Chapter 5

Critical Approaches to Strategic Management

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It is only comparatively recently that 'strategic management' has been labelled, studied, and privileged as a field of managerial practice and scholarly attention (Knights and Morgan, 1991). Many business schools have crowned their programmes with a 'capstone' course in strategic management, which is intended to provide a 'top-management perspective', in addition to fostering a familiarity with the key concepts in the field. As perhaps the most managerialist of the management specialties, 'strategy' largely takes for granted the historical and political conditions under which managerial priorities are determined and enacted. Moreover, as a technocratic mode of decision making serving particular interests, strategy is not simply confined to the business world; rather, 'strategy' can be seen in the ever-widening circle of problems which are deemed suitable for its application – from public sector and non-profit management to regional economic development and business school accreditation.

This chapter contributes to the development of a critical understanding of strategic management that is less coloured by the preoccupations and sectional interests of top managers. Where a managerialist perspective employs an instrumental rationality to help managers improve organizational effectiveness and corporate profitability, a critical lens seeks to explore the nature of strategic management as an organizational process, one which has significant political ramifications within organizations and in the broader society. Strategy can, for example, be examined as discourse and practice in order to probe its historical roots and how it came to be constituted in its current form (Knights and Morgan, 1991). Some of the work in the processual school of strategy (Mintzberg, 1990) provides a sceptical perspective on established classical and rational perspectives. However, writings in this tradition do not explore broader issues of domination or scrutinize managerialist assumptions. Where the processual school examines power, for example, it tends to

do so within an intra-organizational perspective that eschews consideration of broader social and political structures (Alvesson and Willmott, 1996).

When analysis draws from Critical Theory (see Introduction to this volume) management is viewed as a set of practices and discourses embedded within broader asymmetrical power relations, which systematically privilege the interests and viewpoints of some groups while silencing and marginalizing others (see also Alvesson and Willmott, 1996). Critical theory (CT) has an emancipatory agenda, which seeks to probe taken-for-granted assumptions for their ideological underpinnings and restore meaningful participation in arenas subject to systematic distortion of communication. CT draws attention, moreover, to the dominance of a technical rationality obsessed with the ostensibly efficient pursuit of unquestioned objectives, and attempts instead to rekindle societal debate around goals and values. Drawing from this perspective, embryonic critical scholarship on strategic management has tended to emphasize the discursive and ideological dimensions of strategy, such as the constitution of certain problems as 'strategic' and the legitimation of specific groups of people as the 'strategic managers' capable of addressing them (see Thomas, 1998).

An alternative strand of critique offers an historical materialist perspective that has intellectual roots in the Marxism of Antonio Gramsci. It is useful to point out a number of points of commonality and difference between Gramsci and Critical Theory (CT). Gramsci anticipated theorists of the Frankfurt school in his critique of the neutrality of philosophy and science, and the economism and determinism of orthodox Marxism. Both approaches view organizational structures and managerial practices as inherently political. Another point of contact with CT is the importance attached to ideology as a force that stabilizes and reproduces social relations while masking and distorting these same structures and processes. Gramsci also prefigures CT's position that intellectuals can and should apply theory for emancipatory purposes.

Points of difference between Gramsci and CT indicate the potential contribution of extending our range of critical inquiry Critical Theorists have focused on the power of discursive closure and distortion, both at the broader level of mass culture (Marcuse, 1964) and in communicative action (Habermas, 1984). They invite recurrent critical reflection on the presence of distorted communications in even the most ostensibly radical or emancipatory conceptions of strategy – a point to which we return in our concluding remarks. In their turn towards culture and ideology, however, CT theorists have tended to downplay the role of economic structure. For Gramsci, by contrast, social systems are shaped and stabilized in the interlocking realms of ideology, economics and politics. If firms and markets are embedded in broader ideological and political structures (Callon, 1998; Fligstein, 1996; Granovetter, 1985), then corporate strategies to enhance competitive and

technological positioning are closely related to broader strategies to secure social legitimacy and influence policy; the content of strategy, not just its ideology, is political.

