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## Sustainable strategy formation at a Swedish industrial company: bridging the strategy-as-practice and sustainability gap

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### ABSTRACT

Scholars stress that firms need to integrate sustainability into their strategies, calling for more research into how sustainable strategies are formed in practice. This has led to convergence of the fields of sustainability and strategic management, though sustainability scholars have so far neglected the influential strategy-as-practice (s-as-p) movement that has shaped the strategic management field over the last decade. Based on a detailed longitudinal case study of a Swedish industrial company, we are starting to rectify this neglect. In doing so, we are contributing to the s-as-p literature by challenging its top-management bias and identifying previously overlooked strategic activities and practitioners. We are also contributing to the sustainability literature by outlining a novel theoretical framework for studying sustainable strategy formation and demonstrating that certain activities, and their associated practitioners, are particularly likely to shape sustainable (versus “regular”) strategies. Finally, the paper outlines the managerial implications of these findings.

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### 1. Introduction

Sustainability concerns have increasingly moved up the corporate agenda, and scholars stress that firms need to integrate these concerns into their strategies, i.e. to create sustainable strategies (Galbreath, 2009). This has led to a convergence of the fields of sustainability and strategic management (Elms et al., 2010), and several well-known papers have leveraged strategic management theories to generate key findings regarding sustainable strategies (e.g. Christmann, 2000; Hart, 1995; Porter and van der Linde, 1995).

Given the potential of leveraging strategic management theories to enrich the sustainability field, it is surprising that sustainability scholars have neglected the influential strategy-as-practice (s-as-p) movement that has shaped the strategic management field over the last decade (Jarzabkowski and Spee, 2009; Whittington, 2006). A review of publications in over fifteen sustainability journals reveals that only a handful of papers refer to the s-as-p literature (Behnam and Rasche, 2009; Elms et al., 2010;

Sharp and Zaidman, 2010).<sup>2</sup> At the same time, s-as-p scholars have called for more s-as-p research into the so far largely neglected issue of sustainability (Carter et al., 2008; Jarzabkowski and Spee, 2009).

S-as-p challenges the tendency of strategic management research to trap “itself into a cul-de-sac of high abstraction, broad categories and lifeless concepts” (Johnson et al., 2003, p. 6), leaving managers “bereft of insights, let alone guidelines for action” (Johnson et al., 2003, p. 5). The s-as-p focus is instead on “go[ing] inside the process to examine intimately the kind of work that is actually being done” (Whittington and Cailluet, 2008, p. 244). Strategy is seen as something practitioners *do* as opposed to something that an organization *has*.

S-as-p’s emphasis on empirically based detailed studies of how strategies are formed in practice has great potential to enrich

<sup>2</sup> The following journals were reviewed: Journal of Cleaner Production, Business Strategy and the Environment, Corporate Social Responsibility and Environmental Management, Sustainable Development, Organization and Environment, Journal of Industrial Ecology, International Journal of Life Cycle Assessment, Clean Technologies and Environmental Policy, International Journal of Sustainable Development & World Ecology, Journal of Environmental Management, Journal of Business Ethics, Business Ethics Quarterly, Business Ethics A European Review, Business & Society, Business and Society Review, Social Responsibility Journal, and Corporate Governance.

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research into sustainable strategy formation. This is because existing sustainability and strategy research has tended to be conceptual (e.g. Hart, 1995), focusing on how a sustainable strategy *should* be, rather than *is*, formed (e.g. Galbreath, 2009). Scholars have consequently called for more research into how sustainable strategies are formed in practice (e.g. Banerjee, 2001; Behnam and Rasche, 2009; Winn and Angell, 2000), and s-as-p offers a useful theoretical framework for such studies.

This paper seeks to start bridging the gap between sustainability and s-as-p studies by attempting to answer the research question: How does a sustainable strategy form in practice? It does so based on a detailed longitudinal case study of how a sustainable strategy was formed in a Swedish industrial multinational corporation. The paper contributes to the s-as-p literature by challenging its prevalent top-management bias and illustrating how the activities of practitioners at various hierarchical levels in the organization shape strategy formation. The paper contributes to the sustainability literature by outlining a complementary theoretical framework for studying sustainable strategy formation, and arguing that certain activities and practitioners are particularly likely to shape sustainable (versus “regular”) strategies. Finally, the paper presents managerial implications for how to successfully form sustainable strategies.

