
**GENERIC STRATEGIES AND ACTION MODES:
A PHILOSOPHICAL CHALLENGE FOR
STRATEGIC MANAGEMENT**

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Generic Strategies and Action Modes: A Philosophical Challenge for Strategic Management

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ABSTRACT

This paper introduces the concept of action modes as a useful addition to the concept of generic strategies salient in strategic management scholarship. Several developments within strategic management research during the last decade have revealed serious limitations of the orthodox conceptualization of generic strategies associated with the work of Michael Porter. By applying some ideas of the twentieth century philosopher, Jürgen Habermas, the paper presents a new framework for applying generic strategies across a variety of strategy domains; and it suggests that generic strategies may be evaluated by considering the corresponding underlying generic action modes they express.

ACTION MODES AND SCHOLARSHIP IN STRATEGIC MANAGEMENT

In this paper I introduce the concept of “action modes” and argue that it may usefully augment the repertoire of analytical tools currently employed by

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scholars in the field of strategic management. In particular, by drawing upon some ideas of the 20th century philosopher, Jürgen Habermas, I develop a fresh approach to the analysis of generic strategies that has practical applications for managers seeking to make their firms internationally competitive.

I propose in this paper that a distinction should be made between the concept of strategy and the concept of action mode, with the implication that, just as distinctions might be made between alternative generic strategies, distinctions might also be made between alternative generic action modes underlying alternative generic strategies. An action mode may be thought of as the fundamental form of activity, or the essential way of doing things, of an organization (or other type of actor). An action mode may also be thought of as the essential spirit of activity behind a strategy. Hence, it is possible to conceive of a particular strategy being consonant with a particular action mode. In keeping with the approach of Granovetter (1985) and his followers, who point to economic activity being embedded within social relations, I suggest that we may also see a strategy as being embedded within the action mode of strategic actors (such as firms and people associated with firms).

Before discussing how the concept of action modes may be usefully applied in business research, it is appropriate to situate the concept within a scholarly context. I will therefore commence with a brief review of pertinent literature in strategic management. After that I will return to the concept of action modes and suggest how it may frame a new research agenda in the field.

STRATEGIC MANAGEMENT AND THE EMERGENCE OF GENERIC STRATEGIES

At the beginning of the 1960s Alfred Chandler, Jr. — the leading business historian from Harvard University — completed a seminal study on the history of prominent U.S. firms, in which he emphasized their transformation from the unitary or functional form of organization to the multi-divisional form of organization. His book, *Strategy and Structure* (1962), became a standard reference in the emerging field of “business policy” or, as it has now become

known (following Ansoff, 1979), “strategic management.” It stimulated the growth of academic interest in the role of general managers and their professional advisors as planners, architects and implementers of organizational change and strategy in business corporations.

Together with Gilmore and Brandenburg’s article (1962), which was published at around the same time, Chandler’s book led to a body of research publications (e.g., Ansoff, 1965; Bower, 1970; Andrews, 1971) and university textbooks (e.g., Learned, et al., 1965) during the following decade based around the following idea: that companies could generate business success by following a structured planning process, involving the analysis of external environmental factors and internal organizational conditions, to design a strategy centered around optimizing the firm’s position in its environment. Much of the activity associated with this movement was based at the Harvard Business School.

During the 1970s and 1980s, as business-school education adopted an increasingly prominent position in the curricula and programs of American universities (and, indeed, of universities throughout the world), strategic management gained in stature and maturity as a field of business research; and the particular approach to corporate planning developed by the followers of Chandler, Bower, Andrews and others at Harvard continued to gain ground as the dominant paradigm of strategic management education (see, e.g.: Chistensen, et al., 1982; cf., Frederickson, 1990). By the late 1990s, despite the appearance of alternative developments in the field (e.g.: Mintzberg, 1979; Quinn, 1980), most popular textbooks in strategic management (e.g., Thompson and Strickland, 1996) continue to operate within this paradigm. If, as Mintzberg (1994: 36) suggests, we can chart the development of this tradition in corporate planning and strategic management back to the work of Selznick (1957) in the mid-1950s, then it would be fair to say that the approach has dominated university-based education in business management for the last four decades.

