



Actionable Strategy Knowledge: A Practice Perspective[☆]

PAULA JARZABKOWSKI, *Aston Business School*

DAVID C. WILSON, *Warwick Business School*

Increasingly the body of knowledge derived from strategy theory has been criticized because it is not actionable in practice, particularly under the conditions of a knowledge economy. Since strategic management is an applied discipline this is a serious criticism. However, we argue that the theory-practice question is too simple. Accordingly, this paper expands this question by outlining first the theoretical criteria under which strategy theory is not actionable, and then outlines an alternative perspective on strategy knowledge in action, based upon a practice epistemology. The paper is in three sections. The first section explains two contextual conditions which impact upon strategy theory within a knowledge economy, environmental velocity and knowledge intensity. The impact of these contextual conditions upon the application of four different streams of strategy theory is examined. The second section suggests that the theoretical validity of these contextual conditions breaks down when we consider the knowledge artifacts, such as strategy tools and frameworks, which arise from strategy research. The third section proposes a practice epistemology for analyzing strategy knowledge in action that stands in contrast to more traditional arguments about actionable knowledge. From a practice perspective, strategy knowledge is argued to be actionable as part of the everyday activities of strategizing.

© 2006 Elsevier Ltd. All rights reserved.

Keywords: Strategy as practice, Strategy knowledge, Relevance, Strategy tools, Strategy theory

Strategy is a key concept of organization theory. Broadly, it is the theoretical concepts and frameworks which guide the strategic decisions that influence both the long and short-term objectives of an organization (Mintzberg and Waters, 1985; Hickson *et al.*, 1986; Rumelt, Schendel and Teece, 1991). Much of today's strategy knowledge is the culmination of organizational research and theory that has developed over the past forty-five years (see, for example, Bowman, Singh and Thomas, 2002; Tsoukas and Knudsen, 2002; Whittington, 2004). It comprises a pervasive set of concepts and constructs that are implicitly involved in the work of strategizing (Whittington *et al.*, 2003). In addition to economic models of firm positioning and competition (Porter, 1980), strategy knowledge comprises theories of organization as diverse as the resource-based view (Barney, 1991) and complex adaptive systems (Levy, 1994; Stacey, 1995). As Hafsi and Thomas note (2005) note, these key concepts of strategy knowledge have been the subject of intense debate in recent years. Despite these paradigmatic disputes, one of the ultimate goals of strategy knowledge is to act as a framework which can help inform and guide those managers who steer the strategic course of an organization. Strategy knowledge is thus intended to be actionable knowledge.

The paradox of this emerging field is that, despite its plural and diverse approaches, the relevance of strategy knowledge to practice is increasingly questioned (Baldridge, Floyd and Markoczy, 2004; Bettis, 1991; Ghoshal and Moran, 1996; Hafsi and Thomas, 2005; Löwendahl and Revang, 1998). For example, practitioners "are abandoning traditional approaches to strategy" and academics "are re-examining the relevance of the concepts and tools of the strategy field" (Prahalad and Hamel, 1994: 5). This concern about strategy knowledge is part of wider concern on whether organization theory is actionable in practice (see, for example, Academy of Management Conference,

[☆] The authors wish to thank Don Maclean, Patrick Regner, Richard Whittington and Nicolay Worren for their comments on earlier drafts of this paper, as well as participants at the Academy of Management Conference, 2004, where an abridged version of this paper appeared in the Conference Proceedings.

2004; Academy of Management Journal, 2001, 44.2; Administrative Science Quarterly, 1982, 27.4; British Journal of Management, 2001; Maclean and Macintosh, 2002; Pettigrew, 1996; Tranfield and Starkey, 1998). As a key part of organization theory, strategy has been the target of further criticisms which argue that theory fails to keep pace with the changing competitive conditions of a 'knowledge economy' – globalization, deregulation, technology and increased rates of innovation (Chakravarthy, 1997; Courtney, Kirkland and Viguierie, 1997; Eisenhardt, 2002; Prahalad and Hamel, 1994; Venkatraman and Subramaniam, 2001).