## 2. Strategic activity: beyond intentionality

Strategy-as-practice aims to direct more attention to the micro-processes that constitute organizations’ day-to-day strategy work. The argument is that strategy formation is always ongoing and never completed (Jarzabkowski, 2005). In particular, s-as-p scholars have paid attention to the detailed role of practitioners, activities, and practices in the strategy formation process (Whittington, 2006). Given that strategy formation is a complex process, it is likely to involve activities distributed among multiple practitioners (Jarzabkowski, 2005).

Even though strategy formation is described as involving multiple practitioners, s-as-p scholars often reduce this complexity in empirical studies by focusing on top management (e.g. Jarzabkowski, 2005; Jarzabkowski and Spee, 2009; Johnson et al., 2003). Hence, the s-as-p literature mirrors the general emphasis in the strategic management literature on senior executives in the upper hierarchical levels of organizations (Carter et al., 2008). A similar top-management bias is readily observable in research into sustainability and strategy as well (Winn and Angell, 2000). This top-management bias in previous research is understandable given the methodological challenges of studying *all* relevant practitioners. However, this bias is problematic, since it leads to an incomplete picture of how strategies are formed by limiting the possible answers to the question of what practitioners are relevant to strategy formation (Carter et al., 2008).

To allow non-top management practitioners to influence strategy formation, it is useful to challenge the prevailing definition of “strategic activity.” As others have noted, it is not easy to define “strategic activity” (e.g. Jarzabkowski, 2005). Johnson et al. (2003, p. 3) propose that strategic activity relates to strategic outcomes, which in turn are described as outcomes that “can have significant consequences for the organizations and those who work in them.” Similarly, Jarzabkowski (2005, p. 11) discusses activity that is “strategically important,” and Mantere (2005, p. 157) suggests that “strategically important issues” can be defined as “both issues an individual agent calls strategic and issues the agent reports as crucial for the organization’s success, survival or completion of its mission.”

These definitions, in principle, permit a broad range of activities to be considered strategic activities. However, empirical s-as-p research is often based on a narrower definition of strategic activity

that favors the activities carried out by top management (Carter et al., 2008). For example, Jarzabkowski (2005) adds the concept of intentionality and defines strategic activity as activity that “is intended to have an outcome which will be consequential for the organization as a whole—its profitability or survival.” This resonates with Whittington’s (2006, p. 619) reference to strategic activity as “all the various activities involved in the deliberate formulation and implementation of strategy.” In other words, s-as-p research in reality often narrowly defines strategic activity as *activity that is intended to have strategic outcomes*.

Since it is impossible to know *a priori* whether certain activities will have strategic outcomes, the requirement of intentionality limits the scope of activities that need to be considered when studying strategy formation. This practical way to deal with a complex research design issue, however, entails serious drawbacks. First, we will not know until after the fact whether or not the intended outcome was realized. In other words, activities intended to have strategic outcomes might in reality turn out to not have them. Second, and more importantly, previous studies have demonstrated that strategy formation is a process in which deliberate and emergent strategies converge (e.g. Mintzberg and Waters, 1985; Mirabeau and Maguire, 2014). In other words, there are likely activities that are not intended to have, but that in reality turn out to have, strategic outcomes, and s-as-p scholars have so far been limited to uncovering these activities through retrospective reconstruction by top management (or other practitioners). Many of the dynamics and details that the s-as-p perspective seeks to explore will then have been lost and will consequently not be sufficiently studied.

Fig. 1 illustrates the tension between strategic intention and strategic outcomes. We argue that, to capture emergent strategy and move beyond the top-management bias in s-as-p and sustainability research, it is important to broaden the definition of strategic activity to include, not only in theory but also in reality, activity that is not intended to have, but that in reality does have, strategic outcomes.

By defining strategic activity in this way, we can challenge the prevalent top-management bias and advance recent attempts to integrate s-as-p research with insights into emergent strategy (Mirabeau and Maguire, 2014). Such integration is vital since s-as-p “is clearly linked to Mintzberg’s work on emergent strategy,” but such links are surprisingly unexplored in s-as-p research (Carter et al., 2008, p. 87). As will be demonstrated in this paper, this is also a useful integration, since it allows for important insights into the formation of sustainable strategies.

Intended to have strategic outcomes?

	Yes	Activity that is intended to have, but that in reality does not have, strategic outcomes	Activity that is intended to have, and that in reality has, strategic outcomes
	No		Activity that is not intended to have, but that in reality has, strategic outcomes
		No	Yes

Has strategic outcomes?

Fig. 1. Definition of strategic activity (the shaded area).

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