Gramsci's concept of emancipation is broader and more strategic than that offered by CT. For Gramsci, power lies in the ensemble of economic, ideological and organizational forces; the emancipatory project must therefore encompass this wider totality Gramsci's conception of hegemony as a dynamic, unstable relation of forces informs a strategic notion of power. A hegemonic formation results from an historically specific alignment of ideological, economic and organizational forces, laying the foundation for a dominant alliance of social groups. A coordinated strategy across these three pillars of hegemony is required to build and sustain hegemony, or indeed to contest the dominance of a particular hegemonic bloc. Subordinate social groups would need to adopt a long-term strategy, or a 'war of position' in Gramsci's terms, to disrupt and shift the balance of forces in their favour. While Gramsci's analysis was primarily at the level of the state, others have applied Gramscian concepts to understand social contestation over particular issue arenas, such as the environment or race (Hall, 1986; Sassoon, 2000). The complex, fragmented nature of hegemonic formations suggests that subordinate groups can, given appropriate analysis and understanding, identify key points of instability and leverage, justifying Gramsci's 'optimism of the will'.

CONTEMPORARY APPROACHES TO STRATEGY

Contemporary approaches to strategy are hardly monotholic, though much current thinking is anchored by the work of Michael Porter and Henry Mintzberg. Mintzberg and colleagues (1998) discuss ten schools and five definitions of strategy. One of these, 'strategy as ploy', builds on the game theoretic and military heritage of strategy It suggests that strategy can be about deceptive and unpredictable manoeuvres that confuse and outflank competitors. The concept of 'ploy' implies a certain deviousness that invites critical scrutiny of underlying goals and motives. It also suggests that social contestation is more a matter of superior manoeuvring than ideological or coercive domination (Abercrombie et al., 1980). This 'take' on strategy implies possibilities for effective challenges by subordinate groups.

Strategy as 'position' offers a predominant conceptual framework in the field. Porter's (1980) landmark Competitive Strategy reinterpreted the microeconomics of industrial organization in a managerial context. Close analysis of Porter's work and subsequent developments provides considerable fuel for critical theorists concerned with the reproduction of hierarchical economic relations, since it highlights the contradictions between idealized myths of 'perfect competition' and the more grounded concepts of market power explored by business school strategists. Porter's work

uses economic analysis of market failures to suggest how firms might seek above-normal profits in less than competitive market segments. Porter's subsequent book, *Competitive Advantage* (1985), which resonates more with the 'resource based view' of the firm (Wernerfelt, 1984), attempts to explain how a firm might actively build market barriers and sustain monopolistic structures. It was not without some justification, perhaps, that Microsoft argued in its anti-trust suit defence that it was merely pursuing the precepts of good business strategy

Some scholars firmly established within the strategy field have critiqued the prescriptive, technocratic approach to strategy, represented by the work of Porter (1980; 1985), Andrews (1971) and Chandler (1962), for its reliance on a rational, logical and linear model of analysis and planning. Sun Tzu's classic work on military strategy (1983), though often expressed as a series of maxims, advocates an approach that is non-linear, unpredictable and paradoxical, commending the title 'The Art of War' rather than The Science (Luttwak, 1987; Quinn and Cameron, 1988). Mintzberg (1994; Mintzberg et al., 1998) has been particularly prominent in arguing that the actuality of strategy is better characterized as an emergent rather than planned organizational phenomenon. Mintzberg emphasizes the recursive processes of learning, negotiation and adaptation by which strategy is actually enacted, and suggests that the planning-implementation distinction is unsustainable (Mintzberg, 1990). Mintzberg argues that such processes are both inevitable *and* functional.

A greater attentiveness to strategy as process has been accompanied by increased appreciation of the cognitive models, or frames, which channel managers' perceptions of their environment (El Sawy and Pauchant, 1988; Whipp et al., 1989). Weick (1995) has argued that organizational members actively constitute and reify their environments, bringing sense and order to complex and confusing social worlds in which they are located. In turn, perceptions of the external environment shape and constitute managerial cognition and action (Daft and Weick, 1984). Institutional theory, which has become increasingly prominent in recent management thought, clearly displays a constructivist influence in its emphasis on cognitive and normative pressures in shaping field-level norms and practices (DiMaggio and Powell, 1983; Scott and Meyer, 1994). Despite an affinity of the constructivist perspective with an instrumental formulation of CT's historical hermeneutic epistemology (see Willmott, 2003), which seeks to uncover meaning rather than causation, few authors utilize a constructivist analysis of strategy to draw implications concerning broader structures of dominance and inequity. Quite the contrary, the perspective is routinely used to generate suggestions for how managers can improve the strategy process by actively changing corporate cultures and frames (Whittington, 1993). A few notable exceptions have argued that if strategy is rooted in the values and cognitive frames of senior managers, it is likely to reproduce their ideological frameworks and

promote their sectional interests (Bourgeois and Brodwin, 1984; Smircich and Stubbart, 1985).