The preeminent, or at least the most influential, exponent of the above tradition in strategic management during the last two decades has been Michael Porter. Porter’s two books, *Competitive Strategy* (1980) and *Competitive Advantage* (1985), made Porter the most cited academic in the field during the 1980s and facilitated the growth of the theme of “competition” in the polemics of business research and education. Part of Porter’s appeal was his development

of a series of simple schemata and check-lists for conducting strategic analysis, so much so that the language embodied in Porter's work has now become a normal part of business discourse, both within universities and among practitioners. Porter's popularity was also partly driven by the immense appeal of his idea of generic strategies, first promoted through his 1980 book. The widespread adoption of Porter's ideas helped to make "strategy" one of the dominant catchwords of business research and education by the beginning of the 1990s.

The essence of the idea of generic strategies is that while, in principle, the variety of strategies observable among firms may be almost as broad as the variety of observable business activities, they may in fact be reduced to a very small number of basic, mainline — or generic — strategies. As generic strategies they may be conceptualized as such independently of the particular circumstances of the individual firm in question. For Porter there were really only two basic generic strategies: competitiveness based upon product differentiation, and competitiveness based upon cost reduction (cheap prices of products). Porter's book also mentioned a third generic strategy, that of selecting the scope of the market/industry niche within which the firm competes (but, depending upon how this idea was read, it could be interpreted as a variant of the product differentiation strategy). Porter argued that, for a firm to be successful, it needed to choose between alternative generic strategies; and that if it tried to pursue two generic strategies at the same time it would get "caught in the middle" and cease to be competitive.

Underlying Porter's approach to strategic management lay the assumption that competition was the basic mode of interaction of firms. For Porter, and those who followed in his style, the essence of strategic management was competitive strategy, and the heart of competitive strategy was the choice of a generic strategy that would maximize a firm's competitive advantage against other firms. The practice of competitive strategy involved the systematic analysis of industry structures and the choice of a position in an industry which would maximize a firm's ability to compete against its rivals and against other firms which were potential threats to its competitive position.

PRESSURE FOR NEW APPROACHES TO GENERIC STRATEGY

By the beginning of the 1990s several trends in the management literature began to create pressure for the idea of generic strategy to be broadened beyond the approach developed by Porter. The first was the emphasis by a growing body of strategy researchers that the internal competencies or internal capabilities of a firm, rather than its industry position, were drivers of its competitiveness (e.g., Prahalad & Hamel, 1990; Teece, Pisano & Shuen, 1990, 1997; Sakakibara, 1997). The emphasis by Porter on choice of market niche, product design and product price appeared to ignore much of what was actually driving the competitiveness of firms catching the attention of business researchers. Much of the new literature in strategic management appeared to be more concerned with issues such as whether new competencies should be generated internally to the firm or accessed externally through alliances or various forms of market transactions (e.g.: Teece, 1986; Pisano, 1990; Williamson, 1991; Helfat, 1997). In other words, the internal generation of competencies was construed as an alternative generic strategy to the external sourcing of competencies. While this new emphasis did not, strictly speaking, contradict Porter's approach it did nevertheless stress a whole new set of concerns and other dimensions of analysis.

Another trend in the strategic management literature which has challenged the Porterian approach to generic strategy, and which probably also fed the emergence of the internal competency emphasis in strategic management research, has been the interest in technological innovation and the crafting of strategies for technology-intensive firms (e.g.: Dosi, 1984; Link & Tassej, 1987; Nelson, 1992; Jelinek & Schoonhoven, 1993; Swann, ed., 1993). Once again, while this literature probably contains very little to contradict Porter's notions, it is replete with investigations into matters about which Porter's discussion of generic strategies has very little to offer. Strategies associated with issues such as how to facilitate innovation processes within the firm, whether to arrange technology portfolios on the basis of market-analyses or the internal technical logic of discovery, or how to manage research-and development teams within large multi-activity organizations, could not be adequately discussed using the categories provided by Porter.

