Strategists and Strategy-making: Strategic Exchange and the Shaping of Individual Lives and Organizational Futures

Tony J. Watson
Nottingham Trent University

ABSTRACT   A *strategic exchange* framework for the analysis of the relationship between the personal strategies of strategists and the strategic direction followed by organizations is presented. The exchange relationship that strategists have with their organization and the exchange relationship between the organization and the constituencies upon which it is resource dependent is examined and some of the processes and practices that this can entail are illustrated with the case of Strath Guitars. The case study also illustrates the value of *ethnographic fiction science* as an innovative type of research account which is especially appropriate for the reporting of studies of the detailed interpersonal and social processes associated with organizational strategy-making.

INTRODUCTION

The ways in which organizational strategists shape their own lives and identities and the ways in which they contribute to the strategic shaping of the organizations in which they work are more closely related to each other than the academic literature has tended to recognize. To examine how this dimension of the 'micro' processes of strategy-making relate to the more 'macro' processes of organizational performance, two closely interrelated innovative moves are made. First, the theoretical idea of *strategic exchange* is developed to focus on the relationship between the life-shaping exchanges that strategists make with their organizations and the exchanges that occur between the organization and the 'constituencies' with which it 'trades'. The key insight emerging from this is that strategy-makers are themselves among these resource-dependent constituencies with which the organization has to exchange. Second, a piece of research-based *ethnographic fiction*

Address for reprints: Tony J. Watson, Nottingham Business School, Nottingham Trent University, Burton Street, Nottingham NG1 4BU, UK (tony.watson@ntu.ac.uk).

science is presented to give an empirical expression to this insight. We see how the main strategy-maker in Strath Guitars simultaneously handles a strategic crisis faced by the organization and deals with issues arising in her personal life and career strategy.

A *process-relational* perspective is adopted to help understand the relationship between the 'self-shaping' exchanges that strategists make with their employing organizations and the other resource dependent exchange relationships that they manage on the organization's behalf. Through utilizing this perspective, both theoretically and empirically, vital insights are developed into how social processes both in and beyond the organizational context lead to particular strategic outcomes of significance to both the strategists' lives and their organization's future.

STRATEGIC PROCESSES AND PRACTICES

A broadly processual way of thinking about organizations and their management that has the potential to help us understand these issues has been emerging over some decades. This concentrates on the details of *how* organizational outcomes come about. It has been applied to organizations themselves (Elger, 1974; Silverman, 1970; Watson, 2001), organizational change (Clark et al., 1988; Dawson, 1994) and strategy (Mintzberg, 1987; Mintzberg and Walters, 1985; Pettigrew, 1973, 1985; Whittington, 1993). However, it is necessary to refine and develop this approach if we are to recognize the full significance of the role of strategists' personal life strategies in processes of organizational strategy-making. As Whittington points out (2001), processual analyses of strategy have tended to concentrate on the 'organizational level' and have not dwelt on 'the political rationalities of individual players in the strategy game'. A stronger 'practice' emphasis is necessary with closer attention being paid to how 'practitioners act' (Whittington, 1996).

A processual way of looking at organizations rejects the systems-thinking tendency to reify organizations and treat them as if they were fixed or given entities with their own set of properties and priorities ('organizational goals' especially). The systems orthodoxy gives organizations a quality of 'entitativeness', as Hosking and Morley (1991) and Hosking, Dachler and Gergen (1995) point out. These writers call for a 'relational' perspective instead. This looks at the organization in terms of the human relationships involved in it rather than treating it as an entity existing in its own right. If we combine this relational emphasis with the processual emphasis on *emergence* in social life we can develop a *process-relational* way of looking at organizations and management (Watson, 2002). This recognizes that there will always be a multiplicity of goals, interests and understandings within the 'quasi' or 'virtual' entity that processes of social construction create as 'the organization'. Some order and sense of direction has nevertheless to be achieved through managerial work in the organization. And this is where strategy-making