Understanding the strategy process is also a concern of those who view it as the outcome of political bargaining process among managerial elites (Bower and Doz, 1979; Child, 1972; Cressey et al., 1985). However, most studies of the politics of strategy focus on internal struggles among managerial factions rather than with labour or external stakeholders, and tend to abstract from wider historical and social contexts. Managers are still viewed as the only organizational actors with legitimate access to the strategy process, a form of discursive closure that trivializes the politics of strategic management. Pettigrew's (1985)influential study of ICI, for example, makes direct reference to the way dominant groups are protected by the 'existing bias of the structures and cultures of an organization' (1985: 45), and how these groups actively mobilize this socioeconomic context to 'legitimize existing definitions of the core strategic concerns, to help justify new priorities, and to delegitimize other novel and threatening definitions of the organization's situation' (1985: 45). Nevertheless, Pettigrew neglects the historically distinctive, politico-economic organization and contradictions of the production and consumption processes that have shaped the development and direction of strategic management at ICI. As Whittington contends, 'the limits of feasible change within ICI were defined not simply by the personal competencies and organizational advantages of particular managers...but also by the evolving class structures of contemporary British society' (1992:701).As with the constructivist approach, advocates of strategy-as-bargaining are also quick to jump to managerialist prescriptions. Whittington (1993),for example, proposes mechanisms to ensure that the strategy process remains objective rather than being captured by a particular management faction; moreover, he suggests that managers can draw from broader, less visible sources of power, such as 'the political resources of the state, the network resources of ethnicity, or, if male, the patriarchal resources of masculinity' (1993:38).In such thinking, the extra-organizational conditions and forces neglected by Mintzberg and others are identified as potentially decisive weapons in the arsenal of strategic management.

Critical theory: unmasking and deconstructing strategy

A basic limitation of much processual analysis is that little account is taken of how managers come to assume and maintain a monopoly of what has become institutionalized as 'strategic' decision-making responsibility. Nor, relatedly is there concern to explore how managers' practical reasoning about corporate strategy is conditioned by, and contributes to, the constitution of politico-economic structures that extend well beyond the boundaries of any particular organization. Yet, mainstream strategy talk is not innocent.

It is a powerful rhetorical device that frames issues in particular ways and augments instrumental reason; it operates to bestow expertise and rewards upon those who are 'strategists'; and its military connotations reinforce a patriarchal orientation to the organization of work.

Shrivastava's (1986) landmark critique analysed the strategy field using five operational criteria, derived from Giddens (1979). These indicate its ideological nature: the factual underdetermination of action norms; universalization of sectional interests; denial of conflict and contradiction; normative idealization of sectional goals; and the naturalization of the status quo. Shrivastava concluded that strategic management was undeniably ideological, and that strategic discourse helped legitimize existing power structures and resource inequalities. Drawing from Habermas, Shrivastava sought emancipation in the 'acquisition of communicative competence by all subjects that allows them to participate in discourse aimed at liberation from constraints on interaction' (1986: 373). He also called on researchers 'to generate less ideologically value-laden and more universal knowledge about strategic management of organizations' (1986: 374).

While Shrivastava's faith in the possibility of universal, objective knowledge betrays his modernist leanings, more recent critical contributions display a more postmodern sensibility Abandoning the search for objective truth or for autonomous subjects who could potentially recognize their 'real' interests, postmodern critiques are concerned with the constitutive power of strategic discourse. Knights and Morgan, for example, see 'corporate strategy as a set of discourses and practices which transform managers and employees alike into subjects who secure their sense of purpose and reality by formulating, evaluating and conducting strategy' (1991: 252). Managers cannot stand outside of ideology to impose their strategems on unwitting workers. Rather, they too are entangled in discursive webs. Strategy constructs a myth of commonality of organizational purpose by positing lofty and unattainable aspirations (Harfield, 1998). The invocation of military metaphors, for example, brands competitors as 'enemies' to be defeated, and mobilizes maximum effort from the rank and file who are exhorted to sacrifice individual needs to the greater glory of the corporation.