A third, and more recent, trend in strategic management which has created pressure for a broader approach to generic strategy than Porter's has been the concern with knowledge and its role in modern enterprises (e.g.: Quinn, 1992;

Leonard-Barton, 1995; Nonaka & Takeuchi, 1995; Chen, 1997; Fleck 1997; Hansen, Nohria & Tierney, 1999). Much of the discussion of strategy in this literature, which is closely associated with the growing prominence of technology intensive forms of business activity, has been concerned with matters such as appropriate organizational forms for generating and renewing knowledge, and the use of inter-organizational arrangements for gaining access to knowledge.

Fourthly, a tremendous body of literature has appeared concerned with the role of inter-organizational relationships and strategic alliances in competitiveness, with much of this literature also emphasizing the themes of knowledge-intensity and technological innovation (e.g., Kreiner & Schultz, 1993; Cooke & Morgan, 1994; Liebeskind, et al., 1995; Drazin & Schoonhoven, 1996; Powell, 1996; Harpaz & Meshoulam, 1997; Henderson & Mitchel, et al., 1997; Millar, Demaid & Quintas, 1997; Senker & Sharp, 1997). One striking theme within this literature has been the attention given to the theme of cooperation as a mode of interaction between firms (e.g.: Furino, 1988; Hagedoorn, 1993; Shan, Walker & Kogut, 1994). While the dominant, formative, literature in strategic management emphasized competition as the primary mode of interaction between firms, the new literature has recognized that cooperation and competition both appear to play a role in the determination of the competitiveness of firms. The theme of cooperation, as either an alternative form or coexistent form of interaction between business organizations, has also been a prominent theme in the literature on networks (e.g.: Håkansson, ed., 1987; Johanson & Mattsson, 1987; Håkansson, 1990; Research Policy, 1991; Axelsson & Easton, eds., 1992; Biemans, ed., 1992; Nohria & Eccles, eds., 1992, Grahber, ed., 1993.; Willoughby, 1993).

Finally, research on the actual processes of strategic management within firms has brought into question the efficacy of the rational-planning approach embedded in the orthodox Porterian notion of generic strategy (Mintzberg, 1979, 1994). Mintzberg, Quinn (1980) and others have adopted a process orientation (what strategists actually do) rather than a product orientation (outcomes strategists hope for) in their approach to strategic management. In doing so they have helped to shift the emphasis in strategy polemics from the selection of hierarchies of goals and objectives towards seeking to understand the ways in which firms act and in which strategies are formed.

Table 1. Alternative approaches to generic strategy

School of Thought	Generic Strategies	
“Orthodox” competitive strategy	Cost minimization	Product differentiation
Corporate competencies	Internal generation of competencies	External sourcing of competencies
Technological innovation	Competency-enhancing innovations	Competency-destroying innovations
Management Of knowledge	Information access & processing	Knowledge creation & transformation
Inter-organizational relationships	Strategic alliances	Market-based transactions
Strategic planning	Formalized planning	Logical incrementalism

To summarize the foregoing discussion, there have been at least five schools of thought active in the literature in strategic management during the previous decade which have evoked the need for new approaches to characterizing generic strategies. The themes associated with these schools of thought are: (1) the assertion that the generation of competencies (in addition to the selection of an industry/product position) is a key to building sustainable competitive advantage; (2) a recognition that technology strategy is often the most important contributor to the overall strategic situation of a firm; (3) a belief that knowledge is a primary resource of a firm and that the management of knowledge is necessary for the long-term health of a firm; (4) a recognition that the management of inter-organizational relationships is an integral part of strategic management; and, (5) an emphasis on examining the alternative ways

in which strategy is developed and implemented as a counterpoint to the Porterian emphasis on the putative content of strategy.

