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A Research Agenda for Interactive Strategy (working paper)

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Abstract

The strategy process can be understood in many ways, for example as a rational planning process, as an emergent process, as a positioning process, as a process of creating uniquely valuable resources, or as a set of practices carried out by managers in organisations. From an interaction and networks (IMP) perspective strategy can also be conceptualised as an interactive process, although surprisingly little research has addressed this topic. While the literature on business-to-business relationships and networks (notably IMP literature) has made some explicit and many implicit contributions to our understanding of strategy, the concept of interactive strategy and the process of strategy formulation in relationships and networks remains poorly understood. In this working paper we provide a justification for a proposed research project designed to define, conceptualise and investigate 'interactive strategy'. A number of specific research questions are identified, and a research approach employing both a meta-analysis of prior IMP studies and an empirical study designed to address these questions is outlined.

Key words: Interactive strategy; strategising; strategy process

A Research Agenda for Interactive Strategy

Introduction

While strategy has not always been the central theme in IMP research, it has played a significant role in the development of the body of knowledge that surrounds interaction, relationships and networks (Baraldi et al 2006). This paper brings together an international group of researchers who are interested in understanding how the ideas of interaction and network theorists can contribute to the field of strategic management, what the meaning of strategy is from a network perspective, and how (if at all) strategy can be developed within networks.

Baraldi et al (2006) argued that the earlier work in the IMP tradition (for example, Håkansson, 1982, Turnbull and Valla, 1986) contained more explicit discussion of strategy than has been the case in more recent works. For example, strategy was a prominent explicit feature of the report of the first IMP study (Håkansson 1982) the index to which has six references (covering 36 pages) to 'marketing strategy' and six references (covering 28 pages) to 'purchasing strategy'. If it is true that the explicit attention paid to strategy in IMP research has declined over the years (and as part of the suggested research agenda we will investigate the proposition), then one is inevitably drawn into speculations about why this might be the case. Perhaps the early cohort of IMP researchers contained a relatively high proportion of ex-managers who had a greater inclination to study prescriptive strategy. Perhaps the publish-or-perish culture has become entrenched among IMP scholars, so that rather than writing for a managerial audience they are more inclined to write articles that will get them published in highly prized peer-reviewed journals. Perhaps IMP scholars have sought to emancipate themselves from the grubby, profit-driven associations of management studies and, aspiring to the status of 'genuine' social scientists, have foregone research that is perceived to be too 'managerial'. Or, as a final speculation, perhaps the opinion is widely shared among IMP researchers that the notion of 'strategy' implies a view of the business world with which they disagree – a rather deterministic worldview in which independent and clearly defined entities (or 'agents') largely create their own fates through the deployment of discrete 'resources' which are certainly under their control, and often under their ownership. Again, through the research agenda that we develop in this paper we hope to be able to provide some evidence to support or reject these and similar speculations.

Revisiting the early works of the IMP group, such as Håkansson (1980, 1982) and Turnbull and Valla (1986) reveals a substantial number of prescriptive ideas about strategy. Yet more recent material does not generally provide such a prescriptive element (other than in the small number of works written explicitly as pedagogic aids, such as Ford et al 2006). Nor does it attempt to describe what strategy is in this context. Baraldi et al (2006) reached the conclusion that of the strategic approaches they compared to the IMP tradition (Ansoff, 1965; Porter, 1980, 1985; Mintzberg, 1973, 1987, 1994; and, Whittington 1996, 2003, 2004) the approaches taken by Mintzberg and Whittington have the most in common with ideas of strategy that emerge from the interaction, relationship and network perspective. However, they left open the discussion as to how these findings should, could or would influence the development of research in the IMP tradition. Here we will attempt to move this discussion further forward.

Framing the Problem

The basic notion of what strategy is constitutes a point of debate for interaction and networks researchers. There does not appear to be a common conceptualisation and/or agreement as to how to understand strategy within an IMP perspective or even what it would constitute. Cunningham (2000) reminds us of the difference between deterministic styles of strategic decisions on the one hand and the Uppsala school's view of strategic decision evolving from adaptive behaviour, learning and muddling through. Ford (2002, p232) contends that what happens to a firm internally and externally "is as much a function of unplanned events as of analysis and strategy".