While projecting solidarity of purpose and the universality of the interests of senior managers and stockholders, the discourse of strategy legitimates organizational hierarchy with differential influence and rewards. The importance attached to strategy also implies that employees who work outside of what is identified as the strategic core of an organization make a lesser contribution and therefore cannot be expected to participate, even marginally, in decisions for which others are responsible. It also provides a rationale for differentiating the pay and conditions of 'core' and 'peripheral' employees. The need to assert the status of an elite group of 'strategic managers' is perhaps particularly acute in advanced economies where manual labour is declining and traditional divisions between task execution and conception are loosened up. According to Stoney:

> In the strategic management model, responsibility for corporate level decision-making rests with a core or strategic elite who are discharged from the day-to-day responsibilities of operational activities, these being devolved to the lowest possible level of control. Undistracted by operational matters and line responsibility, the elite, often an 'executive board', is left free to concentrate on strategic thinking and decision-making. (1998: 4)

The strong top-down model of strategic management draws upon the picture of the general drawing up a battle plan and then ordering the troops to carry it through. This image stands in a relation of (unresolved) tension to recent contributions to strategic management that have emphasized the core competence associated with employees. The literature on core competence and organizational learning acknowledges the significance of the skills and knowledge, much of it tacit, embodied and distributed throughout the organization on the one hand, yet assumes that top management can and should control it. As mentioned by Scarbrough (1998: 225), champions of a core competence approach treat the firm as the command and control mechanism beloved of the traditional planning school. The strategic management literature, focusing on the leadership role of top management, is typically oriented towards aspirant top managers. However, very few people are, or will ever become, top managers responsible for corporate strategies. Perhaps, then, the value and appeal of strategic management as a field of instruction lies elsewhere, in its ideological appeal to students and employees who are encouraged to adopt a top management perspective and engage in grandiose fantasies about sitting down with corporate elites to discuss strategy and direct the resources of major companies (see Knights and Morgan, 1991). It is far less gratifying to imagine oneself as a low-level manager working on mundane operational issues. Similar motives may guide academics interested in researching and teaching in the field.

The privileged status of 'strategy' is apparent in the promotional efforts of management consultants. One computer consultancy company claiming to integrate strategic and IT perspectives was, upon closer scrutiny, lacking competence in projects with any advanced strategic component. In retrospect, a senior manager described this talk of strategy as 'a sales trick', designed to keep customers and employees happy while the latter really were doing programming and 'getting the bucks in' (Alvesson, 2000). In a large R&D company, mid-level managers described themselves as 'occupied with the larger picture' and with 'strategies', even though they were far from the market, had no overall business responsibility, and were supposed to work strictly within a segment of an overall product development process (Alvesson and Sveningsson, 2003).

Strategic discourse constitutes not only strategists but also 'the problems for which it claims to be a solution' (Knights and Morgan, 1991: 255). In

doing so, it contributes towards an instrumental, technocratic orientation in corporate life that emphasizes efficiency and competitiveness over consideration of environmental or social values. Moreover, problems worthy of strategic management are found in widening circles of social and economic life. Stoney (1998) has described the increasing pervasiveness of strategic management in the British public sector under the guise of concerns for efficiency and accountability Although advocates of strategic management in the public sector claim that it professionalizes and depoliticizes government services, Stoney contends that 'it represents a deliberate attempt to change the very nature of local government in a manner which conformed to a specific set of interests: the interests of capital' (1998: 13). For local authorities competing to attract mobile capital, the language of strategy 'instills potential investors with confidence that "rational" economic strategy can be pursued locally without fear of political and bureaucratic hindrance and without the uncertainty and reversals in policy that used to accompany changes in the political complexion of the council' (1998: 19). Moreover, strategy in the public sector is seen to be complicit in promoting a market-based ideology in which citizens are transformed into consumers and state officials into a managerial elite: 'In this managerial transformation, the traditional public sector themes of collectivism, welfare and civic duty have become unfashionable' (1998: 19).

While Critical Theory offers considerable insight into the ideological and constitutive role of strategic discourse in reproducing organizational and societal relations of power, it is somewhat limited by the lack of concern with the 'truth of strategy' (Knights and Morgan, 1991: 252). Almost all the critical writing on strategy, including the three articles in the July 1998 special issue of the Electronic Journal of Radical Organization Theory (EJROT), draw primarily from Critical Theorists of the Frankfurt School and from postmodern scholars to critique strategy as ideology and discourse. While it is generally acknowledged that strategic discourse has effects in broader economic and power relations, making it difficult to disentangle the material and ideological dimensions (Smircich and Stubbart, 1985), much critical writing implies that 'it is not the *practices* of strategic management which require urgent investigation', as Booth (1998) puts it in the introduction to the special issue of the *Electronic Journal of Radical Organization Theory.*

