

## **A Hermeneutic Reading into “What Strategy is”: Ambiguous Means-End Relationship**

**Ali Bakir**

Buckinghamshire New University, High Wycombe, United Kingdom

**Milan Todorovic**

London Metropolitan University, London, United Kingdom

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*Given the underutilization of hermeneutic research in organizations and the recognition that we do not know what strategy is, we undertake a hermeneutic reading of authorial texts to develop a robust understanding of strategy. We enter into a self-reflexive dialogue with the text to accomplish a fusion of horizons where we hope to turn our prejudices into productive prejudices. In this dialogue, we utilize competing strategy paradigms within a framework that treats the means-end relationship and its underpinning rationality as central to our understanding. This study portrays strategy as a series of intended actions operating along the instrumental/objective – interpretive / subjective continuum, depending on the nature of the means-end relationship. We further contribute to knowledge by demonstrating how to apply hermeneutics to understand complex organizational concepts, and through the intendedness of strategy we emphasize management agency and dispense with the “emergent strategy” notion, common in the literature. Key Words: Hermeneutic, Means-End, Rationality, Intended Strategy, Instrumental, and Interpretive*

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### **Introduction**

We apply epistemological and methodological insights from contemporary hermeneutics to understand authorial texts on “what strategy is”. Our motivation is twofold: (a) to demonstrate how hermeneutics, little used in management research (Prasad, 2002), can be applied to understand complex organizational concepts; and (b) to gain insight into the notion of strategy, whose meaning continues to elude strategy academics (Ansoff, 1988; Bakir, 1998; Bakir & Bakir, 2006a, 2006b; Bowman, Singh, & Thomas, 2002; Markides, 2000; Mintzberg, 1987; Whittington, 2001).

The field of strategy has spawned a diversity of paradigms (Volberda & Elfring, 2001) focusing on how strategy is, or should be, formed. Additionally, the debate continues over the value of formalized strategic development approaches (Miller & Cardinal, 1994). In a historical review of the field, Bowman et al. (2002) find that, although the development of models to facilitate strategy has long been sought by academics and practitioners, there is no generally accepted definition or description of strategy tools. Two decades ago, Mintzberg (1987) declared that strategy was “a minefield,” and Ansoff and McDonnell (1990) concluded that it was elusive. The mystery surrounding “what strategy is” remains with us today: “We simply do not know what strategy is or how to develop a good one” (Markides, 2000, p. vii). Yet, countless studies show that managers’ view of strategy is a utilitarian one; a means to achieve a desired end; in the words of one executive director:

“Strategy is, in my view, what one does to get to where one wants to be” (personal communication, April, 1996).

It also comes as no surprise to note that the views of many academics of strategy are not dissimilar to the practitioners’: “A means by which individuals or organizations achieve their objectives” (Grant, 2008, p. 17). Nevertheless, prominent writers in the field have criticized the tools derived from strategy theory for their irrelevance to practice as managers have not found them useful (Partington, 2000; Starkey & Madan, 2001), particularly, under the knowledge economy (Venkatraman & Subramaniam, 2001). This is a matter of ongoing concern in academia, not least because strategic management is projected as an applied discipline whose purpose is to describe, predict and change organizational situations (Hambrick, 2004; Mahoney & McGahan, 2007). Thus, although, Bower (2008) and Grant (2008) see positive ways forward, academia is seriously concerned that the strategy field is a “troubled discipline” (Jarzabkowski & Whittington, 2008a).

It is this persistent ambiguity surrounding “what strategy is” which motivates our research. Needless to say, that, as strategy academics, we are concerned that in addressing the question: “what is strategy?”, we often wade through a variety of competing conceptualizations that fail to offer satisfactory explanations. Our concern over the absence of a clear meaning of what strategy is among academics in the field of Management leads us to adopt an interpretive reading of the literature in an attempt to develop a better understanding of this elusive concept. Furthermore, as we are trying to solve an ontological problem of defining the notion of strategy, we believe that a qualitative methodology is best suited for this task. Starting from the premise that strategy is about designing the means to achieve a desired end, we argue that when the end is not achieved, our understanding of the means-end relationship is problematic. We explore the means-end relationship through a hermeneutic reading of authorial texts on what strategy is: how it is defined and formed, and what variables act as its determinants.

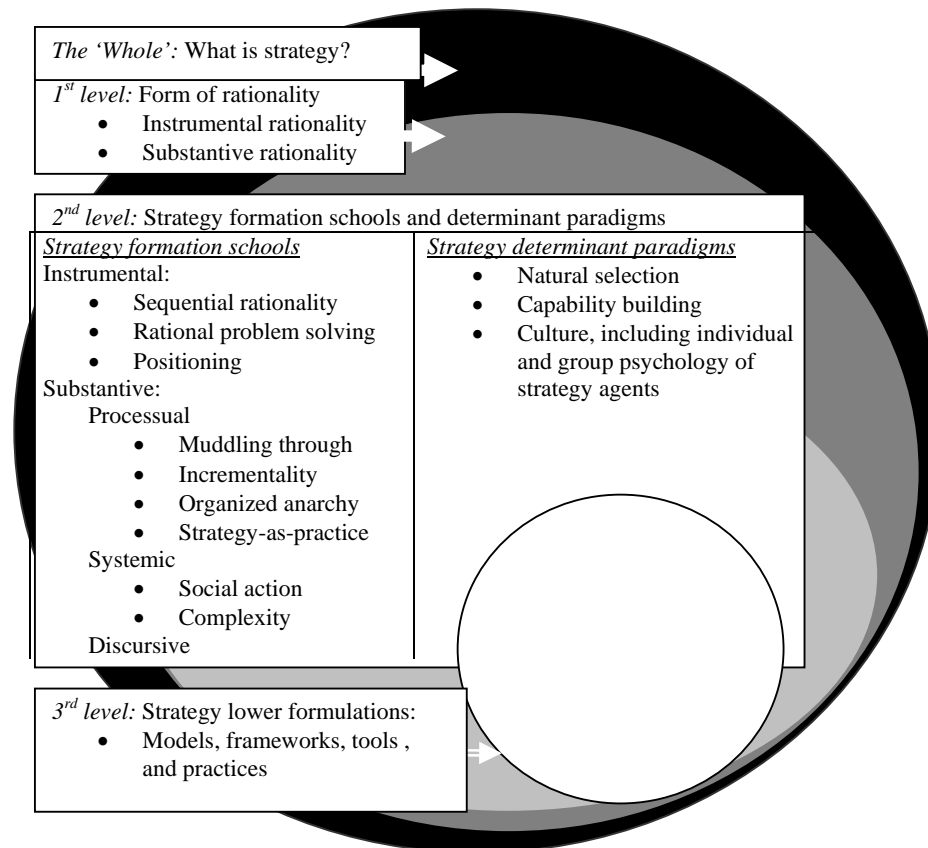
Recognizing the fragmented state of strategy (Hambrick, 2004) and responding to calls for linkages to be made across paradigms (Lewis & Kelemen, 2002); we undertake a multi-paradigm inquiry whereby we juxtapose and link conflicting authorial strategy texts – concepts and paradigm insights – into, what we hope, a more robust understanding. To help us with this endeavor, we call upon Weber’s (1968) notion of rationality. We find that the academic literature on strategy is ontologically polarized (Tsoukas & Knudsen, 2002); part of it is underpinned by Weber’s functional, instrumental rationality (e.g., Andrews, 1980; Chandler, 1962), and part of it by Weber’s interpretive, substantive rationality (e.g., Axelrod & Cohen, 1999; March & Olsen, 1976; Weick, 2002). Strategy in the instrumental rational approach is seen as a means to achieve designated organizational ends; it provides the basis for actions to be calculable and controllable. In contrast, strategy in the substantive rational approach is interpretive, drawing on representational and communicative activities (Barry & Elmes, 1997; Ezzamel & Willmott, 2008; Heracleous & Barrett, 2001; Tsoukas, 1998; Worren, Moore, & Elliot, 2002). We present our hermeneutic methodology and philosophy in the next section.

