The promise of the strategy as practice perspective for family business strategy research

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1 Introduction

The recent practice turn in social sciences is accompanied with a growing interest in seeing strategy as a social practice with implications for the development of organizations (Jarzabkowski, 2008; Whittington, 2006). Increasingly, the strategy as practice perspective is being adopted and applied by strategy scholars (Johnson, Melin, Langley, & Whittington, 2007). The aim of this perspective is to take the strategists and their practices seriously through a focus on the micro and macro levels of social interaction that constitute the actual doing of strategy (Jarzabkowski, Balogun, & Seidl, 2007). An important reason for the increasing popularity of the strategy as practice perspective is a widespread dissatisfaction among scholars about the lack of interest in mainstream strategy research “for living beings whose emotions, motivations and actions shape strategy” (Jarzabkowski & Spee, 2009). Strategy as practice is therefore part of a wider concern to pay more attention to the human and social elements of strategic management (Jarzabkowski et al., 2007; Johnson et al., 2007).

The rationale of this article is to argue for the promise of the strategy as practice perspective for understanding the dynamics of strategy processes in family businesses. The ambition is to introduce the strategy as practice perspective to the field of family business research and discuss its implications for the area of family business strategy. Strategy as practice can help scholars to gain a richer understanding of the processes of strategy making in family businesses. At the same time research on family businesses, the most common form of business firm worldwide, can contribute importantly to strategic management research and the development of the strategy as practice perspective.

Researchers applying the strategy as practice perspective have defined its main scholarly topics as studying practitioners (the people involved in the actual strategic work), practices (the social, symbolic and material tools through which strategic work is accomplished), and praxis (the flow of activity in which strategy is done) (Jarzabkowski et al., 2007; Whittington, 2006). Although

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ABSTRACT

Family firms represent the most common form of business organization in most countries. This is, however, not yet reflected in the amount of strategy research devoted to family firms. In this article we suggest that the strategy as practice perspective – applied by an increasing number of scholars within the strategic management field – can help scholars to achieve rich understandings and develop useful knowledge about strategy making in family businesses. The strategy as practice perspective emphasizes that strategic work is not the same for all organizations. The ways of doing strategy tend to fall into specific routines and work patterns that vary from firm to firm and between different types of firms at the same time as they may be influenced by more institutionalized practices. We focus on the use and meanings of strategic planning as a specific and important strategic practice in the context of family businesses. Our research is based on a literature review that combines recent insights from the strategy as practice perspective and from strategic planning research. Empirically we draw on longitudinal in-depth case research of strategic planning processes in three family firms. Three dimensions of the practice of strategic planning in the family firm context emerge from our study. We label these dimensions planning modes, planning motives, and planning arenas. Based on the dimensions we discuss how the process as well as the roles of strategic planning is linked to local and situational understandings and the rules of the game for strategic work in each family business, and to broader institutional forces regarding the meaning and value of the strategic planning practice. We provide contributions for research and practice in this important context of business organizations. We also offer directions for future research.

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In the practice perspective, we identify three specific dimensions of the strategic praxis of strategy, which is closely linked to both local understandings – the rules of the game based on specific, owner–family-related values and interests in each family firm – and to broader institutionalized understandings and practices. We are also able to discuss the actual roles strategic planning plays in the family business context. These three dimensions are thus our contribution to how the practice of strategic planning is used in the actual doing of strategy in three family businesses.

The article is organized as follows. In the next two sections we discuss strategic planning from the strategy as practice perspective and as a practice within family businesses. After explaining our research methods, we present the three dimensions of strategic planning practice – planning motives, planning modes and planning arenas – illustrated with descriptions from the three cases we investigated in depth. Thereafter, we discuss the dimensions and more detailed types of each dimension in addition to a more general discussion of our findings. Finally we share both limitations of our study and implications for future research on strategy as practice in family business, and draw some general conclusions.

2. Strategy as practice: planning as a strategic practice

The strategy as practice perspective directs attention to the actors involved in ongoing strategic activities, who they are and how, when, and where they are engaged in these activities as well as how they perform the strategic work, both in interaction with others and in relation to the specific practices and activities in different contexts (Jarzabkowski, 2004; Nordqvist & Melin, 2006; Whittington, 2006). Johnson et al. (2003, p. 14) view strategy as ‘the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes’. Here, an important endeavour is to investigate the details of how and why certain strategic practices are adopted, implemented and used by actors in different organizational contexts in order to craft new or changed strategies (Jarzabkowski, 2004; Whittington, 1996).

Investigating strategic practices, scholars can reveal important links between micro and macro level aspects of strategy work (Jarzabkowski & Spee, 2009; Whittington, 2006). Seeing their active and dynamic nature, practices are means of doing strategy in which the actual strategizing is constituted, rather than static concepts or tools to be employed (Schatzki, 2006). In this view, strategic planning is not seen as something a firm has, but something a firm, or more correctly its actors do (Whittington, 1996, 2006). From the perspective of doing strategic planning, there has not been much research conducted on “how such practices comprise resources or their implications for the way that strategists act within their worlds” (Jarzabkowski & Spee, 2009, p. 83).

Historically, strategic planning has been seen as one of the most important strategic practices a firm has. This view has dominated strategy research for many years. Early strategy scholars explain that a strategic plan includes an explicit identification of ends and the selection of the most effective means to reach these ends (Andrews, 1971; Ansoff, 1991). This view of the strategy process, sometimes called the ‘design-school of strategy’, has received strong criticism. Mintzberg (1994) elaborates on three fallacies of strategic planning: the fallacy of predetermination (that is the impossibility of predicting the future), the fallacy of detachment (that is the impossibility to separate between strategic and operating management) and the fallacy of formalization (that is the impossibility of disregarding informal and emergent elements of strategy making). Despite the lack of confidence in the contribution of formal strategic planning over the last decades, it has been observed that many firms, including those operating in turbulent environments, use this practice as a way to manage uncertainty and guide their decision-making processes.
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