It is tempting to be dismissive of the instrumental value of strategy, even on its own terms. Many maxims of strategy appear to be faddish aphorisms, which are likely to prove poor guides for action. We have seen trends towards conglomerate acquisitions in the 1970s followed by admonitions to 'stick to your knitting' in the 1980s (Peters and Waterman, 1982). Enthusiasm for elaborate and detailed strategic planning waned in the 1980s as General Electric led the way in dismantling its planning system. Mintzberg (1994) provides anecdotal evidence of the failure of planning, and reviews numerous empirical studies that failed to find a financial payoff from strategic

planning. Many simple models, such as the growth-share matrix, have gone through cycles of popularity and disillusionment (Seeger, 1984). SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, a cornerstone of the strategic planning process, is frequently undertaken but seemingly rarely carried through in the development of strategies (Hill and Westbrook, 1997). Pfeffer (1994) compared five highly successful US companies with Porter's framework for strategic positioning and found that none of the companies followed the prescribed recipe.

Nevertheless, the 'truth' of strategy does have import when we take seriously the agency of corporate and state actors in privileging and protecting economic and political advantage. An interest in the discourse of strategic management should not necessarily just focus on its ideological effects and the consequences for managers constituting themselves as 'strategists' but should also investigate the substantive effects of the subjects acting according to the strategic management precepts. Mintzberg (1990) criticizes the approach to strategic management taken by MBA education. He argues that it produces people with analytical skills and a great faith in running business from a distance, but with very limited knowledge of how companies actually work and create value. Their approach, Mintzberg argues, over-emphasizes financial criteria and underplays productive corporate development, having harmful effects on the economy in the long run. Sveningsson (1999) has shown how strategic management knowledge 'colonized' the thinking and acting of senior managers in the Swedish newspaper industry and led to the transformation of newspapers into parts of conglomerates. A joint focus on managerial subjectivity and substantial effects is perhaps to be recommended (see Ezzamel and Willmottt, 2002). A different form of strategic analysis could usefully inform appropriate action by progressive social forces concerned with social contests and emancipation, as well as assisting the development of more democratic organizational forms engaged in market competition such as co-ops and collectives. The following section explores the relevance of Gramsci's work to outline an approach to strategy that pays attention to the political economy of strategic practice and considers the hegemonic alignment of ideological, political and economic issues.

Strategy as power: a significance of hegemony

Gramsci's conception of hegemony provides a point of departure for a critical approach that emphasizes the interaction of material and discursive practices, structures and strategems in establishing and sustaining corporate dominance and legitimacy in the face of challenges from social actors and economic rivals (Gramsci, 1971; Sassoon, 1987, 2000). This perspective refocuses attention on the content and goals of strategy as it draws attention to the political nature of strategic practice.

In corporations 'strategy' is practised to improve market and technological positioning, sustain social legitimacy, discipline labour, influence government policy and, not least, we have suggested, aggrandise the architects and purveyors of strategy In a broad sense, all strategy is political. Strategy-as-power operates through the dialectical interplay of 'structure' and 'agency'; power inheres in the specific configurations of economic, ideological and organizational forces that regulate, stabilize and constitute social worlds and identities, and which form the terrain for strategic contestation; power is also exercised by agents attempting to shape – establish and resist – these configurations. Through this process, agency is attributed to actions to which strategic intent is ascribed.

Gramsci's perspective on power and ideology addresses some of the theoretical problems related to the treatment of agency and strategy in critical theory and poststructuralism. Critical Theorists explain consent to oppressive structures of capitalism in terms of ideological domination. Disadvantaged groups come to accept and reproduce their position of subordination as they uncritically accept ruling ideas. Abercrombie and colleagues (1980), among others, have criticized this 'dominant ideology thesis' on the grounds that it accords too little agency to the dominated 'dupes', and too much intent to the dominant class, as well as too little modesty to intellectuals who presume to know the 'real interests' of others. The CT concept of ideology is viewed as overly monolithic and functionalist. It also requires people seeking emancipation to turn to critical theory intellectuals who, along with ruling elites, ostensibly stand outside the dominant culture and ideology. From a Gramscian standpoint, poststructuralist conceptions of power embedded in pervasive discourse are also problematic when discursive disciplinary power is understood to pervade every societal nook and crevice. In such interpretations of postructuralist analysis, agents are seen to have little room to resist or evade the constitutive power of discourses.