Of course there have been some notable contributions, of which we provide a few examples here without claiming to be exhaustive. Snehota (1990, p164) defined strategy as "the pattern of activities determinant of the gain in a context of market exchange" and discussed the *subjectivity* of the representations given of a certain strategy which makes every act of recounting a strategy an act of reconstructing it. Turnbull and Valla (1986) concentrated on international relational strategies; Johanson and Mattsson (1992) examined strategic action and network position. Famously, Håkansson and Snehota (1989) turned their attention to 'the network concept of business strategy' in which they argued that "acceptance of the propositions of the network model calls for a review of the assumptions underlying the business strategy management doctrine" (Håkansson and Snehota 1989, p191). Håkansson and Snehota (1989) concluded that three principal changes of perspective with respect to strategy were required when

a network view was adopted – changes with respect to defining the organisational boundaries, assessing organisational effectiveness, and managing organisational effectiveness. Additionally, there is a stream of IMP research that investigates strategic nets, see for instance, Möller and Svahn (2003) and Möller, Rajalaa and Svahn (2005) , and considers how these nets relate to value, but this research does not focus on how strategy is formed it is much more focussed on practical outcomes of such formulations.

More recently Håkansson and Ford (2002, p137) have described the strategy context within the IMP approach as “interactive, evolutionary and responsive”. As such, strategy development processes take place interactively with customers, suppliers and others. This provides us with the overall objective of our research:

To explore the notion of interactive strategy both from an academic and a practitioner perspective in a business-to-business context.

One approach to this central objective would be to examine those schools of thought in the strategy literature that have most in common with IMP thinking and to develop a conceptualization derived from the common themes discerned between them and the interaction, relationships and networks approach. Baraldi et al (2006), having analysed five key schools of thought in strategy, contended that the most pertinent strategy theorists, from this point of view, would be Mintzberg with his emergent view of strategy and Whittington with the notion of strategy-as-practice (Mintzberg 1973, 1987; Whittington 1996, 2003, 2004). These approaches encompass themes such as the context, content, process and practice of strategy, and incorporate views of strategy as plans, ploys, positions, patterns and perspectives.

However, rather than seeking rapid closure and a swift delineation of the research agenda, our initial exploration of this area has opened up more questions, not least because we have recognized that key themes identified by Håkansson and Snehota (1989) and other network theorists – notably interdependence and the problem of defining organisational boundaries – are not explicitly addressed by strategy theorists. This opens up a number of additional research questions, such as the following.

- What is meant by interactive strategy?
- Is there such a thing as interactive strategy/strategizing? If so,

- What are the different meanings of interactive strategy/strategizing
 - From an academic perspective?
 - From the stakeholder perspective?
- How do people in organizations view strategy?
 - Do they perceive it to be interactive?
- How is interactive strategy put into practice, what are the outcomes and how are they measured?
- What role does time play in interactive strategy? Do similar notions of the short and long-term, as applied to conventional strategy, also apply to interactive strategy?
- How does interactive strategy vary depending on the level of analysis (interaction, relationship, portfolio or network)?
- Who are the strategists?
- In organisations that have formal planning systems built on the conventional principles of strategic management (the purposeful response of an independent firm to the challenges of the environment), how does interactive strategy mesh with the more formal notion of strategy? Are they complementary, competitive, or do they stand in some other kind of relationship to each other?

The research philosophy of the industrial networks approach gives us a strong basis for investigating such questions. It encourages us to explore the interactions and interdependencies that define an organization, and therefore to look at all of the people, both outward and inward facing, as potential sources for strategy formulation. Prior research into relationships and networks in industrial markets makes it clear that in order to understand strategy and strategising one must look beyond the individual or department nominally responsible for strategic planning.

We would contend that all networking or interaction has the potential to be strategic. A key managerial skill is to recognise this, and to be able to mobilise actors, resources and activities accordingly. However, from a more theoretical point of view, how does an aspect of networking or interaction become strategic or come to be perceived as strategic/strategy? What skills are needed to facilitate this and who needs them, recognising again that from an interaction and networks perspective strategic skills are by no means the sole preserve of 'strategists'? This reminds us that we must not forget the importance of the internal network as well as the external network.

Outline of the Proposed Research Methods

Research Approach

Without wishing to close down methodological options at this stage, it seems likely that the broad methodological approach to investigating interactive strategy will lean in the direction of subjectivism rather than objectivism (Burrell and Morgan 1979). That is to say that epistemologically the study will tend towards anti-positivism, that we will generally take a voluntarist view of human nature, and that in the fieldwork stage idiographic methods are likely to be preferred to nomothetic methods. This does not mean that we take a dogmatic methodological stance. In particular we believe that collecting both qualitative and quantitative data will strengthen both the generalizability and relevance of our empirical findings.