Table 1 illustrates five different ways in which the notion of generic strategies might be reconfigured in the light of recent theoretical developments in strategic management scholarship. Each of these approaches corresponds to one of the schools of thought just described. They are juxtaposed with the orthodox Porterian approach to generic strategies.

ACTION MODES AND THE PRACTICE OF BUSINESS ADMINISTRATION

It appears from the foregoing discussion that the variety of generic strategy dyads, which may be identified, is at least as large as the variety of schools of thought, which may be identified in the strategic management literature. From the vantage point of the practitioner in business — faced with the problem of identifying what, if any, generic strategies may be appropriate for his or her firm — of what use is the academic literature in strategic management?

Should he or she simply adopt Porter's schema ... because it appears to be the most orthodox and seemingly most "common sense" of approaches? Should he or she decide first which school of thought appears to be the most attractive and then select a generic strategy dyad consonant with the themes of that school of thought? Or could some intellectual approach be developed for deciding which dimensions of analysis were most important for the identification of generic strategies? What approach might be adopted, furthermore, if the manager was concerned with purposes other than building competitive advantage ... purposes derived, for example, from ethical concern, aesthetic interest, cultural norms or concepts of the "good life" derived from frameworks-of-reference other than those oriented towards profit maximization or market share? In short, could we identify some central guiding concept to help us to discern appropriate dimensions of analysis and appropriate choice-dyads in generic strategy? This paper will explore one approach to this challenge by introducing the concept of action modes.

I propose here that a distinction should be made between the concept of strategy and the concept of action mode, with the implication that, just as distinctions might be made between alternative generic strategies, distinctions might also be made between alternative generic action modes underlying alternative generic strategies.

Strategy is defined here (drawing on Mintzberg & Quinn, 1996, and others) as the process of developing and integrating the goals, policies, resources and action sequences of an organization; recognizing that the process may be planned deliberately, may emerge incrementally, or may only be recognized after the fact as a pattern. In contrast, I define an action mode as the fundamental form of activity, or essential way of doing things, of an organization (or other type of actor). The action mode may also be thought of as the essential spirit of activity behind the strategy. Hence, it is possible to conceive of a particular strategy being consonant with a particular action mode.

JÜRGEN HABERMAS AND THE THEORY OF ACTION

The idea of alternative generic strategies being embedded within alternative generic action modes may be elucidated by introducing some ideas and terminology developed by the German philosopher, Jürgen Habermas. Habermas, a leader of the so-called “critical theory” school of thought, has probably been one of the most influential grand thinkers in the western academic tradition during the second half of the twentieth century. Much of his work has been concerned with theorizing about the nature of “action” and, in particular, with the relationship between theory and practice in western society. His first major treatise on this subject was published in German in 1963, and subsequently published in English under the title *Theory and Practice* (1973). In that, and subsequent works (1968, 1970a, 1970b, 1971, 1984, 1987), Habermas has written about the what he sees as a disturbing trend in technological society of a separation between theory and practice in social life and the consequent separation of human society into two dominant classes, “technocrats” (or social engineers) and all others (who tend to live primarily by passively adapting to technologies and socio-economic institutions developed by technocrats). This theme has been taken up in hundreds of more popular books by other authors.

Despite his status as a professor of philosophy, rather than a professor of business (the kind of academic one might normally expect to take an interest in the subject), Habermas has written extensively about the nature of strategy and about the difference between strategy and other forms of action. Drawing upon the seminal work of sociologist Max Weber, he groups social actions into two basic classifications, what he calls “communicative action” and “strategic

action” (1981, p.333). He then further classifies strategic action into “open strategic action” and “concealed strategic action,” the latter being further divisible into “unconscious deception” (i.e., distorted communications and signaling) and “conscious deception” (i.e., deliberate manipulation of information to influence other actors for predetermined purposes). “Instrumental action” is the counterpart in non-social domains of action, according to Habermas, to strategic action in social domains of action. Some basic elements of the theory are illustrated in Table 2, which is taken from the first of Habermas’ two volume treatise, *The Theory of Communicative Action* (1984, p. 285), originally published in German in 1981.