Hall (1986) argues that the Gramscian notion of hegemony finds some viable ground between the structural determination of ideas of crude Marxism and the fluid, endless slippage of meaning explored in some versions of poststructural analysis. Hegemony refers to a historically specific alignment of economic, political and ideological forces that coordinates major social groups into a dominant alliance. Hall argues that ideology can be understood as the articulation of meaning, temporarily fixed and loosely coupled to economic and political structures. Securing a relatively stable hegemonic bloc requires material payoffs, political compromises, and the projection of moral and intellectual leadership. Hegemony is never total and complete, however, and dissent persists: the persistence of plural, overlapping and interpenetrating social and cultural forms opens up theoretical space for agency and resistance. Processes of contestation and liberation are at once fuelled by the suffering and the frustration that the hegemonic bloc produces, and is enabled by the capability of people to question prevailing

priorities and institutionalized norms of conduct. Crucially, consent in a hegemonic system does not rely principally on colonization by dominant ideologies. Instead, it is understood, at least in part, as a strategic, contingent compliance, based on a realistic assessment of the balance of forces. This formulation avoids some of the problems associated with ideology as 'false consciousness'.

It is the complex, dynamic and unstable nature of hegemonic formations that brings richness to Gramsci's strategic conception of power. Historical blocs rest on insecure foundations of fragmented, contradictory ideologies and uneasy alliances, providing the potential for instability, contestation and change. Gramsci asked of social structure: 'what is this effective reality? Is it something static and immobile, or is it not rather a relation of forces in continuous motion and shift of equilibrium?' (1971: 172). Understanding the dynamic relationships between the economic and ideological aspects of this complex system affords opportunities to uncover windows of opportunity and key points of leverage, but this requires careful analysis: 'It is the problem of the relations between structure and superstructure which must be accurately posed if the forces which are active in the history of a particular period are to be correctly analyzed and the relations between them determined' (Gramsci, 1971: 177). Gramsci outlined two particular forms of strategy commonly evinced in social conflicts. 'Passive revolution' describes a process of evolutionary, reformist change that, while preserving the essential aspects of social structure, entails extensive concessions by relatively weak hegemonic groups. One might formulate this form of strategy as depending heavily on the decline or dis-organization of hegemonic groups, rather than the careful marshalling and application of resources by subordinate groups. The concept of 'war of position', in contrast, engages a military metaphor to suggest how subordinate groups might skilfully avoid a futile frontal assault against entrenched adversaries. The war of position constitutes a longer-term strategy, coordinated across multiple bases of power. Its intent is to gain influence in the cultural institutions of civil society, to develop organizational and economic capacity, and to exploit tensions in hegemonic coalitions in order to win new allies. As in a game of chess, power lies not just in possession of the playing pieces but in their configuration; each set of moves and counter-moves reconfigures the terrain and opens up new avenues for contestation.

This view of strategy is implicit in the literature that examines the conditions under which social movements emerge, analyse and pursue successful strategies for social change. By locating agents of change outside of dominant corporate organizational forms, social movement theory offers a potentially more radical approach to resistance and change than progressive forms of 'participative strategy', with their attendant dangers of being co-opted as pseudo-participation. As McAdam and colleagues (1996) argue, effective social movements exploit historically specific political opportunities,

develop organizational and material resources, and frame issues discursively in ways which challenge hegemonic thinking yet resonate sufficiently with extant cultural forms to mobilize broad support. Ganz (2000), for example, claims that the UFW succeeded in organizing California farmworkers where the AFL-CIO failed due to strategic capacity, not just because of a favourable opportunity structure or the possession of adequate resources. Strategic capacity in this case study comprised a diverse, well-networked leadership, and an organizational form that encouraged accountability, diverse perspectives, and explicit strategy-making. Cress and Snow (2000), in a study of fifteen home-less social movement organizations, found that outcomes were influenced by organizational, tactical, political and framing variables. The coordination of strategy across multiple bases of power indicates a largely unacknowledged intellectual affinity with the Gramscian concept of hegemony