While the unit of analysis is always a matter for discussion in researching social phenomena, when investigating network phenomena it becomes particularly troublesome. Should the unit of analysis be the firm, net or network? If investigating the internal network, is the appropriate unit of analysis the individual, the department, the strategic business unit, or something else? Can one collect intelligence about interactivity if one only looks at one side of the interaction? These are challenging issues. Taking the firm as the unit of analysis does not exclude the possibility of interviewing key suppliers and customers in this process and it allows one to bound the data collection. It also forces one to acknowledge explicitly that strategy (interactive or otherwise) can only be understood in the context of the network. To take the network as the unit of analysis would be to suppose that a 'defined network' had a collective strategy. Even in the case of networks that seem to be dominated by powerful actors, for example automotive component supply networks, we doubt that collective network strategy is feasible owing to the conflicting goals of the actors – although the existence or non-existence of collective network strategy may itself constitute a legitimate research topic.

Literature Analysis Phase

The first phase of the research, prior to the fieldwork phase, will comprise a more extensive analysis of prior IMP literature concerning strategy. This phase will involve a content analysis of IMP literature, in which we seek to identify how often strategic issues are addressed, what kinds of strategic issues are addressed, and from this analysis to develop a taxonomy of strategic issues in interaction, relationships and networks research.

The first difficulty in any study of 'strategy' is definitional. Conventionally, a distinction has been drawn between 'corporate

strategy' (decisions made at the corporate level about the strategic business units in which the corporation chooses to invest, formulation of overall corporate mission and goals, and so on) and competitive strategy (decisions made at the business unit level about how to achieve the goals delegated to the business unit by the corporate headquarters). Our initial presumption is that when strategy is discussed within IMP papers it will largely or exclusively be competitive strategy that is concerned. Furthermore, and as exemplified by the coverage of strategy in Håkansson (1982), it is very likely that the great majority of the competitive strategy issues addressed in IMP research concern *functional* strategy, specifically marketing and purchasing strategy. The first component of the research approach will be to refine these observations into a sound operational definition of strategy in the IMP tradition, which can then be used in developing a coding framework to apply to the existing body of literature.

The notion of strategy is easier to operationalise in a theoretical context which assumes that an organization has control over its resources, is merely responding to environmental forces, and by following a predefined series of environmental analyses can choose an appropriate strategic approach to maintain its market position (for example, Ansoff, 1965). IMP researchers have generally rejected this highly formalised conception of strategy and have considered the problems relating to the interactive nature of strategy, addressing issues such as shared access to resources (for example, Håkansson and Snehota, 1989). It is intended that the taxonomy will identify the core elements that relate to strategy in an interactive context (that is, relating to either relationships or networks).

The analytical method used will be based on that employed by Easton, Zolkiewski and Bettany (2003) and will involve coding the abstracts identified in the conference proceedings (from 1999 onwards) and key articles/book chapters identified prior to this. Other data to be collected will include:

- Authors of the paper
- Unit of analysis (firm, relationship, network, industry)
- Methodological contribution
- Theoretical contribution (methodologies, frameworks, literature reviews, themes, hypotheses)
- Empirical bases (no data, case study, qualitative description, quantitative analysis)
- Articulation of strategy (definitions, key elements)
- Managerial implications
- Criticisms of strategy

Fieldwork Phase

We intend to collect empirical data via a number of embedded longitudinal case studies, where both qualitative and quantitative data will be collected. To add an international dimension these case studies will be conducted in a variety of different countries.

In the first instance case studies will be selected on a convenience basis, since they need to be companies that the researcher can revisit and in which access to multiple personnel and key relationships is possible. This is not an easy task and is perhaps the main challenge of the project. Because of this we propose to look at medium-sized companies in the first instance, we believe that in these companies we will be able to view in a manageable way how strategy is enacted or not. The companies need to be small enough to allow the researcher to investigate the processes, connections, direct and indirect influences. However, we do not intend to include in the sample very small businesses in which the processes of interactive strategy revolve wholly around the owner/manager.

In order to ensure comparability of findings we plan to develop a case study protocol using the guidelines provided by Yin (1994).

Data analysis will also prove to be challenging how do we ensure consistency and validity across multiple researchers? We plan to do this by a process of pairing of coders and sharing transcripts among the team members.

Conclusion

In responding to the invitation of the IMP conference organisers to present "research at any stage of development" this paper describes a project that is still at an early stage of development, with a view to obtaining the advice of the reviewers and the conference delegates on how best to develop these ideas further. In essence, our contention is that interactive strategy and the processes of strategising in networks are poorly understood and deserving of far greater attention. We advocate greater cross-fertilisation of ideas between the fields of strategic management and industrial networks, in the belief that strategy research is the poorer because it seldom acknowledges the intrinsically interdependent nature of strategising, and that the descriptive and theoretical results obtained from prior industrial networks studies can help to fill that gap.

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