### **Hermeneutic Methodology and Philosophy**

We subscribe to Schwandt’s (1994) and Prasad and Prasad’s (2002) view of interpretive research as a broad philosophy of social construction whose goal is to gain understanding rather than to capture a pre-existing reality. To this end, we use

contemporary hermeneutics, not as “a narrowly defined method but as a broad epistemology and philosophy of understanding” (Prasad, 2002, p. 23), to interpret authorial texts on “what strategy is”. We draw insights from Gadamer’s (1975, 1989) philosophical hermeneutics, and Ricoeur’s (1981) concepts concerning the “exploration of the act of interpretation” and “critique”.

Figure 1. The “whole” and the “parts” of a hermeneutic circle of strategy



The concept of “hermeneutic circle” is used by the classical hermeneutic writers, Schleiermacher (1985) and Dilthey (1976), to imply that “the part can only be understood from the whole and the whole from the inner harmony of its parts” (Palmer, 1969, p. 77). Prasad (2002) points to an important methodological consideration which follows from this concept that emphasizes the significance of the context for the purpose of interpreting a text. He sees the necessity not only to define the context, but to do so at different levels of comprehensiveness. He thus advises organizational researchers to begin the process of interpretation at a lower level context and gradually move up to higher level contexts; from “the parts” to the “whole” with increasing comprehensiveness (p. 24). In this paper, we depart from Prasad’s linear, “part/whole” treatment of the text because we feel that it would not reveal the complexity of what strategy is. Instead, we apply the hermeneutic “part/whole” dialectic to the interplay of texts between the different levels of our hermeneutic circle. The whole, the totality, that we are trying to understand in this paper, is “what strategy is”. The context of the first level, which is central to our understanding, is the “form of rationality” that underpins this understanding and the means-end relationship in strategy. It also governs the various strategy schools and

paradigms - the second level context. Emanating from the totality, moving down the schools of thought and strategy paradigms, a set of lower order formulations - derivatives of specific conceptualisation closest to the context of concrete enquiry - make the context of the third level of the hermeneutic circle. These formulations consist of strategy models, frameworks, tools, and practices, such as: planning models, market positioning frameworks, problem solving tools, and social practices associated with strategizing (Figure 1 shows our hermeneutic circle of strategy).

In the interplay of textual contexts from different levels – the parts – of the hermeneutic circle we hope to arrive at a robust understanding of “what strategy is” – the whole. For this understanding to emerge, we follow Palmer’s (1969, p. 87) assertion to go beyond logic and analysis and into the realm of intuition. By doing so, we acknowledge that our pre-understanding of strategy and the way we construct the contexts and levels of our hermeneutic circle, display our “value-laden dimension” (Prasad, 2002, p. 24).

Central to Gadamer’s (1989) hermeneutic philosophy is the concept of “pre-understanding” of the interpreter, embedded in the tradition or historical-social background of the interpreter and the horizon within which the interpreter understands the text. Gadamer (1989, p. 269) points out that the act of interpretation occurs within a circular movement between the interpreter’s prior understanding or prejudice of the whole and an examination of its parts. It is our prejudices which constitute our own “historical being” (Gadamer, 1975, p. 245) and define the limits and potentialities of our horizon of understanding (Gadamer, 1989, p. 302). Gadamer (1975, p. 263) draws a distinction between “productive prejudices” that enhance understanding and “unproductive prejudices” that hinder understanding and lead to misunderstanding; he asserts that in the process of understanding, unproductive prejudices must be eliminated to allow the fusion of the horizon of the interpreter and that of the text (p. 266). Similarly, Ricoeur’s (1981) concept of “distanciation” encourages interpreters to distance themselves from their own prejudices and preconceived understandings, and from their reading of the text. Conscious of our prejudices, seen in our own hermeneutic horizon as strategy academics where our knowledge of the whole is shaped by our reading of the strategy text; and of our unproductive prejudices displayed in: (a) our subscription to the view of strategy as a troubled discipline, and (b) our experience as practitioners<sup>1</sup> of the low value of the strategy text; we endeavor to suspend our unproductive prejudices allowing our productive ones to facilitate our understanding. We attempt to do this by refusing to privilege or reject any authorial strategy paradigm or concept - our productive prejudices. Instead we endeavor to expand our own horizon of prejudices by entering into a conversation with the text; we also show openness for tradition by calling upon and questioning conflicting authorial texts from divergent strategy schools, paradigms and concepts to arrive at authentic understanding. We, in a sense, display a measure of methodological self-reflexiveness and “critique of prejudice” (Ricoeur, 1990). Critical self-reflexivity is also displayed in remaining conscious of the potential that exposure to the literature might impact upon our views while drawing concepts and questions, and checking the

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<sup>1</sup> The first author occupied senior managerial roles with engineering consultancy firms and educational roles with senior managerial responsibilities in the public sector; he hardly used strategic management tools, and from his observations, nor did his management colleagues. Also as management consultant, he offered these tools to clients, who did not find them very useful.