Traditional market-oriented strategies also have political dimensions. As Porter's Five Forces analysis indicates, the primary goal of strategy is to increase a firm's bargaining leverage over its competitors, potential entrants, suppliers and customers. The result of successful strategic practice is the weakening of competition and the concentration of economic power, an outcome which is hardly possible to separate from political and ideological power. Of course, companies also pursue overtly political strategies, in their efforts to influence the regulatory environment. Much of the limited litera-ture that does exist on corporate political strategy, however, adopts a man-agerialist rather than a critical orientation (Hillman and Hitt, 1999; Mahon, 1989; Schuler, 1996). Pfeffer and Salancik (1978), for example, have examined corporate strategies to secure advantage and reduce external dependency through control over information flows, influence over external actors, and engagement in coalition politics. Uncovering the political dimensions of apparently neutral strategic practices is, of course, a key concern of critical theory Here we push further, and argue that the traditional distinction between market and political strategy is untenable. It is not just that firms need to coordinate market and non-market strategies to achieve economic goals (Baron, 1997). More fundamentally, markets are embedded in broader social and political structures (Callon, 1998; Granovetter, 1985) and the articu-lation of markets with ideological and political structures and processes enact 'circuits of power', to use Clegg's (1989) formulation. Shrivastava describes the 'continuing political battles that proactively shape the struc-ture of competition' (1986: 371), and emphasizes the need to analyse 'the social and material conditions within which industry production is organ-ized, the linkages of economic production with the social and cultural elements of life, the political and regulatory context of economic production, and the influence of production and firm strategies on the industry's economic, ecological, and social environments' (1986: 371).

The Gramscian approach can find purchase at the level of strategic contests within specific issue arenas. Levy and Egan (1998), for example, have

examined the response of the fossil fuel industry to the prospect of climate change. Mandatory restrictions on emissions of greenhouse gases, radical technological change, and renewed environmental activism threaten oil and automobile companies with a loss of markets, more stringent regulation, and a loss of autonomy and legitimacy. The case demonstrates how companies responded to these threats to their hegemonic position with coordinated strategies in the economic, organizational and discursive realms. US-based companies in the fossil fuel sector organized a strong issue-specific industry association, challenged the scientific need for action, pointed to the high economic costs of controls, and formed alliances with unions, minorities and groups of retired people. They donated substantial amounts in political campaign contributions and have invested in shoring up markets for their traditional products. The industry has not been entirely successful in deflecting demands for change, and has drifted towards a strategy of accommodation, or 'passive revolution', in Gramsci's terms. The industry has moved towards accepting the scientific basis for emission controls, is investing substantial amounts in low-emission technologies, and has engaged in widespread public relations to portray itself and its products as green. In return, it has won broad acceptance for a flexible, market-based implementation system that preserves corporate autonomy and legitimacy. Mainstream environmental organizations and government agencies have signed on to this accommodation, offering companies renewed credibility in shaping the emerging market-based climate regime.

In recent years, companies have been deploying the discourse of social responsibility, stewardship, stakeholder management, and corporate citizenship in their efforts to restore legitimacy (Levy, 1997; Luke, 1995). While some Critical Theorists might view such discursive moves as ideological distortions designed to mask the real relations of power, the Gramscian perspective interprets them as compromises that shift the terrain of contestation and create new opportunities, for example, by building external expectations of concomitant practices, and by legitimating broader managerial consideration of social and environmental goals. The difference between succumbing to ideological co-optation and an emancipatory 'war of position' is, to repeat, one of long-term strategy

CONCLUSIONS

Strategic management deserves critical investigation because it has assumed a dominance in managerial discourse and become a model for decision processes in a wide range of organizations beyond the private sector. Strategy is privileged as a field of management theory and managerial practice. Strategy pundits and makers make claims to expertise, insight and authority that reproduce and legitimate organizational inequalities. Strategy

frames and legitimizes managers' practices as they strive to advance a company's market position, defend against regulatory or social threats, and secure control amidst challenges from labour, stockholders or other stake-holders. When management practitioners and scholars proclaim the primacy of strategy, critical theorists need to subject the field to close scrutiny.

Various processual perspectives have critiqued strategy for its overly rational and programmatic orientation. By aspiring to describe how strategy is actually developed in organizations, these approaches acknowledge, for example, the role of managerial cognitive frames and conflict among managerial elites. But they generally fail to address strategy as a political project, except in their recognition of contests and skirmishes between managers over their 'choice' of strategy and its means of implementation. Moreover, they then leap from avowed description to managerialist recommendation, blunting any critical edge the processual approach might provide.

Critical Theory holds out the promise of revealing the taken-for-granted assumptions and ideologies embedded in the discourse and practice of strategy as it challenges the latter's self-understanding as a politically neutral tool to improve the technical performance and effectiveness of organizations. Critical thinking pushes us to question the universality of managerial interests and to bring to the surface latent conflicts. It asks that we excavate below the apparent consensus on organizational 'ends', and pay more attention to means and values. Such analysis points, for example, to the role of military metaphors in legitimating organizational inequality, hierarchy, and the imperative of 'competitiveness'. To ameliorate the totalitarian tendencies of organizational structure and process, Critical Theory commends 'communicative rationality' (Habermas, 1984). In principle, such rationality fosters more participative decision-making, in which previously marginalized voices are included.