comes in. This is conceptualized here as *managerial activity carried out to maintain and adapt organizational arrangements and understandings to enable the organization to continue into the long term to carry out tasks undertaken in its name.* The systems-oriented social science tradition that has been dominant in strategic analysis has paid little attention to the detailed processes whereby organizations adapt or fail to adapt to their circumstances. Either there is the assumption that some kind of evolutionary mechanism or survival imperative leads to strategic adaptation or there is the assumption that managers rationally make strategic choices about the direction to be followed by the enterprise. Although the bounded nature of this rationality has increasingly been recognized (Cyert and March, 1963; March and Olsen, 1976; Simon, 1957) and the political processes that influence strategic choices acknowledged (Child, 1984; Johnson, 1987; Pettigrew, 1973), too little attention is still paid to the role played in strategy-making by the values, emotions, identities, interests and personal projects of the individuals engaged in such work. We need to understand better the part that is played in the steering and shaping of organizations by the personal priorities, identities and values of the strategy-makers themselves. Put simply, we need research on the ways in which the life strategies of strategists relate to the organizational strategies in which they are implicated. How do they express their values, sentiments, and identities and pursue their various personal projects through the work they do? And how, in turn, do these matters affect the corporate strategies that they shape?

A rare example of research that looks at such matters is that of Schoenberger (1994, 1995). Her work tends to stress the group dimension of these strategy-making processes, rather than the identity-shaping efforts of individual strategists however. She nevertheless shows how the power interests and identities of the strategic managers of certain large American corporations led to the development of particular managerial cultures and corporate identities. These, she argues, 'frame the kinds of knowledge that can be produced and utilised by the firm in the creation and implementation of competitive strategies' (1994, p. 449). The case of the Lockheed Corporation is used to show how those in charge of the company avoided for a number of years what would have been a competitively advantageous entry into the market for missiles. The key strategists in Lockheed defined themselves as aircraft makers, rather than as 'aerospace' people. And this shared self-identity and the strategic orientation that followed from it had significant influence for some years on the direction taken by the business. At the heart of the personal identities of these strategists was their idea of themselves as 'plane makers'. The reluctance of these strategists to be identified with missile production was a major factor influencing the strategy followed by the corporation – with enormous implications for everybody involved with this large and important business.

If this kind of research material is going to be built upon and extended by playing closer attention to the day-to-day processes and human relationships that lead to such outcomes two significant challenges face us. First, there is the chal-

lenge of gaining access to and gathering such detailed research information. And, second, given its inevitable personal, political and commercial sensitivity, there is the challenge of finding ways in which such research can be reported.

ETHNOGRAPHIC FICTION SCIENCE AND STRATEGY RESEARCH

Any researcher wanting to investigate the issues with which we are concerned here and to examine in detail the lives and work of organizational strategists faces considerable difficulties. Problems arise both at the stage of the investigation itself, and at the stage of writing accounts of the investigation. To look closely at the practices of actual human beings, with all the issues of power, interests, emotion, value and ambiguity that these involve, almost inevitably requires adopting an ethnographic style of investigation. There is practically no other way of learning about the fine grain of strategic processes, in spite of the enormous difficulty of obtaining high quality ethnographic research access at a strategic level. But even when such access is obtained, the researcher continues to face considerable problems of confidentiality and anonymity when it comes to research publication. This is especially so in the area of strategic management, where matters of power and commercial confidentiality involve complex sensitivities. The writing of *ethnographic fiction science* is one solution to this problem. It can also help strengthen the dialectical relationship between theory and research. It involves combining and reshaping knowledge gained in several different research contexts into a meaningful and theory-sensitive narrative. The 'surface' facts, corporate locations and individual identities are changed but the 'deeper' social processes that have been observed are given direct attention. It is these underlying patterns, after all, with which, as social scientists, we are primarily concerned.

The full rationale for this relatively novel style of social science writing and the *pragmatist* truth claims that can be made for it is provided elsewhere (Watson, 2000). It takes a non-representationalist epistemological position (Rorty, 1980) and thus does not straightforwardly use 'data' in the realist or representationalist sense: no claim is made that it is 'reporting, describing or mirroring an objectively existing reality' (Watson, 2000, p. 523). Ethnographic fiction science can be seen as bridging the genres of creative and social science writing. It is creative in the sense that 'the story is made or put together using the researcher/writer's fieldwork experience together with other inputs from their whole life experience and wider knowledge' (Watson, 2000, p. 524). But what it produces – in articles such as the present one – is scientific in two respects. First, it is 'partly shaped by concepts, theories, research studies in the existing social scientific literature' as well as offering 'generalisations of a theoretical nature and concepts for other researchers to use' (p. 524). And, second, it uses social science research techniques: 'the author is a self-conscious researcher using skills of observation, interview, documentary analysis and so on' (p. 524). The research case to be presented here is a piece of

ethnographic fiction science which weaves a narrative out of the social scientist's research experiences in strategy-making situations in such a way that confidentialities and sensitivities vital to the gaining of that research material are fully respected and in such a way that the range of particular theoretical issues with which the writer is concerned are given empirical attention. In the present context, several advantages of using ethnographic fiction science to report studies of 'micro' strategy-making processes can be identified:

- It may be the only form of writing that is feasible if the writer is dealing with aspects of strategic activity that research subjects would be unhappy to see directly reported, for personal, ethical or commercial reasons. It makes possible a degree of confidentiality that cannot easily be achieved in any other way (Watson, 1995b).
- It enables a closer matching of theoretical concerns and empirical observations than might be the case if the researcher were limited to reporting 'what actually happened' in the circumstances of a single case study. If the researcher is free to draw upon observations from several studies – combining them in a fictionalised narrative – there is greater opportunity to deal with the range of theoretically relevant issues than would otherwise be possible.
- The richer ethnographic cases that are possible can be especially helpful in the learning and teaching aspect of academic strategy work. Again, more issues can be covered than is possible with a single or conventional case. Also, the case can be made more appealing if the writer uses the full range of fiction writing skills (Rose, 1990) than might be achieved with the 'dry' presentation that is typical of conventional cases.
- The freedom to manipulate material that is possible enables the writer to concentrate and compress the research account to a greater extent than is possible with a conventional research report. This makes it more feasible than is normally the case to deal with ethnographic material in the relatively brief format of a journal article.

SHAPING LIVES AND SHAPING STRATEGY IN *STRATH GUITARS*

Several separate sources from the author's research and other organizational experience have been used in the following piece of ethnographic fiction science. To give the account coherence – and the relative brevity referred to above – it is written as if it were a single story told by the Managing Director of the organization in which she is both a 'key strategic constituency' and the main strategist.

Donna Dulsie is the Managing Director of Strath Guitars and she tells the story of how she handled a strategic crisis for the company, something that was closely connected to a strategic crisis in her own life. She starts, however, by telling us about the origins of the company.

I was going out with Willie Cose when he started Strath Guitars and I don't think that there is any chance that the business would have survived more than a year or two if I hadn't got involved in it on the management side. Willie was still at school when he started making his own guitars. These were good instruments and he made enough money from his weekend and evening guitar making to be able to set up his business when he was still only 18. When he left school he didn't work full time at guitar making, however. Alongside running Strath he was performing with his own band. The band featured Willie's very distinctive style of playing and his own guitar had been especially designed to accommodate his relatively unusual style. Not surprisingly, as the band became more and more popular so the demand for these guitars from Strath grew. But it wasn't long before Willie recognized the impossibility of running the guitar making business himself at the same time as doing concerts, making records and broadcasting. Fortunately, I knew every detail of the business and he was very happy when I suggested that I take on the managing of the business. My parents had run their own business and I had not only learned a lot from them but was keen to show them that I could do as well as them. Within five years the business had expanded considerably. And important to this growth was the expanded range of models that were made possible from the investment arising from the success of the original guitar.

My recruiting Ben More, a brilliant young instrument designer, also made the expansion of the model range possible. Of all things, I met him on a blind date just after Willie and I decided to end our intimate relationship. The break up was very amicable. But I wasn't interested in Ben as a boyfriend either. I soon recognized, instead, that he was just what Strath needed. At this stage I took on the formal role of Managing Director of Strath Guitars. And Willie agreed that he would leave the running of the business to me, in spite of the fact that he owned 80 per cent of the shares, with me having the other 20 per cent.

All of this worked out quite well for about seven years. But, just recently, I realized that we were coming to a crisis point. This was partly to do with the business itself and it was partly to do with Willie. But it was mainly to do with me. I got married about three years ago and, at the age of 28, I felt I wanted to have a child. Both my husband and I are very keep to become parents. My parents are keen to become grandparents and I feel that I have proved myself to them as a businesswoman. But I was torn. I loved the business and found the notion of leaving it, as well as letting Willie down, very difficult. The obvious thing was to find a way of reducing my role to a part-time one. However, I couldn't see how this would work out given that Willie had increasingly been interfering with the running of the company, something he had originally promised not to do. And, on top of this, I discovered that Willie was being offered a lot of money from Bigsounds Corp who wanted to buy Strath and to

get Willie to concentrate on becoming an even bigger rock star – a 'global star', no less. This big multinational produces Willie's records and they publish his music. They have a musical instruments division and wanted to bring the most popular two Strath models into their portfolio of instruments. He said that they were keen to keep me running Strath. But there was no way I was going to do this.