The second author has been a creative industry practitioner since 1992, and has in this context observed the failure of existing strategy literature to account for the complex cultural phenomena that act both as the evidence and recognized cause of strategic decisions in this fluctuating field of practice.

appropriateness of our explanation of the meaning emerging from our conversation with authorial text.

Gadamer's (1989) philosophical hermeneutics and Ricouer's concept of "appropriation" reject "authorial intention" - the author's intentional view of interpretation - of the early classical hermeneutic writers. They urge the interpreter to derive meaning from the text, independently of "authorial intention" and the historical, social, and cultural factors of its creation. For Gadamer (1975, 1989) and Ricouer (1981, 1990), understanding means to understand the author's text with reference to our own horizon of experience - the meaning of a past text is defined in terms of the questions put to it from the present. Textual interpretation is, therefore, not only a reproductive exercise but also a productive one; a moving forward, exploring, challenging, shaping, and altering the horizons and prejudices of the interpreter (Langdridge, 2004). By adopting this mode of textual interpretation, we try to challenge and expand our prejudices and preconceptions, and move our own horizon to develop a new understanding (Geanellos, 2000) of "what strategy is".

Gadamer (1975, 1989) points to a further limitation of classical hermeneutics, its reliance on the notion of subject (interpreter) - object (text) dichotomy, which he finds philosophically unacceptable. He considers interpretation not as a "mere acquisition of the mind", not as "something produced by remaining outside the text", but as participation in the tradition of the text (Prasad, 2002, p. 19). Such participation, Gadamer (1975, p. 331) elaborates, implies that interpretation or understanding is a "dialogue" where the meaning of the text emerges through a conversation between the interpreter and the text; to Ricouer, this dialogue is a dialectic between distanciation and appropriation (Geanellos, 2000). As interpreters, we follow Gadamer and Ricouer by refusing to confine meaning to authorial intentions; instead we allow meaning to emerge from our conversation - "hermeneutic dialogue" - with authorial strategy text, attempting to bring about a "fusion of horizons" (Gadamer, 1989, p. 306). The systematic approach to text was key in our interpretive reading of strategy; starting from the most general order of significance, i.e., the "ontological" level, moving on to the specific schools of thought within the two key paradigms of rationality and ordering them in a dialectic fashion. The point of data saturation was reached upon recognising that the intricate nuances between different paradigms and schools of thought were seen in their dialectic complexity; then fusing the horizons of the somewhat opposed modes of rationality in third-level strategic concepts. Thus we formulated our hermeneutic circle through the order of significance: the totality level/ontology; the higher level/epistemology; the medium level/teleology; the lower level/concrete emanations, multiplicity of contrasting and somewhat contradicting applications, models, and tools. In the following section we present our hermeneutic reading of the text on "what strategy is".

### **The "Whole": Three Problematic Dimensions of Strategy**

Our act of interpretation takes place within the "whole", what strategy is, which we will explore by examining three interrelated dimensions: strategy definition, strategy formation, and strategy determining conditions (see Bakir, 1998; Bakir & Bakir, 2006a, 2006b), which our pre-understanding marks as problematic. The way we choose to read the text on "what strategy is" thus frames our hermeneutic horizon and points to our prejudices as interpreters; the latter we shall endeavor to turn into productive prejudices through a fusion of horizons with authorial text.

## Strategy: A Question of Definition

Rooted in the rational instrumental approach, strategy is predicated on the assumption that managers take the course of action which will optimally achieve their goals. Instrumental rationality requires that objectives are well defined so that a direct and clear relationship can be established with the means designed to achieve them. It is this relationship that allows strategy to be objectively calculated and successfully deployed, and the goals attained. A prominent early writer of this school, Chandler (1962), defines strategy as a process of determining an organization's goals and objectives by adopting defined courses of action, and allocating the necessary resources for carrying them out; clearly emphasizing strategy's instrumentality and intendedness. Similarly, MacCrimmon (1993, p. 114) advances his first definition of strategy as "a coordinated series of actions" which is goal directed and involve resource deployment. He emphasizes the pivotal role of coordination; highlighting the intendedness and instrumentality of strategy.

Ansoff and McDonnell (1990) take a similar position; they define strategy as a set of decision-making rules, goals and objectives, to guide organizational behavior. While emphasizing the intendedness of strategy, in elaborating their definition they seem to cast doubt on its instrumental role. They assert that although strategy and objectives are distinct, they are, nevertheless, similar; that objectives interchange with strategy at different points in time and at different organizational levels, pointing to an ambiguous rather than direct and clear relationship between strategy and objectives. For, as a decision making rule, strategy's instrumentality is evident; however, as an objective – the desired end, strategy is stripped of its instrumental role and hence of usefulness as a tool. It is this ambiguous relationship between strategy and objectives that compels Ansoff and McDonnell to declare that strategy is elusive (p. 44).

MacCrimmon (1993, pp. 114-115) recognizes that, because of its spatial and temporal shortcomings, his first definition does not capture strategy's full complexity. To solve the spatial dimension, he advances his second definition of strategy as "a comprehensive, coordinated series of actions"; and to address the temporal dimension, he presents his third definition as "a conditional, comprehensive, coordinated series of actions". He attaches two properties to his third definition: The first is that strategy is conditional upon events in the environment including other agents' actions; the second is that strategy takes account of the effect of one's actions on other agents and the various arising interactions. MacCrimmon explains that these mutual interactions may occur over a broad area and long time horizon. As he moves to a more complex, interactive strategy, MacCrimmon retains through the notion of coordination the intendedness of strategy; however, by widening its spatial and temporal scope, the instrumentality of strategy is progressively undermined with the increasing ambiguity of its relationship to its objectives.

