identify the most influential publications that were cited in articles published in the *SMJ*.[33] Their bibliometric study from the first days of the journal in 1980 until recently published work in 2000 reveals 50 publications that shaped the intellectual structure of the strategy field enormously. We concentrate on the 20 most cited publications between 1980 and 2000 according to absolute and relative citation frequency as a basis for argumentation (see Figure 11). Against the background of this study, these publications are treated as *strategic realities*; they reflect scholars' assumptions regarding the nature of strategic management (see section 1.1).

[33] There may be a variety of other influences (including colleagues, former professors, life experience) as Tahai and Meyer (1999: 279) note. However, citing an article or book represents a public acknowledgement of an influence, while other factors cannot be measured as easily as citations. In addition, a citation analysis does not reveal whether the cited document is treated positively in the text and whether the document is central or peripheral to the content of the analyzed text.

No.	Publication (Strategic Reality)	Absolute Citation Frequency Between 1980 and 2000 (n=870)	Relative Citation Frequency Between 1980 and 2000 (n=870)
1	Porter (1980)	266	30,6%
2	Rumelt (1974)	166	19,1%
3	Porter (1985)	135	15,5%
4	Chandler (1962)	131	15,1%
5	Williamson (1975)	131	15,1%
6	Nelson/Winter (1982)	114	13,1%
7	Pfeffer/Salancik (1978)	107	12,3%
8	Miles/Snow (1978)	105	12,1%
9	Cyert/March (1963)	103	11,8%
10	Thompson (1967)	103	11,8%
11	Hofer/Schendel (1978)	101	11,6%
12	Wernerfelt (1984)	95	10,9%
13	Barney (1991)	88	10,1%
14	Lawrence/Lorsch (1967)	88	10,1%
15	Andrews (1971)	80	9,2%
16	Penrose (1959/1995)	76	8,7%
17	Ansoff (1965/1987a)	75	8,6%
18	Williamson (1985)	72	8,3%
19	Scherer (1980)	67	7,7%
20	Quinn (1980)	66	7,6%

Fig. 11. The Most Cited Publications in the *Strategic Management Journal* (adopted from Ramos-Rodríguez and Ruíz-Navarro 2004: 989).

Certainly, no analysis comes without limitations and it is of fundamental importance to recognize these limitations when interpreting research results. Our picture of the 20 most cited documents in strategy research is a rather rough one since we neglect changes in influence over time. The works we refer to represent the 20 most cited works during the entire 21 years covered by the study of Ramos-Rodríguez and Ruíz-Navarro (2004). Of course, there are gains and losses in influence over the length of the study period as Ramos-Rodríguez and Ruíz-Navarro (2004: 990) remark themselves. Yet, even when adopting a dynamic view, 14 out of the 20 documents are still among the top-cited documents when mapping citation frequency only for the 1994-2000 sub-period. A similar picture arises when looking at the 1987-1993 sub-period (17 out of the top 20) and the early days of the journal from 1980 to 1986 (12 out of the top 20). We thoughtfully accept the aggregated picture for the entire period (1980-2000) as we do not want to have a 'sub-period snapshot' of the most influential documents, but a well-balanced longitudinal perspective that accounts for the fact that dominant logics develop over time and do not suddenly 'fall from the sky'. Indeed, our discussion in section 3.3 will demonstrate that the development of dominant logics is a lengthy process

depending on a variety of influences (e.g., the reputation of strategy scholars and the unquestioned acceptance of the assumptions that are attached to the dominant logics).