Table 2. Types of action, Classified by habermas

Action Situation	Action Orientation	
	Oriented to Success	Oriented to Reaching Understanding
Non-Social	Instrumental Action	-----
Social	Strategic Action	Communicative Action

Strategic action is a special case, in the social domain, of what Habermas in various places calls “purposive-rational action.” He defines this concept in the following manner (1984, p.285):

“The model of purposive-rational action takes as its point of departure the view that the actor is primarily oriented to attaining an end (which has been rendered sufficiently precise in terms of purposes), that he selects means that seem to him appropriate in a given situation, and that he calculates other foreseeable consequences of action as secondary conditions of success. Success is defined as the appearance in the world of a desired state, which can, in a given situation, be causally produced through goal-oriented action or omission.”

Communicative action, according to Habermas, is only to be found in social situations, because unlike instrumental action (a special case, in the non-social domain, of purposive-rational action), it requires the intersubjective interactions of people. He posits that communicative action, which elsewhere he also calls “symbolic interaction,” exists whenever the actions of the agents involved are (1984, p.286):

“... coordinated not through egocentric calculations of success but through acts of reaching understanding. In communicative action participants are not primarily oriented to their own individual successes; they pursue their individual goals under the condition that they can harmonize their plans of action on the basis of common situation definitions. In this respect the negotiation of definitions of the situation is an essential element of the interpretive accomplishments required for communicative action.”

Thus, the approach to the notion of strategy adopted by Habermas revolves around the conceptual dyad of purposive-rational action and symbolic-communicative interaction. In other words, symbolic-communicative interaction and purposive-rational action are two generic modes of action within which particular concrete actions may be classified.

In another seminal book, *Technik und Wissenschaft als ‘Ideologie’* (1968), Habermas linked the emergence of the technological society with the increasing dominance of purposive-rational action and the decline of symbolic or communicative interaction. He further elaborated on the concept of purposive-rational action by linking it closely to that of rational choice. He distinguished the two generic action modes as follows: “The conduct of rational choice is governed by strategies based on analytical knowledge” (1970, p.92) whereas symbolic interaction is “governed by binding consensual norms” (1970, p.92).

Strictly speaking, if we equated Habermas’ concept of strategic action with our concept of strategy per se, then his ideas would not be much use to us in our quest for a conceptual framework to categorize generic strategies. Strategy, by this interpretation of the terms, would be treated as being one of three basic types of action. If, however, we recognize that the rubric of “strategy” is employed in the academic literature with a broad array of meanings, only some of which may be reduced down to a narrowly instrumental concept of strategic action and only some of which may be defined as being dominated by rational choice (see, e.g., Markides, 1999; Mintzberg, 1994), then the action schema

developed by Habermas may be employed to conceptualize generic strategies in a variety of strategy domains.

I therefore posit that we may classify strategies employed by business organizations as being either an expression of the action mode described by Habermas as “purposive-rational action” or an expression of the action mode described by Habermas as “symbolic-communicative interaction.” In other words, generic strategies may be classified according to which generic action mode they express. This idea is illustrated in Table 3.