Acknowledging the difficulty with understanding strategy, Mintzberg (1987) advances five interrelated strategy definitions: "plan", "ploy", "pattern", "position" and "perspective" (also in Mintzberg, Lampel, Quinn, & Ghoshal, 2003, pp. 3-9), where strategy gradually moves from an instrumental rational tool to a substantive rational one. He suggests that his interrelated definitions "explicitly" acknowledge strategy's multiple meanings and "help people maneuver through this difficult field" (Mintzberg et al., p. 3). As a plan or ploy, the link of strategy to its objectives is direct and clear, emphasizing its intendedness and instrumentality in the pursuance of those objectives. As a position, strategy is again a means of placing an organization in an environment (Porter, 1985, 1991). Mintzberg (1987), however, argues that a

position may be identified and targeted through a plan or it may emerge through a pattern of behavior. Thus, while strategy as an intended position points to its strong instrumental role, strategy as an emerging position denies this role, pointing to an ambiguous rather than clear and direct relationship to its objectives. He further underscores this ambiguous relationship by his “perspective” notion of strategy, orienting metaphors (Chaffee, 1985), which exists inside the organization’s collective mind. In this view, where every strategy is “a figment of someone’s imagination” (Mintzberg et al., 2003, p. 8), Mintzberg acknowledges the intendedness of strategy but dispenses with any direct or clear link with its objective; firmly dismissing its instrumental role. We also note that Mintzberg’s reference to the emergence of unintended outcomes - emergent position - as “emergent strategy”, defies the intended utility of strategy. This distinction is important for our understanding of strategy, and marks one of our prejudices as interpreters.

Hax and Majluf (1988, p. 102) find no irreconcilable contradictions between the various definitions of strategy. On the contrary, they suggest that new insights are revealed by integrating all the definitions into a single “more comprehensive” and all encompassing one. Strategy, they state, “is a coherent, unifying and integrative pattern of decisions” which “determines ... the organizational purpose”, “selects the businesses the organization is in”, “attempts to achieve a ... sustainable advantage”, “engages all the hierarchical levels of the firm”, and “defines the nature of the ... contributions ... to its stakeholders”. In this view, strategy’s intendedness is apparent in its portrayal as patterns of decisions to achieve organizational objectives. However, its instrumental role is undermined by the multiplicity of objectives which are insufficiently defined, and often competing or conflicting as they derive from complex interactive environments. In these environments, where substantive rational considerations (e.g., values, beliefs, emotions, interests, traditions) prevail, it will not be possible to find a direct and clearly defined means-end relationship which will allow the deployment of a “coherent, unifying and integrative” strategy.

In the latest edition of their text book, Johnson, Scholes, and Whittington (2008, p. 3) define strategy as: “the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations”. We again find in this definition acknowledgement of the intendedness and instrumentality of strategy to achieve its goals. However, there is also recognition that the instrumentality of strategy is progressively undermined as the relationship between strategy and objectives becomes more ambiguous with widening spatial and temporal dimensions, and a “changing environment”. It is this ambiguity which prompts some writers from the substantive rational school to dismiss altogether strategy’s rational instrumental role (Cohen, March, & Olsen, 1972; Stacey, 1996).

It is also unfortunate to note that despite the promising title: “What is strategy, and does it matter?” of his illuminating book, Whittington (2001) does not provide an answer to the first part of the question he poses, and which we argue is central to our understanding. Instead, he answers “two fundamental questions: What is strategy *for*; and how is strategy *done*” (p. 2; *italics* are original). We concur with Whittington that the answer to the latter constitutes an essential part of our understanding, however, the lack of an answer to “what strategy is” renders an understanding of how it is done difficult to obtain. Although prominent authors, including Whittington and others from the strategy-as-practice school, recognize the ambiguity surrounding the definition of strategy, they, nevertheless, take its meaning for granted and focus entirely on studying how it is formed.

From the complex system perspective, Stacey (1996) views strategy as a game managers play, inside and outside the organization, interacting with each other in “a circular process” of moves which provokes responses that feed back into counter responses, and so on, “from day to day” (pp. 2-3); he focuses on the system’s self-organizing feedback processes and the dynamics they generate. Later, Stacey (2007) incorporates insights from psychoanalysis in his view of strategy as: “complex responsive processes”, focusing on “how intention emerges in local interaction taking the form of ordinary conversation between people” (p. 450). The later Stacey remains focused on interactions where outcomes emerge from a complex interplay of intended actions and responses, and where instrumental rational calculation gives way to substantive rational interpretation. It is this ambiguity between strategy and its goals, caused by the interplay of subjective interpretive actions, which is at the root of the difficulty with formulating an instrumental rational strategy; it is also the source of goal shifting and emergence of unintended outcomes.

In our act of interpretation above, we displayed our prejudices and the limits of our hermeneutic horizon by approaching the text on strategy definition from a pre-understanding that it is problematic. We attempted to turn our prejudices into productive prejudices by entering into a hermeneutic dialogue with authorial texts where we questioned the central “instrumental rational” horizon of these texts. We found that although authorial texts from the instrumental rational persuasion emphasize the intendedness and instrumentality of strategy in achieving organizational objectives – authorial intention - they, nevertheless, are unable to convince us that the necessary condition for this instrumentality to work (i.e., a direct means-end relationship) is always obtainable. We have also found that although emphasizing the emergent nature of strategy, authorial texts from the substantive rational school are unable to dismiss the intendedness and utility of strategy as a means, albeit interpretive one, to achieve subjectively defined and continuously shifting objectives. Our hermeneutic dialogue with the text further reveals that the role of strategy as an instrumental rational tool diminishes in favor of its role as an interpretive one as the means-end ambiguity increases. We have endeavored to expand our horizon of prejudice by incorporating the horizon of authorial texts through interplay of contexts and levels – form of rationality (1st level) and lower authorial strategy concepts (3rd level) - of our hermeneutic circle. We consciously refused to accept authorial intention; instead we attempted to accomplish a fusion of horizons through our dialogue with the text. What emerged as a source of problem with strategy definition is two-fold: The ambiguity of the means-end relationship which causes goals to shift, and that more than instrumental rational calculation is required to understand strategy. This understanding we will use to develop our concept of strategy. Next, we turn to the associated problem of strategy formation.

### **Strategy: A Question of Formation**

In this sub-section, we look at strategy formation from: (a) the instrumental rational approach, encompassing the schools of “sequential rationality”, “rational problem solving”, and “positioning”; and (b) the competing substantive rational approach, consisting of: (i) the processual schools of “muddling through”, “incrementality”, “organized anarchy”, and strategy-as-practice; (ii) the systemic schools of “social action” and “complexity”, and (iii) the discursive school.