It can be allowed that grassroots strategic processes harbour some potential for challenging existing hierarchies and increasing participation (Bourgeois and Brodwin, 1984; Westley, 1991). But there is also a need for caution regarding the political neutrality of participatory processes and the celebration of autonomy under management's technocratic groundrules (Alvesson, 1996; Knights and Willmott, 2002). For example, advocates of decentralized, emergent strategy often argue for the promulgation of shared values and mission to provide a force for integration. Wrapped up in the discourse of empowerment and non-hierarchical networks, efforts to instil a strong common culture and vision can be interpreted as the promulgation of the particular interests of senior management (Willmott, 1993). Even if participants do perceive their interests to be in conflict with management, they may be silenced by organizational sanctions for expressing dissident views. Senge's concept of 'free dialogue', for example, resonates with Habermas's notion of undistorted communication, but lacks any critical analysis of systematic barriers to such dialogue. Participative approaches to strategic management

share the same burden as Total Quality Management and other methods rooted in Human Relations, in that they need to demonstrate that they go beyond managerialist efforts to harness local knowledge and commitment (Alvesson, 1993; Boje and Winsor, 1993; McCabe et al., 1998).

Analysis inspired by the work of Gramsci shares the scepticism and hostility of Critical Theory towards diverse managerialist formulations of strategic management. But it is less negative and pessimistic while, at the same time, being more politically orientated and engaged. Instead of appealing to the abstraction of 'communicative rationality', such analysis strives to expose hegemonic weaknesses and highlights opportunities for mobilizing and improving the prospects of subordinated groups. Gramsci's analysis of contestation among social forces suggests that the strategic coordination of economic, organizational, and discursive resources secures the hegemony of dominant groups, but also opens up space for resistance by labour, environmentalists, and other forces challenging the status quo. This contestation for influence takes place at multiple, interacting levels, including the firm, the industry, and specific social and environmental issues. And it is to the study of, and alliance with, counterhegemonic forces and networks that Gramscian thinking invites our engagement.

Although the efficient political action of disadvantaged progressive groups and social movements are applauded by proponents of Critical Theory, some problems must be borne in mind. Strategic action means a certain emphasis on the instrumental, and a downplaying of the ongoing discussion and reconsideration of values and objectives. There is a trade-off between an emphasis on results and on communicatively grounded consensus or, more pragmatically, the ambitious discussions involving the questioning of ideas and beliefs (see Forester, in this volume). Thinking 'strategically' routinely invites a degree of top-down control, self-discipline and the freezing of goals. Inherent in such means-ends thinking is a restrictive or even an anti-communicative element. A particular problem concerns the questionable neutrality of knowledge of political strategy in relationship to different interests. Progressive groups, as well as authoritarian leftists, right-wing groups and religious fundamentalists may take on board ideas of political strategy. CT, with its emphasis on communicatively grounded positions and the need to prepare an openness for critical dialogue around beliefs and objectives, can offer an antidote to authoritarianism and the risk that a positive project loses its ethical commitment.

An engagement with Gramsci, we have suggested, allows both a retention and a reconstruction of the concept of strategy No longer is strategy (commonsensically and hegemonically) conceived as the preserve of a managerial elite for whom academics are (self-evidently) stationed to provide more 'scientific' and/or 'effective' theories and recipes. Instead academics and practitioners are invited to abandon the illusion of spurious objectivity

and associated technocratic conceptions of effectiveness in favour of a perspective that locates 'strategic management' – its discourses and its enactments – in the interaction of forces that establish and sustain, or challenge and remove, the socially divisive and ecologically destructive practices of corporations and their elites. This perspective suggests a conception of power relations in which the formation of alliances and the temporal and geographic deployment of discursive and material resources is key to challenging as well as sustaining forms of domination and exploitation. An emancipatory agenda requires that strategy be taken seriously as a method of analysis and action. At the same time, we have cautioned that a Gramscian conception of strategy risks an overconfident, dogmatic identification of dominant and subordinate groups and their interests in ways that promote divisiveness and preclude critical reflection on societal goals and values. To reduce such risks, we have argued, it is relevant to temper a tendentially instrumentalist conception of strategy with one that is attentive to the communicative conditions of its formulation and pursuit.

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