Table 3. Action modes and generic strategies

Strategy domain	Action Mode	
	Purposive / Rational Action	<i>Symbolic / Communicative Interaction</i>
	Generic Strategy	
Organizational Change Strategy	Power Tactics	<i>Attitude Change</i>
Competitive Strategy	Interfirm Rivalry	<i>Interfirm and Interpersonal Cooperation</i>
Knowledge Strategy	Information Parsimony	<i>Information Sharing</i>
Network Participation Strategy	Organizational & Social Isolation	<i>Immersion in Organizational & Social Milieux</i>

In principle, one could specify a large series of strategy dyads corresponding to these two contrasting action modes for a variety of organizational contexts (e.g., corporate strategy, business strategy — and even national strategy, in the case of national governments), or for a variety of functional contexts (e.g., marketing strategy, finance strategy, technology strategy, human-resource strategy, or manufacturing strategy), to name the obvious contexts. For the purposes of this paper, however, I will restrict discussion to the four domains of strategy outlined in Table 3: organizational change strategy, competitive strategy, knowledge strategy, and network

participation strategy. The logic of why these four domains were selected will become apparent to the reader as he or she reads on.

GENERIC ACTION MODES AND GENERIC STRATEGIES

The first strategy domain included in Table 3 to illustrate how the ideas of Habermas might be applied to the analysis of strategic management is that of organizational change strategy. This domain was chosen partly because of its ubiquitous importance to managers of modern knowledge-intensive firms, which tend to experience constant pressures for innovation and change (see, e.g., Mills, 1985; D'Aveni, 1994; Tidd, Bessant & Pavitt, 1997), but also because of a precedent in the literature in which two generic organizational change strategies have been compared in a manner which is similar to that proposed here.

The precedent lies in the work of Richard Walton (1965) who, writing in the 1960s before popularization in English of Habermas' influential work, described two contrasting strategies for social change, the power tactics strategy and the attitude change strategy.¹ These two strategies may also be applied to the organizational level of the firm, and they correspond to the two generic action modes about which Habermas has written. While Walton was not writing with the context of business or industrial organization in mind, his ideas are useful because they provide a confirmation of the usefulness of the approach advocated in this paper, and the polarity in Walton's thought bears a remarkable similarity to the polarity in Habermas' thought.

For Walton, organizations or groups of people seeking to bring about social change face a choice of a power tactics strategy, which involves "building a power base and the strategic manipulation of power" (Walton, 1965, p.168), or an attitude change strategy, which involves "overtures of love and trust and gestures of goodwill, all intended to result in attitude change and concomitant behavior change" (Walton, 1965, p.168). Walton's work also suggests that following the power tactics strategy would lead to a restriction in the flow of information and a reduction in the scope of interactions between those people or organizations of concern, while following the attitude change strategy would

¹ I am indebted to my student, Alessandra Billi, who brought the work of Walton to my attention.

lead to greater information flow and an increase in the scope of interactions (Walton 1965, p.172).

The main relevant insight which may be gleaned from Walton's ideas, without going into further detail, is that, rather than see the pursuit of strategy as a simple embodiment of purposive-rational action, it is possible to envision alternative types of organizational strategy which correspond to either of Habermas' two generic modes of action.

The second strategy domain included in Table 3, to illustrate how the ideas of Habermas might be applied to the analysis of strategic management, is that of competitive strategy. Competitive strategy is the most orthodox, and probably the most widely discussed, strategy domain in the literature. It is appropriate to explore how the ideas raised in this paper relate to orthodoxy in strategic management and, therefore, to salient ideas about generic competitive strategies.

The majority of the literature on competitive strategy reflects a presupposition (not normally explicitly articulated) that inter-firm rivalry (sometimes denoted simply as "competition") is the universal condition of firms in an industry. On the whole, this notion appeals so readily to common sense that it hardly warrants discussion. If, however, the distinction between alternative action modes is applied to competitive strategy, in a similar manner to the way it is applied to organizational change strategy in Table 3, then the value of questioning the absolute primacy of rivalry as an underlying form of competitive strategy becomes more obvious. The possibility of cooperation with competitors being a way of building competitiveness in an industry is evoked by the application of the concept of generic action modes to the domain of competitive strategy.