The “sequential rationality” school, though still prevalent in current Strategic Management textbooks, is now much disfavored in academic research. In this



approach, strategy is viewed as “a process of deliberate calculation and analysis, designed to maximize long-term advantage” (Whittington, 2001, p. 3). A prerequisite for this analysis is the assumption that there exists a direct and clear means-end relationship. The largest body of this literature represents frameworks and models of the process. Proponents of “sequential rationality” (e.g., Andrews, 1980; Chandler, 1962) view the strategy process as consisting of two sequential sub-processes: formulation followed by implementation, concerned with identifying the desired objectives and designing a suitable means which then becomes instrumental in achieving them. Although, the use of rational instrumental strategy tools has been associated with traditional strategic planning (Mintzberg, 1994), a number of recent studies (e.g., Grant, 2008) show that these tools are still widely used within strategy development, where coordinated implementation actions are visible across the entire organization. These planning activities, Whittington (2003) points out, are often overlooked as the mundane, means-end practices of strategy, which neglect the way these practices socially structure strategic outcomes.

Nevertheless, it is widely accepted that linearity and planning cannot cope with complex environments (Campbell & Alexander, 1997), where a direct means-end relationship is unobtainable. Because of this ambiguous means-end relationship, researchers from the instrumental “rational problem solving” school argue that integrated views of formulation and implementation in the form of structured decision processes (e.g., “devil’s advocacy” and “dialectical inquiry”) and other aids are more beneficial in helping to organize and analyze strategic alternatives (Armstrong, 1995; Kaplan & Norton, 1993; Malhotra, 2000; Nemeth, Brown, & Rogers, 2001). In rapidly changing environments, Malhotra (p. 9) posits, there is an imperative need for the consideration of Kantian and Hegelian inquiring systems, such as dialectical inquiry based on dialogue – “a free flow of meaning between people...” - that can provide multiple, diverse, and contradictory interpretations. The dialectical inquiry requires the researcher to identify and explore competing models emerging from respondents’ anecdotes, narratives, and a variety of assertions (Berniker & McNabb, 2006). What underlies dialectical inquiry is the use of substantive rational, subjective insights to aid the design of intended instrumental strategies. The same way of thinking is also employed by the devil’s advocacy approach (Skemp, 1976).

The shortcomings of linearity and planning have also allowed the “positioning” school to take hold, underpinned by microeconomic deductive, analytic, and predictive methods (Hirsch, Michaels, & Friedman, 1987). From this perspective, an industry is attractive if an organization operating within it can find a stable and defensible position, through erecting barriers to entry and collusion with other organizations; thus minimizing competition and gaining sustainable advantage (Porter, 1985). Market positioning tools that have proliferated are widely used in strategy textbooks and courses; primary amongst these are Porter’s five forces and the generic strategy frameworks. The five forces model looks at market agents’ interactions and interrelationships, leading to an assessment of the attractiveness of the industry. Implicitly recognizing the ambiguous means-end relationship in strategy, Porter’s five forces framework employs a combination of instrumental rational tools (e.g., market size, market growth rate, market share, profitability margins) and rational substantive, interpretive tools (e.g., relationships with suppliers and purchasers, retaliation moves, erecting entry barriers). The same argument applies to other market positioning models, such as: portfolio matrix analysis, strategic grouping, and market segmentation (O’Brien & Dyson, 2007).

Writers from the substantive rational approach find that choice and decision making processes are characterized by intuition as well as intellect (Kay, 1995; Mintzberg, 1989), influenced by cognitive and cultural considerations (Johnson, et al., 2008; Weik, 2002), and are more likely to be framed by psychological, social and political activities (Mintzberg, 1994; Pettigrew, 1992; Stacey, 1996, 2007) than by instrumental rational analysis. In the processual schools, strategy emerges “from a pragmatic process of bodging, learning, and compromise” (Mintzberg, 1994), and adaptation (Whittington, 2001). Early writers from these schools (e.g., Lindblom, 1959; Simon, 1960) find that where organizations are characterized by uncertainty and information overload, managers tend to seek solutions that are characteristically fragmented, incremental (Quinn, 1981), intuitive, and compromising, rather than instrumental ones. The “muddling through” process of decision making is seen as an example of politically motivated behavior which arises from the absence of clear organizational goals (Cyert & March, 1963). Mintzberg and Waters (1985) posit that realized strategies develop on a continuum from full intentions by management to pure emergence. We read from the above text that what gives rise to the “emergent” notion of strategy is this process of bodging and compromise that characterizes uncertain environments, where the outcome of one intended decision dictates the next decision and a pattern of outcomes thus emerges, causing shifts from the original goals.

Similarly, Cohen et al. (1972) argue that independent individual assumptions about organizational intention may result in a behavior which resembles “the garbage can” model of choice, where strategy emerges from “organized anarchy”. They find that ambiguity characterizes each aspect of a decision process, cause and effect relationships are difficult to identify, and participation is fluid.

Concerned with the every day micro-activities of strategizing, a new stream of literature, “strategy-as-practice” (Johnson et al., 2008; Whittington, 2001), has emerged within the processual school, focusing on how individuals think, speak, politicize and routinely interact within groups and shape strategic outcomes. These micro-phenomena, writers from the systemic “social action” school emphasize, need to be understood within their social context, where strategists draw upon socially defined modes of acting that make their actions meaningful to others (Balogun, Jarzabkowski, & Seidl, 2007; Chia & Mackay, 2007). Although, Foucauldian writers tend to conceptualize the construction of the micro-activities of strategy through narrative, language, and discourse (Barry & Elmes, 1997; Ezzamel & Willmott, 2008; Heracleous & Barrett, 2001; Knights & Morgan, 1991), increasingly, however, these activities are being viewed as a form of bricolage (de Certeau, 1984; Schön, 1983). As a bricoleur, the strategy practitioner is seen to innovatively do the work of strategy by using the tools at hand - which might have been designed with an instrumental rational purpose - in a subjective, social interpretive way (Munro, 1995; Tsoukas, 1998; Worren et al., 2002).