When I spoke to Ben More about the possibility of the take-over, he revealed that he was contemplating leaving anyway. This would be an enormous threat to Strath. The trade were expecting new models from Strath in coming years and this had a lot to do with what they expected of Ben, as one of the most innovative instrument designers around. But Ben fancied running his own business. I had noticed that Ben had been showing more and more interest in the business side of Strath. I would have involved him more in business matters if I had not been so distracted by Willie's interfering. It was clear now, though, that a way might have to be found of bringing Ben into business issues more if Strath were going to keep him.

Another worry I had was about the craft workers. They were resisting the pressures we were putting upon them to reduce the extent of individual variations from guitar to guitar. Several of the craft workers felt that it was important to their identity as instrument workers to have a degree of discretion about how each instrument was made. They did not want to be seen as 'mere assemblers'. This, however, was causing the sales team problems. The problem was one of perceived variation of quality 'out in the market place'. The workers insisted that every guitar was of equal quality to every other. But because the guitars varied, the retailers often argued that some guitars delivered to them were better than others. A way of handling these workers' requirement for opportunities to work at an appropriate craft level had to be found, ones that would not cause marketing problems. But there was also some issue or other that these people had taken up with their union. At that stage I did not know what it was but I was aware that the union's regional full-time official was seeking a meeting with Strath management.

When it comes to customers – 'end users' of our guitars as opposed to the retailers – I was hearing complaints, a bit like those of the retailers, about what they perceived as 'inconsistencies' in our instruments. Something clearly needed to be done about this to avoid losing customers to competitors. All the other major guitar makers were competitors but the two that customers of Strath were most likely to turn to were Bigaxe and Indy. Each of these was offering instruments that were similar to the Strath ones but were significantly cheaper. Their quality was not so high, but if retailers and customers perceived their quality as consistent, we had a problem.

I was also worried that the type of wood that Strath used was becoming increasingly expensive. I suspected that this was because Bigaxe and Indy were

buying from the same suppliers, quite deliberately hoping to get a 'Strath sound' by using similar materials. The cost of these materials was approaching a level were it might lead to dangerous price increases in Strath Guitars. Because the prices of the rival instruments were significantly lower, the competitors had more scope to increase their prices as a means of getting hold of the same type of wood that Strath used.

And several other problems were on my mind at this time. Apparently there was some problem with the tax authorities. I had been summoned to the local offices of the Inland Revenue to discuss what I had been told were 'serious problems with how Strath had been dealing with the PAYE of its staff'. I didn't know what was going on but I was worried that this might be just one of the problems that had been created by the company's accountant, a man who was nearing retirement and whom I knew I urgently needed to talk to. Then there was a worry about the very influential *Guitar News* magazine. I'd heard a whisper that they were going to do a large feature on Strath Guitars and I was anxious to find a way of influencing what they wrote, without being seen to be trying to bribe or otherwise illegitimately influence them. A bad story would obviously be harmful to the business, but it would also hurt Willie and me personally, given our pride in the company. Also, we did not want the magazine bringing our former personal relationship to public attention. That would not be helpful to the private lives of either of us. What would be helpful, in every respect, would be if we could offer a 'good story' of some kind to the magazine. What I wanted to do was to exchange with the magazine some 'good copy' in return for a 'good write up' that would enhance the reputation of the business, as well as giving personal satisfaction to Willie and me.

All of these issues made it very tempting to think about getting out of the guitar business and becoming a full-time mother, or perhaps joining my parents in their business, part-time. But, at the same time, I rather relished the challenge of sorting out these problems. Clearly, Strath was at a strategic turning point. Willie agreed with me on this and he came to stay with my husband and me for a weekend over which the two of us examined all the personal and strategic options that were in front of us. The best part of this was being reminded of how well we could work together and could think creatively. We decided that we both loved the business too much to abandon it to others. A priority would have to be an agreed division of responsibilities between us, however. Having agreed this, we decided just what broad strategic direction we were going to follow, with regard to both organizational arrangements and the way we would develop our products and markets.

