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Robert Chia

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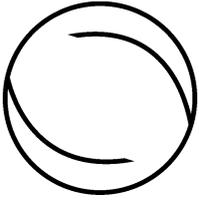
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Book Reviews

Andreas Rasche **The Paradoxical Foundation of Strategic Management**

2007 Physica/Springer, Heidelberg and New York: 345 + XIII pp, ISBN: 3790819751

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A recent feature article in the Business Education section of the *Economist* (28th August 2007) highlighted, yet again, the increasingly perceived yawning gap between business school research and their questionable practical relevance. It reported that the AACSB, the most widely recognised global accrediting agency for business schools had recently announced that it was considering changing the way it evaluated research, to take into consideration the practical impact and relevance of academic research. All well and good and certainly not a minute too soon. The real problem however hinges on the question of what 'relevance' might mean and equally importantly 'why' such research continues to be done despite its apparent irrelevance? These questions are as pertinent in all the sub-disciplines taught in business schools, and especially for strategic management. For, many still see important gaps between what strategy practitioners do and what business school students are taught about strategic management. And, it is the systematic unpicking of the underlying tensions creating this rupture between theory and practice which preoccupies this new and scholarly treatise by Andreas Rasche. It is a densely argued but clearly written piece of work that reflects the best of continental scholarship and certainly one with which to measure one's own efforts.

Rasche offers us a plausible and possible answer to the cause of the perceived non-relevance of much of traditional academic research in business strategy, but from a surprisingly unexpected theoretical perspective: that of Derridean deconstruction. For Rasche, it is the obscured paradoxical foundations of strategic management discourse and the 'dominant logics' (a term first articulated by the French philosopher of science Gaston Bachelard) underpinning strategy research which generates the tension between rigor and relevance. We need new ways and new intellectual 'strategies' for thinking about the actual practice of strategizing in organizations and to do this we need to unpick some of the hidden and obscured assumptions underlying current business strategy research. Specifically, Rasche identifies three dominant logics which helps found the various mainstream perspectives on strategy research by shaping the 'strategic realities' through which researchers frame their problematic. It is important to emphasise here that Rasche is not so much referring to the world of practitioners and their 'strategic realities', but with the research world of business strategy theorists and the 'strategic realities' through which they frame and formulate their theories of strategy-making. He is therefore challenging researchers to be more reflective about their own strategy theorizing practices.

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Using Pettigrew's (1988) well-known tripartite categories of 'context', 'process' and 'content', Rasche proceeds to deconstruct these and to show how their unquestioning and uncritical usage obscures the inherently paradoxical and un-decidable nature of their assertions. In the case of 'context' for example, its use in explaining the strategy phenomenon almost invariably sets up the oppositional couplet 'organization' and 'environment' as separate and distinct entities: hence *the* 'organization' is deemed to exist in the 'context' of *its* environment. Thinking in this way, however, naturally leads to the dominant logic of 'the necessity of adaptation'. So, whether it is the market-based approach promoted by Porter or the resource-based view, or even the more recent 'dynamic capabilities' view, the environment becomes an 'objectified' entity 'out there' providing the initial imperative for adaptation. Such a form of reasoning obscures a core paradox which is that, on the one hand, it assumes a singular external environment independent of all organizations to which organizations are supposed to adapt. Yet because the environment is infinitely more complex and varied than any one organization, it becomes impossible for individual organizations to establish a one-to-one correspondence with the former so that paradoxically every organization has to construct its own environment. The question then becomes: 'If the environment is just a construction, what do firms adapt to?' This leads to an important insight. As long as one obeys the dominant logic of 'adaptation' (which it must be remembered derives from the split between organization and environment and which, in turn derives from using the notion of 'context') 'one obscures the paradox that organizations can only be adapted to their environment if they are adapted to themselves'! This is one example of what Rasche means by obscuring a foundational paradox in strategy theorizing: the self-contradictory tension underlying the theoretical claims of mainstream perspectives.

Rasche makes a similar claim for the notion of 'process' which precipitates a separation between 'thinking' and 'doing', so much so that the *decision* (the product of thinking) is hierarchically elevated over *action*: thinking precedes action and this 'dominant logic' (primacy of thinking) leads to the widespread notion of strategic planning and justification as a core activity of strategizing. Yet, the necessarily interactive and dynamic nature of strategic decisions mean that it constitutes a situation of 'double contingency': no decision can be fully justified *a priori* because each interaction concurrently potentializes other decisions. Every decision contains a hidden un-decidable aspect that it cannot analyse away. Rasche writes: 'a strategic alternative is an alternative because it is potentially possible; however, at the same time the alternative is *no* alternative because it cannot be justified'. This is a paradox that the German sociologist Niklas Luhmann well understood. Strategic preferences, it turns out, can only be fully constituted after the decision has been made: decisional criteria are constituted *in actu*, in the very course of action and not beforehand. Finally, Rasche develops the idea of strategy 'content' and shows equally convincingly how this leads to the belief in the 'fullness of strategy rules and resources' (the third dominant logic). By this phrase is meant an overwhelming tendency (which has been recently criticised in the organization studies literature) to belief that rules 'speak for themselves' and that 'resources' are transparent and self-evident displaying *a priori* characteristics. Using these three 'dominant

logics' as the focus of his critical analysis, Rasche then proceeds to unravel each of them showing very convincingly how a Derridean deconstructive take on the issues can help unveil the paradoxical ground on which such logics are founded.