Pushing the concept of the subjectivity of strategic activity to its limits, proponents of the “complex ecosystem” school (e.g., Axelrod & Cohen, 1999; Kelly & Allison, 1999; Stacey, 1996) view organizations as complex adaptive feedback systems where unpredictable patterns and new orientations emerge from a process of self-organization. Stacey (1996) views this process as one of political interactions and learning which allows new strategic directions to emerge. He argues that the focus of strategy should be on: controlling, promoting change, constructive contention and dialogue, and dealing with ambiguity (p. 485); all of which are consciously intended activities whose purpose is to move the self-organized processes in the

direction of the intended strategy. More recently, Stacey (2007) has moved away from the self-organizing feedback system proposition with his current perspective of strategy as “complex responsive processes”, which through the concept of “responsiveness” recognizes the intendedness of strategy.

Thus the views of writers, from the various substantive rational schools, of strategy as complex, contextually situated, interpretive social activities acknowledge ambiguous rather than linear means–end relationship. There is also recognition on the part of these writers that although strategy formation may not follow instrumental rational models, it, nevertheless, is a process of consciously intended, interpretive activities, which gives rise to persistent shifting of goals from the originally designated ones - what Johnson et al. (2008) call, “strategic shift” - leading to emergent outcomes. This recognition is significant, as we contend that the use of the term “emergent strategy” is misleading. Our reading of the text on “what strategy is” points to a process of intended actions brought about by “complex, socially embedded, and reflective being[s]” (Jarzabkowski & Whittington, 2008b, p. 283), where substantive rational interpretive activities driven by ideologies, values, traditions, emotions, and interests operate within a social context alongside instrumental rational calculation, and cause continuous shifts away from the original goals. It is thus evident that our novel contribution to the understanding of strategy is one that portrays it as a context driven social practice that is nevertheless based on the premise of goal-directed reasoning.

In this sub-section, through our dialogue with authorial texts from various levels and contexts - the whole, first level (form of rationality), second level (strategy schools), and third level (lower strategy concepts) - we have shown that the text on strategy formation is fragmented and, therefore, problematic, shaped by a number of competing and conflicting paradigms (Hambrick, 2004). As interpreters, our conversation with the text shows that where the means-end relationship is direct, strategy formation is best understood by the instrumental rational strategy schools, and where the relationship is ambiguous, it is best understood by the substantive rational schools. As with the previous sub-section we have attempted to widen our prejudices and hermeneutic horizon by incorporating authorial text from conflicting strategy formation schools. We have arrived through a fusion of horizons at a hermeneutic understanding that strategy formation is dictated by the nature of the means-end relationship and the type of rationality that governs this relationship. This understanding will feed into our definition of strategy later in the paper. However, understanding what strategy is and how it is formed is closely linked with the determining conditions which affect its deployment; this we elaborate next.

### **Strategy: A Question of Determining Conditions**

Jarzabkowski and Wilson (2006) recognize that strategy development is complicated by a host of intervening and external uncontrollable variables, which blur the link between strategy and its objectives. They categorize these variables into two contextual conditions: (a) “environmental velocity” - a characteristic of market; and (b) “knowledge intensity”- a characteristic of firm behavior. We note that these variables are brought together in the process of strategizing by organizational and market agents; through instrumental calculation and through interpretation within a social context (see Tsoukas, 1998).

Writers from the substantive rational schools stress that psychological, social and cultural factors within organizations have significant influences in the process of

strategy. Some writers consider managers' character - personality, disposition and temperament (Ghemawat, 1991; Porter, 1991), creative foresight (McMaster, 1996), intuitive capacities (Weick, 2002), and shared values and beliefs - ideology (Mintzberg et al., 2003), as key determining conditions in strategy.

Writers, who emphasize the importance of the role of managers, ascribe a dominant role for organizational capability-building in strategy development. These writers come from the traditional resource based (e.g., Barney, 2001; Wernerfelt, 1984) and the core competences paradigms (Prahalad & Hamel, 1990), and more recently from the dynamic capabilities theory (Teece, Pisano, & Shuen, 1997); all drawing from similar conceptual fundamentals (Lengnick-Hall & Wolff, 1999). These authors argue that the resource structure and configuration of an organization form the foundation of its strategy (Barney; Grant, 1991). However, capability-building theory, Jarzabkowski and Wilson (2006) point out, is conceptually ambiguously expressed in terms of what constitutes a resource or competence (Priem & Butler, 2001). Hence, such knowledge, they argue, lends itself less to concrete strategy tools and more to a framework of general concepts. Nevertheless, the competitive conditions within the knowledge economy prompted some authors to suggest that knowledge capacity of an organization has become the key source of competitive advantage (Grant, 1996; Nahapiet & Ghoshal, 1998).

In contrast to the capability-building paradigm, advocates of the "evolutionary" paradigm consider the external environment as a-priori determining condition in strategy. They argue that the environment has a dominant influence on most organizations and that strategy development occurs as a response to changes in the environment. Whittington (2001, p. 4) observes that for these advocates (e.g., Williamson, 1991) the future is "far too volatile and unpredictable to plan for, the best strategy is to concentrate on maximizing chances of survival"; thus evolutionists see strategy emerging through natural selection, where market forces rather than managers make the important choices.

Stressing the dominant influence of the external environment, Johnson et al. (2008) find that within the processes of strategy development, variations occur in the type of organizational processes, structures and systems which may be relevant to the environmental pressures the organization faces. Porter (1985, 1991) argues that the environment influences both the initial conditions of a firm and the choices available to its management. Accordingly, he advanced a number of widely used strategy tools - e.g., generic strategies, five forces industry structure - to help a firm develop competitive advantage and successful strategy.

However, in high velocity environments characterized by ambiguous industry structure, changing market players, rapid innovations, short product lifecycles, new technologies, and unpredictable change (Eisenhardt & Martin, 2000); existing strategy tools were found inadequate (D'Aveni, 1994; Eisenhardt & Sull, 2001), and a new conceptualization, that of hypercompetitive or high velocity strategy is born.