We decided that Willie would take on a role as the non-executive chairman of Strath, leaving the clear executive leadership role to me. To take some of the pressures off me, and to allow me to think about starting a family without giving up work, I would chair a small 'operational executive group'. This would be

comprised of Ben More as the new Director of Design and Marketing, the existing Head of Sales and a new Finance and Administration Director – and me, of course. Somebody to fill the finance and administration post would be urgently recruited; they would replace the company accountant, who would be offered immediate early retirement. I would try to persuade the tax authorities to postpone their meeting until this new appointment had been made. With luck, the tax people would look favourably on a 'new broom' coming in.

I was determined to do our best to persuade Ben to stay with Strath and take on the expanded role (and the 'considerably improved benefits, of course', as Willie put it). If Ben agreed, he would be asked to start discussions with the craft workers about the possibility of the company offering 'custom guitars', special editions that would allow those workers who were especially concerned about utilizing their craft skills to gain a higher level of job satisfaction. In return for involvement in this development, however, the craft workers would have to accept that standard models would be built to a single set of standards and characteristics. Moves in the custom-building direction would be experimental, however, and Ben, together with the Head of Sales, would be asked to talk to as many retailers and their customers as possible to 'test the water' with regard to it. Also, whilst talking to the craft workers about these possibilities, Ben would 'sound them out' about why they had asked their union official to visit the company – with a view to settling whatever was worrying them informally and without union involvement. He would also be asked to consult them about an idea for an altogether new model that I knew he had in mind. This was an electro-acoustic instrument. This, together with the possibility of producing custom guitars would form the basis of a really 'good story' that could be offered to Guitar News. Ben and I would invite both the editor and the lead journalist to lunch at our best local restaurant as soon as possible to talk to them about the 'new direction' for Strath and their 'fight back' against the competition.

STRATEGIC EXCHANGE AND ORGANIZATIONAL STRATEGY-MAKING

Donna Dulsie's story illustrates the relationship that exists between the strategic exchanges that strategists make with the organizations that employ them and the strategic exchanges that are made between these organizations and the various parties with which they deal. Donna is simultaneously shaping her own life and contributing to the strategic shaping of Strath Guitars. Following the central logic of case study research of developing theoretical (as opposed to empirical) generalisations (Yin, 1994), Figure 1 identifies the main elements of the type of process we have seen occurring in Strath. And central to such processes is a relationship between what, in Figure 1, is called the 'emergent life strategy' of strategists and the 'emergent strategy' of the organization in which they work.
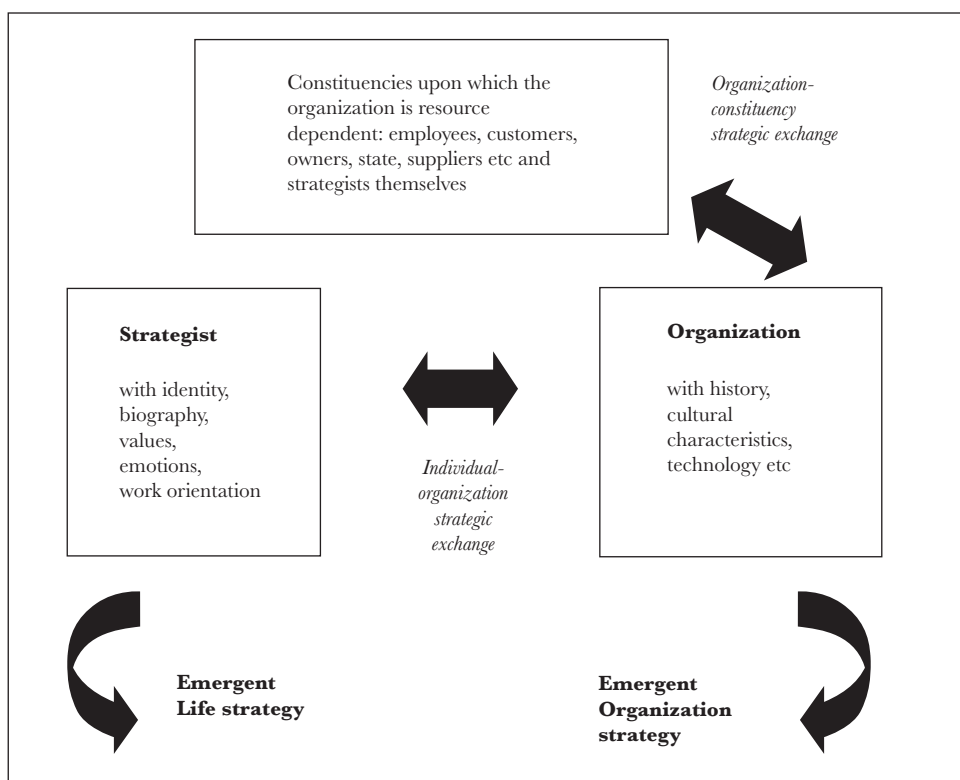
Figure 1. Strategic exchange and the link between the life strategies of strategists and the strategic shaping of organizations

