Performing a strategy's world: How redesigning customers made relationship banking possible

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ABSTRACT

The paper investigates the performativity of strategy defined as a strategy's power to create the world it assumes. Building a theory based on both 'Callonian' and 'Butlerian' approaches to performativity, it focuses on the case of a large bank's retail strategy in Hungary, which relied on Customer Relationship Management (CRM) technology to develop personalised services and intensive selling so as to meet its objectives of growth. The findings show how the assumptions behind the bank's 'high-level' strategy were inscribed into the CRM software and embodied in the situations where employees sell to customers. Specifically, the ethnographic study demonstrates how technology and embodiment, as well as innovation and maintenance, complement each other and intertwine, producing the world—including for instance the needs of customers—which the strategy had taken as given. The concept of 'strategy scripts', understood as patterns of socio-technical interaction, is inferred from the case study to explain how assumptions about markets and the nature of personalised customer relationships were ultimately realized.

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This paper demonstrates that a firm's strategy becomes performative by creating the environment it had assumed as given. Strategies are based on assessing an organization's environment. But does this environment fully exist prior to the implementation or even the formulation of a strategy? While Strategy-as-Practice scholarship has concentrated on the social and organisational practice of strategy-making, it has not fully taken into account the 'performative power' of strategy to create reality. Strategy-as-Practice literature has questioned the conventional notion that strategy means creating an abstract, 'heroic' plan which would then go through 'nitty-gritty' implementation (e.g., Whittington, 1996). This critique has encouraged researchers to open up strategy-making and study the process of crafting the plan as a work of interpretation, negotiation, collective invention (e.g., Jarzabkowski, 2004; Balogun, 2006) and as discursive practice (e.g., Fauré and Rouleau, 2011). A small set of studies has begun to broaden this focus and investigate how strategy is turned into reality. The concept of *enactment* has been used to examine 'how the daily embodied work of [frontline workers] contributes to how the strategic aims of an organization are realized or brought into being' (Balogun et al., 2015, 1289). Others have stressed that strategy comes to exist in material form (Giraudeau, 2008).

To understand how a firm's strategy may create what it assumes (Callon, 1998), we must look beyond 'practice' to the concept of the performativity of strategy (Guérard et al., 2013). There is growing interest in different performative aspects: the constant embodiment and performance of strategy by organizational actors (see Wright, 2016) and the power of strategy frameworks to create organizations in their own image over the long term (Venter et al., 2015). But we still know little about how such embodiment and longer-term transformations are driven by a firm's officially formulated strategy: we need to clarify how these aspects relate to one another. For this purpose, we must consider the packaged product of strategy-

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making—the high-level, finalized and ceremoniously affixed plan—on its own terms. The key questions we will therefore ask here are: what assumptions does a firm's strategy contain about its environment (e.g., its market, customers, competitors) which set the conditions for the chosen strategy? And how might the implementation of this strategy make the world conform to its underlying assumptions?

We can better understand the performative nature of a firm's strategy if we combine the two approaches to performativity developed respectively by Callon and Butler, since they emphasize different aspects of making statements real and bringing new states of the world into existence. For Callon, performativity is the effect whereby a theory (e.g., economics) has the power to create the world in which its assertions are valid (Callon, 1998; MacKenzie, 2006). In this paper, we consider a firm's strategy as a pragmatic theory of the firm and its environment, distilling knowledge about the organisation's present situation and making propositions for the future. A strategy contains descriptions and implicit assumptions about the competitive environment and other aspects of the world. These are treated as a given reality—as the backdrop against which the formulated strategy is deemed appropriate. Callonian performativity suggests that by assuming this world, the strategy may in fact be creating it. From a different direction, Butler has been interested in how subject positions—akin to social roles, such as 'consumer' or 'manager'—are realized through repeated bodily enactment and public discourse, which draw on explicit and implicit theories about those roles. This line of thought resonates with areas of Strategy-as-Practice research which have investigated how discourse and enactment constitute strategy-making.

We analyse the case of a bank's retail strategy to show how it can become performative in both the Callonian and the Butlerian sense. An ethnographic study of clerks' daily work was conducted at Regard Universal Bank (RU Bank),[1] which expected growth[2] from personalized services and intensive selling activity at bank branches, and relied on 'Customer Relationship Management' (CRM) technology to achieve its aims. The in-depth case study helps answer questions about strategy's performative potential: what happens to the assumptions contained in the high-level strategy at sites which are removed from strategy-making (hierarchically or physically) and yet identified as strategically important? What becomes of strategy statements (e.g., about the environment) in these key sites?

The paper shows that the business environment does not already exist in the way the firm's 'high-level' strategy describes or implicitly assumes. Rather, the strategy's implementation may construct that environment. Accordingly, a strategy can be successful when its 'pre-existing' conditions have been created. In this sense, a firm's strategy can be performative. We find that Callonian and Butlerian aspects of performativity intertwine in this process. First, technology shapes the strategy's assumed world and disseminates it throughout the firm. Second, technologies and humans collaborate daily to carry out work tasks in which they accommodate technical and social interactional demands, and thereby realize the strategy's assumptions over and over. Third, new performances emerge in this process of shifting and adjusting. To theorize these findings further, the paper develops the concept of 'strategy scripts', drawing on notions of technological and social scripts (Akrich, 1992; Darr and Pinch, 2013). These scripts — patterns of interaction — help create the type of world assumed in the high-level strategy.

The performativity of strategy

The central idea of performativity is that statements about reality may create reality by the act of uttering the statement, as when an official announces 'I name this ship the *Queen Elizabeth*' (Austin, 1962, 5). While a 'performative' approach overlaps with the theories underpinning Strategy-as-Practice research, as both aim to analyse the ways of 'doing' which constitute a phenomenon such as strategy, there are key differences. The concept of practice as originally developed in sociology serves to mediate between, on the one hand, social structure and agency (Bourdieu, 1984; Giddens, 1984), and on the other, micro and macro levels. In Strategy-as-Practice, this motivation points to a close study of everyday activities, looking at how strategists go about their daily life drawing on and shaping rules, institutions and routines. In comparison, performativity refers to the relationship between statements about the world and the state of the world, and entails a close study of action around statements. Austin's original, linguistic interpretation has been expanded into two approaches which we will call 'Callonian' and 'Butlerian' aspects of performativity.[3]

Callonian performativity: strategy as a theory creating its world

The 'Callonian' aspect of performativity emphasizes how a theory (e.g., economic theory) actively creates the world which it purports to describe (Boldyrev and Svetlova, 2016; Callon, 2007, 1998; MacKenzie, 2006; Mitchell, 2007). Rationally calculating actors may exist in certain markets, studies found, not because economic theory is correct about human nature but because markets are organized *as if* economic theory *were* correct. Economics is an 'engine, not a camera' (MacKenzie, 2006): it participates in the economy.

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[1] Pseudonym.

[2] Measured both in operating income and market share (customer numbers, total assets, retail loans or deposits).

[3] In recent commentary, Callon and Butler have converged on key points regarding the economy (Butler, 2010; Cabantous and Gond, 2011; Callon, 2010; Mason et al., 2014), but separate research streams have emerged from their theories in different disciplines—economic sociology and management studies, and philosophy and gender studies—with consequences for strategy (Gond et al., 2015; Guérard et al., 2013).