As in capability-building, Jarzabkowski and Wilson (2006) find that the tools arising from high velocity environment research are imprecisely expressed; for example, D'Aveni's (1994, p. 48) 7S framework which he emphasizes are not "generic strategies or a recipe for success"; rather they are "key approaches ... to carry the firm in many different directions". Similarly, Eisenhardt and Sull (2001) call for strategizing by simple rules in order to retain sufficient flexibility to make rapid decisions. Jarzabkowski and Wilson find these tools primarily oriented towards enhancing speed in decision-making, facilitating experimentation, and designing flexible organizations to aid in rapid reconfiguration of resources (e.g., Bowman &

Hurry, 1993; Eisenhardt & Brown, 1999; Miller & Waller, 2003). They further point out that high velocity theory indicates some interdependence between environmental velocity and the knowledge capacity of the organization, and stress that these conditions are the primary factors that challenge the relevance of existing strategy theory to practice.

Both the evolutionary and capability-building paradigms find either the environment or the organization's capability as instrumental for a successful strategy. However, authors from these schools increasingly acknowledge, as we have seen above, that identifying clearly defined objectives in the high velocity environments of the knowledge economy for which successful strategies may be designed, is difficult to obtain. This is particularly so, as most of the interactions in these environments are driven less by instrumental rational calculation and more by substantive rational interpretation.

This brief exposure reveals that authorial texts on strategy determinants recognize three sets of complex and competing strategy determining conditions: The social and cultural context of strategy, including individual and group psychology of strategy agents; organizational capability-building; and forces in the external environment. Although Jarzabkowski and Wilson (2006) view these conditions as interdependent, nevertheless, different authors have privileged the one they subscribe to as a priori strategy determinant. Our acknowledgement as interpreters, at the outset, that these competing views are problematic points to our own prejudice. However, by entering into a dialogue with authorial texts, we find that no authorial text entirely dismisses influences from the other views. However, by privileging their own view, they fail to consider that in the interactive context within which strategy is developed where all the determining conditions operate; the dominance of one condition can only be temporary. We have attempted to expand our own horizon of prejudice, by incorporating the horizons of different authorial texts, and accomplish a hermeneutic fusion of horizons. What emerges is that while any of the three sets of conditions may occupy a priori position, such a position is more precarious than permanent, particularly in high velocity environments where ambiguity reigns. This understanding will also inform our interpretation of what strategy is.

### **Discussion and Conclusion: Returning to “the Whole” - What is Strategy?**

We find through our hermeneutic reading of the text on “what strategy is” that the necessity of coordination between actions and goals, whether achieved through objective analysis as in the instrumental rational authorial texts, or subjectively through interpretive activities as in the substantive rational ones, confers on strategy an intended character.

Our interpretation also shows that instrumental rational strategies are only obtainable in non-interactive organizational situations. In these situations, where the direct means-end relationship is not undermined by the complexity of interactions, intended strategies can be objectively formulated which then become instrumental in the achievement of the designated goals. However, as the spatial domain and temporal dimension of strategy widen so that it becomes progressively more complex due to interactions with agents inside and outside the organization, the means-end relationship becomes more ambiguous and strategy increasingly less instrumental. Our reading of authorial texts shows that in complex interactive environments, the intended role of strategy is still retained while its instrumental objective role is

superseded by a substantive rational social one, requiring interpretive action; the latter results in persistent shifts of goals and emergent outcomes.

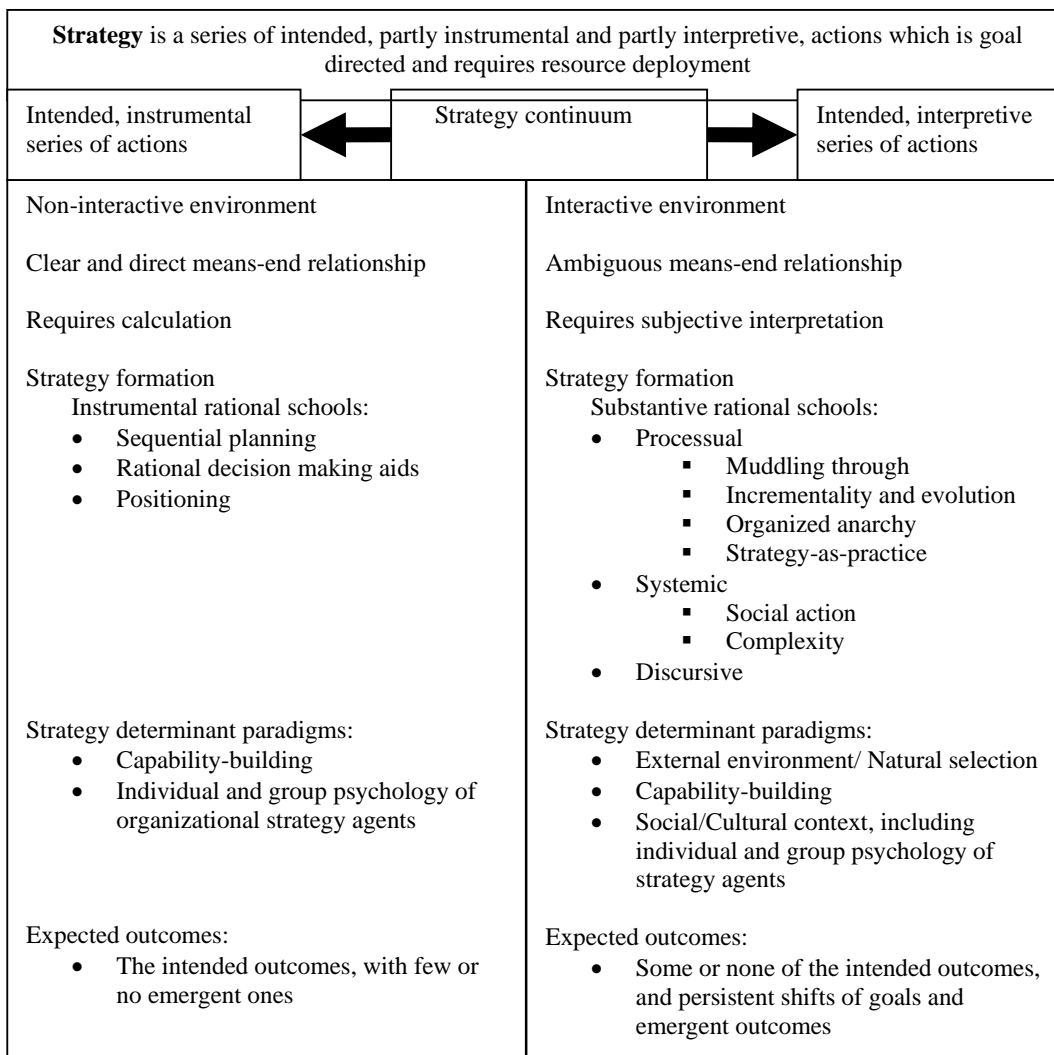
Thus, our hermeneutic reading of authorial texts from various schools and paradigms reveals that strategy is a series of intended, partly instrumental and partly interpretive activities that are goal directed and require resource deployment. However, the extent to which these goals are achievable depends on the nature of the means-end relationship. When this relationship is direct and clear, characteristic of non-interactive environments, the goals can be achieved through instrumental rational calculation in the form of “planning”, “positioning” and “rational decision making”. In these environments there is, on the whole, little room for cultural interpretation, and the determining strategy paradigms that operate in an interlinked way are the “organization’s capability-building” and “individual and group psychology of organizational agents”; the expected outcomes are generally those that were originally intended. When, on the other hand, the means-end relationship is ambiguous, characteristic of interactive environments, instrumental rational strategies give way to substantive rational ones which are focused on interpretive action. Here, strategy formation can be viewed as processual – “muddling through”, “incrementality”, “organized anarchy”, and “strategy-as-practice”; systemic – “social action”, and “complexity”; and discursive. The interlinked paradigms that operate as strategy determinants in these environments are: “capability-building”, “natural selection”, and “the social and cultural context, including individual and group psychology of organizational and market agents”. In these complex environments, the goals persistently shift and change as a result of interactions, and the outcomes are predominantly emergent. We show this, our understanding of strategy, in Figure 2, where we view strategy as operating on a continuum whose opposite poles are objective calculation and subjective interpretation.