This sustained but logically dense way of thinking pervades the text and makes for a careful and compelling read. It is addressed primarily for the world of management academia although there are real implications for practitioners as well. The book is well structured and its argument flows logically and coherently. Rasche well recognises the artificial and paradoxical linearity required in presenting the argument he is making through the logical demands of a book structure and acknowledges this inherent contradiction. The book therefore is structured quite conventionally to aid a wide range of readership. After a comprehensive introduction, Chapter 2 provides a general introduction to the field of strategic management summarising the mainstream approaches, classifications and definitions which form the dominant vocabulary of the field of study. Chapter 3 begins to identify and unravel the three dominant logics which collectively underpin and unify the seemingly varied approaches in strategy research. Chapter 4 provides an excellent and succinct summary of Derridean deconstruction which systematically dispels some of the unnecessary hyperbole surrounding postmodern deconstruction and the unwarranted negativism associated with it. Chapter 5 makes the argument that since paradox is inherent in our understanding of the world and contained in the 'strategic realities' of researchers, we should nevertheless embrace this paradox and proceed in theorizing because of and despite the existence of the latter. This is because adopting paradoxical reasoning helps reveal the 'impossibilities' and logical tensions underlying theoretical assertions. Like the paradox of the Cretan liar asserting that 'All Cretans are liars' we are brought into awareness of the logical impossibility and hence 'undecidability' of such a claim. In Chapter 6, Rasche proceeds to painstakingly deconstruct the strategic realities of mainstream strategy research and reveal the shaky foundations of the categories of 'context', 'process' and content' and the dominant logics that ensue. Chapter 7 outlines the implications of this deconstructive approach to understanding the concerns and preoccupations of strategy research and show how, 'After Derrida' the recent strategy-as-practice movement may offers a more promising line of inquiry into the mundane practices of strategic management: one that emphasises the situated and embedded nature of everyday strategizing.

Overall, this book is a novel, refreshing and important contribution to the generally unreflective and programmatic approach widespread in strategy research. It is a scholarly text characterized by theoretical reflection of the highest quality that is notably missing in much of management academia in general. It promises to stimulate serious debate about how, as strategy scholars, we should go about engaging with the real world of strategy practice after a thorough deconstructive 'awakening' from the dogmatic slumber characterizing much of strategy research.

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Christopher D. McKenna
The World's Newest Profession: Management Consulting in the Twentieth Century

2006 Cambridge University Press, Cambridge: 392 pp, ISBN: 978-0521810395

This book seeks to describe how management consulting has attained the prominence that it enjoys today. It delivers the most comprehensive and authoritative history of modern management consulting yet written. That the field of business history has up to now lacked a comprehensive account of such an important industry is perhaps surprising, and certainly disappointing. That McKenna has filled this gap is salutary.

In the opening chapter, McKenna sets out his rationale for the development of the industry in the early part of the twentieth century. Essentially, he relies on the functional logic of transaction cost economics, and argues that the 'economies of knowledge' provided by consultants are greater than the external contracting costs incurred in using them. This, combined with regulation in the 1930s that prohibited other kinds of advisors (such as banks) from providing consulting services left client firms with little choice but to hire fledgling management consulting organizations. While coherent, this argument leaves some important questions unexplored. Did (and do) client firms really engage in a transaction-cost type of calculation that weighs the 'economies of knowledge' against the costs of external contracting? And even if so, how is it that management consultants became so 'knowledgeable' in the first place – knowledgeable enough to provide savings that outweigh the significant transaction costs surrounding this form of external contracting? A satisfying explanation of management consulting's spread would require developing this causal logic further.

Chapter 2 begins the task of delving into individual histories of prominent consulting firms. Drawing heavily on published corporate histories, some written by or for the consulting firms themselves, this chapter focuses first on Arthur D. Little Inc. and Stone & Webster, firms that specialized in providing advice on research and development rather than general management or corporate strategy. McKenna quite rightly points out that these organizations, with their focus on science and engineering, never became the archetypal management consulting firm. The chapter also rightly dismisses the widely-held contention that modern management consulting descends from Taylorism. As McKenna points out, the limited applications and narrow views of the purveyors of Taylorism essentially led this form of advice-giving down a cul-de-sac. McKenna then makes the core point of the chapter: that modern management consulting has its roots in cost accounting. Firms such as McKinsey & Co., Ford, Bacon, & Davis, and Stevenson, Jordan, & Harrison eventually migrated from accounting to management consulting, leaving behind other accounting firms such as Arthur Anderson & Co. and Peat, Marwick, Mitchell & Co. to