I propose here that firms exhibiting purposive-rational action as their action mode would be expected to adopt inter-firm rivalry as the primary emphasis of competitive strategy, whereas firms exhibiting symbolic/communicative interaction as their action mode would be expected to adopt inter-firm and interpersonal cooperation as the primary emphasis of competitive strategy.

Admittedly, this amounts to a paradoxical use of the term "competitive" ... it raises the question of whether competition and cooperation might be compatible in practice, even if they appear to be incompatible in conventional theory. As indicated earlier in this paper, the same conclusion has been reached

by a number of other scholars in strategic management (see also, Contractor & Lorange, eds., 1988; Doz, Hamel & Prahalad, 1989; Håkansson, 1989).

An application of Habermas' action mode dyad to knowledge strategy is also presented in Table 3. An organization with purposive-rational action as its action mode would be expected, according to the perspective I am proposing here, to follow a knowledge strategy characterized by information parsimony. For example, such an organization would view knowledge primarily as an asset to be preserved and as a weapon to be deployed against competitors, and it would probably therefore put much effort into seeking legal and other kinds of protection for its intellectual property. An organization with symbolic /communicative interaction as its action mode, on the other hand, would be expected to follow a knowledge strategy characterized by the sharing of information; it would see the sharing of information as a way of increasing the substance and value of its knowledge assets, through learning from interaction with other organizations.

As indicated earlier in this paper, one of the salient developments in the field of strategic management during the 1990s (e.g., Nohria & Eccles, eds., 1992; Axelsson & Easton, 1992; Willoughby, 1993; Gulati, 1998), following some important contributions during the 1980s (e.g., Miles & Snow, 1986; Thorelli, 1986), has been the emergence of network theory as an approach to studying the organization of business. Most of the other salient developments in the field, discussed earlier in the paper, tend also to be incorporated into the organizational networks literature in one way or another (see, e.g., Saxenian, 1990, 1991; Willoughby, 1998; Gulati, 1999). As a consequence, the study of network-related strategies of firms provides a convenient vantage point from which many other salient issues in strategic management may be viewed.

Network theory and network oriented empirical research, in the academic business literature, has been described by one scholar as predominantly descriptive (positive) rather than prescriptive (normative) in style (Easton, 1992). While the existing network literature may be rather weak on normative suggestions for strategy, I suggest that there are normative implications within the network perspective which may become more apparent if discussion of network participation strategy is augmented by discussion of alternative action modes, as outlined in Table 3.

Combining the above observations about the application of generic action modes to competitive strategy and knowledge strategy leads to the following

proposition about network participation strategy. Organizations dominated by purposive-rational action as their action mode would be expected to have weak and narrowly-bounded participation in networks, indicated by a low propensity for collaboration and communication with other organizations; this organizational isolation might sometimes also be expressed as geographical isolation (e.g., locating a facility so as to minimize the likelihood of employees sharing information with employees of competitors).

In contrast, organizations dominated by symbolic/communicative interaction as their action mode would be expected to have deep and extensive participation in networks, indicated by a high propensity for communication with other organizations. This propensity for communication could be seen as an expression of the propensity for the organization and its people to be immersed in its milieu both locally and globally.

In summary, an organization dominated by purposive-rational action as its action mode would exhibit relatively low levels of inter-organizational communication, while an organization dominated by symbolic-communicative interaction as its action mode would exhibit relatively high levels of inter-organizational communication. This idea is illustrated in Table 3.

THE PRACTICAL VALUE OF THE CONCEPT OF GENERIC ACTION MODES

In the foregoing discussion I made a case for the intellectual value of applying the concept of generic action modes, drawing upon the ideas of philosopher Jürgen Habermas, to the analysis of generic strategies. What, however, might be the practical value of the concept? In particular, we might ask whether it would really be feasible for an enterprise in a competitive business environment to engage in strategies based on symbolic-communicative interaction rather than purposive-rational action?