Besides variations in taste preferences that might account for gains and losses in influence, there is also a numerical problem. Scholars who publish at an early point in the development of a field have a better chance of being cited. One could resolve this problem by dividing the total number of quotations by the number of years the document has been published. This, however, is a risky approach since the *SMJ* not only increased the number of issues per year (and thus article output) but also the overall number of citations per article.[34] This trend combined with the fact that the *SMJ* started publication in 1980 and consequently does not adequately represent the debates of the 60s and 70s leads to the conclusion that an adjustment of citation frequency for the years the document has been published underrepresents the early 'classics' of the field. Authors like Ansoff (1965/1987b) or Andrews (1971) would suffer from the fact that they were not *en vogue* at the time (a) the *SMJ* started publishing, (b) the *SMJ* increased its output in terms of issues per year, and (c) authors increased the number of citations per article.[35]

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[34] The *SMJ* increased output from 4 issues in 1980 to 12 issues in 2000 and increased the average number of citations from 25,57 in 1980 to 75,27 in 1999 (Phelan et al. 2002: 1163).

[35] Take the following example: Barney's (1991) article has a total citation frequency of 88 and has been published for 10 years (1991 until 2000), which yields 8.8 citations per year for the 10-year period. Andrews's (1971) book, by contrast, has a total citation frequency of 80 and has been published for 30 years (of which only the 1980 to 2000 period is of relevance to this bibliometric study), which yields 3.81 citations per year for the 21-year period. Barney's (1991) 'success' is mostly due to the fact that his contribution is a trail-blazing one for the resource-based view that gained much popularity during the 90s when there were three times as many issues of the *SMJ* per year as in the 80s and each article contained three times as many citations as in the 80s. Although, Andrews (1971) had more time to collect citations in the *SMJ* than Barney (1991), he was not among the advocates of a paradigm during the overall publication period of the *SMJ* as Barney (1991) was in the 90s. Andrews's breakthrough came with the planning paradigm of the 60s (see also Learned et al. 1969) and is thus not sufficiently represented by *SMJ*-citations. It thus needs to be argued that articles that are commonly associated with a paradigm (e.g., Barney 1991 with resource-based thinking) get heavily cited as long as the paradigm is *en vogue*. In the end, this would lead to an overrepresentation of the authors of the market and resource-based view, as these are the paradigms that fall into the publication period of the *SMJ*. Without an adjustment, works that are published toward the end of the 1980-2000 period 'suffer' from the fact that they had little time to collect citations.

3.2 Exploring the Dominant Logics of Strategy Research

In the following, we consider the identified 20 documents as those strategic realities by means of which we examine whether research in strategic management is based on dominant logics. If *SMJ*-authors heavily cite these documents and this journal is considered to be the most important outlet for strategy researchers, there is reason to believe that if we show that these documents reflect the basic belief structures of the dominant logics, we can assume that the underlying assumptions really are dominant. It needs to be recognized that the judgment whether a strategic reality submits to a dominant logic depends on *our interpretation*. Especially when considering that deconstruction argues that texts can have more than one meaning, this is a necessary limitation to our analysis. As we are looking for underlying research assumptions, we face the problem that premises scholars attach to their work are often not directly communicated. Statements like 'I regard the market to be objectively given' or 'I think the strategic concepts introduced in my book are valid independent of their context of application' rarely exist. Therefore, it is crucial to read between the lines and to refer to examples as well as methodological remarks to come up with a reasonable judgment.

3.2.1 Strategy Context – The 'Necessity of Adaptation'

Recall that the 'necessity of adaptation' represents the widely held assumption that the environment exists in an objective manner and that organizations need to adapt to this *one* environment to achieve appropriate 'strategic fit'. Companies make up their environment in the sense that *all* organizations are part of one environment. This environment represents the point of reference for strategy formation. When looking at the identified 20 strategic realities, we stumble over various statements that represent this logic. Williamson (1975: 20) argues that "I assume, for expositional convenience, that 'in the beginning there were markets'." For him the market is given in a sense that it provides an origin all actors can refer to. The market is 'there' regardless of whether organizations are 'there'. The implications of this perspective for strategy are far reaching and mostly highlight the need to achieve a match between organization and environment. Hofer and Schendel (1978: 4) argue that "[t]he basic characteristics of the match an organization achieves with its environment is called its strategy" and Ansoff (1987b: 24) regards strategy as being concerned "with establishing an 'impedance match' between the firm and its environment." The