We have strived and hopefully succeeded in developing a hermeneutic understanding of strategy by consciously reflecting upon and expanding our own prejudices, allowing a fusion of our horizon with that of authorial texts. In arriving at our understanding, we have looked at conflicting authorial strategy texts in a part/whole interplay of various contexts at different levels of our hermeneutic circle of strategy. Significantly, we have shown that such an understanding can only be obtained if it is rooted in the discussion surrounding the means-end relationship and the form of rationality that underpins it.

We contribute to methodology by offering a demonstration of how to apply hermeneutics, underutilized in organizational research (Prasad, 2002), to understand strategy. We also offer a novel contribution to knowledge in the treatment of the means-end relationship and its underpinning rationality as central to our understanding of strategy; this treatment has not been attempted before. By offering a robust understanding of strategy through our hermeneutic reading of a wide range of authorial texts we hope that we have removed much of the confusion that surrounds the strategy phenomenon. Furthermore, in developing an understanding of strategy which draws upon the breadth of the strategy literature, we have reinforced the view that any one strategy paradigm provides only a very partial knowledge of strategy, particularly in complex high velocity environments, whilst also contributing towards our understanding of some aspects of strategy. As such, we have offered an example of multi-paradigm theory building, as we have linked and juxtaposed conflicting paradigm insights into a novel understanding. We have demonstrated that a hermeneutic multi-paradigm inquiry has proven useful in understanding a complex organizational phenomenon, particularly as we have strived to respect contrasting

approaches by juxtaposing the partial understandings they offer through the fusion of horizons. Nevertheless, this study has limitations which are related to the nature of the task; some of which present innate opportunities. Based on concepts rather than real life cases, the study is limited by a degree of inherent ambiguity; however, such ambiguity points the way towards future dialectic enquiry. Similarly, this paper does not propose any specific applications or strategic techniques; this, nevertheless, presents us with an opportunity for such applied oriented research in the future. Furthermore, although both authors have done much to counter their prejudices through reflexivity, this study remains subjective by definition. This is something that could be further evaluated in new studies aiming to develop techniques based on the principles outlined here and refined reflexive analysis of real life fieldwork cases.

Figure 2. A hermeneutic multi-paradigm understanding of strategy



This study has also a significant implication for managers. We noted earlier that managers find the academic tools of strategy wanting. In highlighting the inadequacy of the various strategy schools/paradigms to capture the totality of strategy, we add to the strategy discourse by offering explanations as to why strategies

may or may not work. We point out that in the instrumental rational approach of strategy; managers are seen to use the available means in pursuit of designated ends. However, in some of the substantive rational approaches, particularly, the evolutionary approach of “organized anarchy” and “self-organization”, managers’ agency is reduced to mere response and adaptation; hence the use of the notion “emergent” or “unintended” strategy. Thus managers who are empowered with a privileged agency in the instrumental rational approach are seen largely as mere bearers of “emerging patterns” in these substantive approaches. Our hermeneutic understanding of strategy allows us to recognize and reinstate managers’ agency through the notion of “intendedness” of strategy; and by offering an understanding which portrays strategy as intended, instrumental, and interpretive, we alert managers to the problems inherent in instrumental rational calculation and in some of the substantive rational approaches.

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### Authors' Note

Ali Bakir (PhD) is Principal Lecturer in the Faculty of Design, Media and Management at Buckinghamshire New University, UK. He lectures on Strategic Management in the recreation and creative industries. His research interests lie in exploring the tension between rational organizational strategies and the substantive social and cultural contexts within which they are deployed. Correspondence regarding this article should be addressed to Dr. Ali Bakir, Principal Lecturer, Faculty of Design, Media and Management, Buckinghamshire New University, High Wycombe Campus, Queen Alexandra Road, High Wycombe, Buckinghamshire HP11 2JZ, Telephone: +44 (0)1494 522141 ext 4026, Fax: +44 (0)1494 524392, E-mail: ali.bakir@bucks.ac.uk

Milan Todorovic (PhD) is Senior Lecturer in Music and Media Management at London Metropolitan University. His areas of expertise include music and media industries in management and cultural contexts. Research covers a range of subjects including new media, creative scenes, strategy, and methodology. His experience covers both management and creative practice in media, music and art; currently he is developing links between academic and industry research, as well as new consultancy concepts. Dr Milan Todorovic can be contacted at Music and Media Management, London Metropolitan Business School, London Metropolitan University, Holloway Road, London, UK, N7 8HN, Telephone: +44 [0]20 7133 3837, Email: m.todorovic@londonmet.ac.uk

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