The first of the two action modes (symbolic-communicative interaction) may be attractive from the point of view of broader cultural values or from the point of view of the philosophical or ethical inclinations of some managers. It is nevertheless legitimate to wonder whether or not a firm engaging in strategies in the mode of symbolic-communicative interaction would be able to perform adequately in terms of normal business performance criteria. In other words, while the idea of consciously developing strategy as an expression of an underlying action mode may be a noble ideal, one is entitled to wonder whether

a firm operating in such a mode could compete effectively on the “bottom line.”

I suggest that a research program may be fruitfully pursued to address this matter. Such a program of research would include at least two lines of inquiry.

The first line of inquiry would seek to operationalize for research the concept of action modes in greater depth than has been possible in this paper. For example, in the domain of knowledge strategy one might develop a variety of measures of information parsimony, or information sharing, in addition to the usual behavioral or morphological variables employed in management research. In the domain of network strategy, as a further example, one might seek to develop robust measures of network embeddedness (as indicators of immersion in organizational and social milieu, or of organizational and social isolation). One might also need to identify alternative sources of data than the ones more typically used in business research, sources more suited to examination of action modes rather than strategic behavior as conventionally understood. If one was interested in international business one might develop measures suitable for acting as indicators of variations in action modes across national borders and geographic barriers. The increasingly global platform in which business processes occur would suggest that there could be great value in identifying robust indicators of immersion in internationally distributed business milieu (e.g., levels of international informal communication by employees of firms).

A second line of inquiry would concentrate on exploring the degree to which systematic variations in firm performance may be associated in some way with contrasts between firms in their underlying action modes and the respective strategies that manifest them. Such inquiry may help shed light on the problem of whether or not real choice of generic strategy, based on the conscious adoption of an action mode, is compatible with maintaining competitive advantage in a global market place.

CONCLUSIONS

After briefly introducing the idea of action modes this paper provided a short historical review of the academic field of strategic management. It was noted that during its first three decades the field was dominated by several key ideas, most of which emanated from scholars associated with the Harvard Business

School. The Harvard cannon included such notions as building business advantage though following a structured planning process based upon systematic analysis of a firm's environment and internal organizational characteristics, and the intelligent positioning of the firm in an attractive industry niche, based upon such analysis.

By the 1980s the most well known exponent of the Harvard Business School approach, Michael Porter, extended the cannon in a number of ways, the most notable of which included emphasizing the importance of competitive advantage and of intelligently discerning the structure of the industry environment in which one's firm was competing. Porter introduced a number of simple, but extraordinarily popular, analytical devices consonant with his approach, such as the "competitive forces" model and "value chain" analysis. However, one of his most useful contributions to strategic management heuristics was the formalization of the concept of generic strategies.

We noted, however, that during the most recent decade a variety of new theoretical approaches to strategic management emerged in the literature. These new approaches tended not to invalidate the work of Porter; but rather they raised a whole range of new issues in strategy that appeared to lie outside the sphere of interest of the dominant paradigm associated with Porter and his followers. For many strategy researchers the new theory of the 1990s, combined with the new context of global technology-related competition in business, pushed Porter's approach out of the limelight. The concept of generic strategy, an integral part of the Harvard/Porter cannon and so readily appealing to common sense practitioners of business, ran the risk of being marginalized by the new trends of the academy.

By introducing the concept of action modes, however, and by showing how the concept might be employed in the analysis of strategic business behavior, this paper has revealed how the concept of generic strategies might be revitalized. It has also shown how the concept of generic strategy may be applied in a distinctive and fresh manner for various schools of thought in strategic management that have emerged at the turn of the millennium.

Finally, to reiterate an earlier theme, the paper has raised a new issue as a candidate for serious academic research in strategy. It has posited the idea that symbolic/communicative interaction, rather than purposive/rational action, may be a viable underlying force in the development of strategy. The verdict is still out.

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