This paper argues that the simple dichotomy between theory and practice is insufficient to capture the richness of interplay (or lack of interplay) between the two. Adopting a practice perspective, we propose that the relationship between theory and practice involves a process of dissociation in which current questions about actionable strategy knowledge may be misleading. For example, theorists argue that changing competitive conditions have rendered traditional strategy knowledge largely irrelevant. Such theoretical arguments claim that practitioners need new and emerging theories of strategy that are better adapted to competitive conditions to guide strategy practice. This paper examines these arguments, proposing that even where they hold true, practitioners do not apply theory directly. Instead, they use tools and frameworks developed from a wide range of organizational research. Furthermore, in practice such frameworks may be adapted and modified by practitioners/strategists to suit their own, rather than intended theoretical, ends. We therefore develop the concept of dissociations between strategy theory and its use in practice, building upon Weick's (1995) proposition that theory interacts better with its prescription by receiving feedback. We argue that the use of theories in practice is more complex than an examination of the extent of their direct application. An examination of practice, therefore, rather than theorizing about practice may yield insight into how theory and practice are inter-related.

Asking the Wrong Question: Is Theory Actionable in Practice?

As Weick (1995) argues, theories themselves are no more than approximations. They represent the interim struggles of social scientists as they strive for a bigger theory with a wider scope. Theory is thus not a static concept in a dichotomous relation with practice, but is a continuum ranging from guesses to frameworks and general principles. This paper aims to contribute to our understanding of the relationship between theory and practice by suggesting that there is a dissociation between theoretical knowledge and its direct application in practice which

may be better explained if we take a practice perspective.

The paper is in three sections. First, many of the concerns about the practical application of strategy theory are based upon the evolving nature of theory as competitive conditions change due to globalization, deregulation, technology and increased innovation (Prahalad and Hamel, 1994; Løwendahl and Revang, 1998; Venkatraman and Subramaniam, 2001). These changed competitive conditions are variously termed 'post-industrial society' (Løwendahl and Revang, 1998), the 'new economy' (Coyle and Quah, 2002; Eisenhardt, 2002), or the 'knowledge economy' (Kim and Mauborgne, 1999). As the latter term 'knowledge economy' is a persistent descriptor¹, it will be used in this paper. The first part of this paper outlines the major changing competitive conditions that are argued to influence whether knowledge is actionable in a knowledge economy, environmental velocity and knowledge intensity, and assesses how strategy theory has adapted (or failed to adapt). Taking four key schools of thought in strategy (positioning; resource based; hypercompetitive and complexity theory) we mirror each against the changing competitive conditions. There is evidence of theoretical development as some approaches become increasingly relevant and vice versa. Therefore, there is some support for the argument that some schools of strategy theory may be less actionable than others. However, the second part of the paper raises questions over the direct application of these theories by practitioners.

In the second part of this paper we argue that theoretical knowledge goes through a process of dissociation, which means it is rarely disseminated *directly* into practice as 'theory'. Rather, theoretical knowledge is simplified into 'knowledge artifacts', such as tools, techniques, and frameworks (Furrer and Thomas, 2000). The dissociation from theoretical knowledge to knowledge artifacts is important in understanding how strategy knowledge can be translated into practice. Knowledge artifacts include positioning frameworks, matrices such as the Boston Box or environmental scanning tools such as the PESTL analysis. These artifacts are disseminated into practice through MBA courses, strategy texts, strategy consultants and the popular business media (Abrahamson, 1996; Barry and Elmes, 1997; Beyer and Trice, 1982; Mazza and Alvarez, 2000; Tsoukas and Knudsen, 2002). This paper therefore proposes that strategy knowledge, as derived from organization and economic theory, is used in practice as knowledge artifacts (Linstead and Grafton-Small, 1992; Tsoukas, 1998; Worren *et al.*, 2002), which are implicitly involved in the work of strategizing (Jarzabkowski, 2004; Whittington, 2003; Whittington *et al.*, 2003).

While research provides some evidence that practitioners use these knowledge artifacts (e.g. Grant, 2003; Haspeslagh, 1982; McCabe and Narayanan,

Download English Version:

<https://daneshyari.com/en/article/1015373>

Download Persian Version:

<https://daneshyari.com/article/1015373>

[Daneshyari.com](https://daneshyari.com)