Figure 1 also indicates the two major types of strategic exchange that play a part in these processes (represented by the two straight double-ended arrows). First, there are exchanges between the strategist and the organization. And, second, there are exchanges between the organization and the various constituencies with which, in the broadest sense of the term, it has to 'trade' to continue in existence. It is important to note that the 'strategists' appear in two places in this model. They appear in the 'strategist' box itself as well as in the resource-dependence constituencies box. This reflects a key insight of the present study: in the 'actual practices' of strategy making, strategy-makers organize exchanges between the organization and themselves as well as between the organization and other parties such as staff, customers, suppliers and the rest. Put crudely, strategy-makers' own demands are taken into account by strategy-makers when they are dealing with the resource demands of all of the other parties with which the enterprise exchanges.

At the heart of strategic exchange activities are processes of *enactment*. Donna, like every other strategist, strives to makes sense of the world and act in the light of the sense she makes of it (Smircich and Stubbart, 1985; Weick, 1995, 1979).
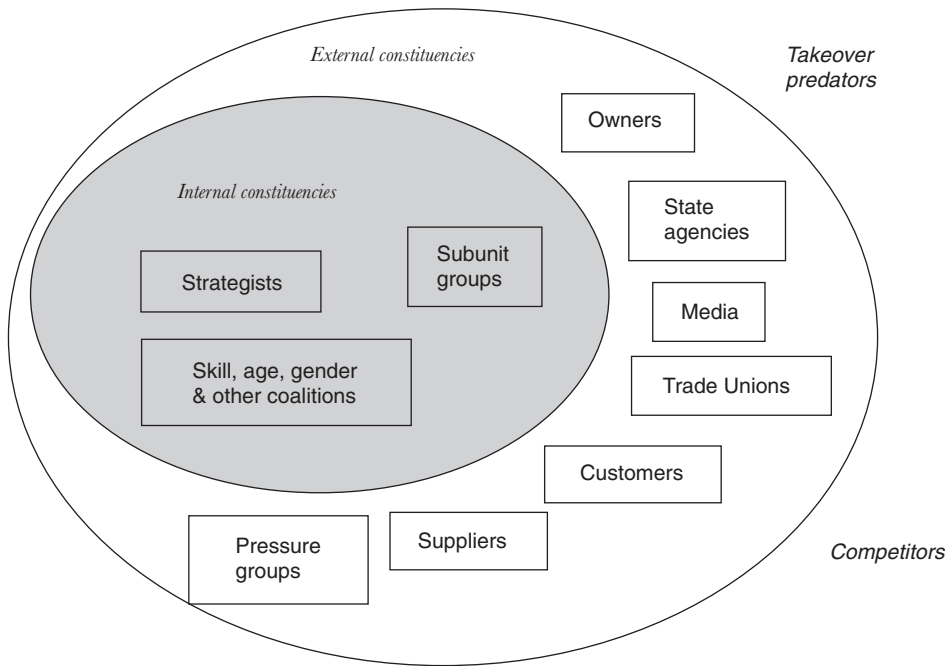
Figure 2. Organizational strategic exchange constituencies – a typical pattern

And strategic enactment comes about as managers trade, on the organization's behalf, with the range of parties or *constituencies* that they see as needing to be satisfied if the organization is going to survive into the future. Donna, helped by Willie Cose, has to make sense of what it is the craft workers want, or might want, interpret what it is that might satisfy Ben More, speculate what might please the editor of *Guitar News* and guess what the tax authorities might require of the company. All of these *inferred* demands have to be balanced with each other, as well as with what she herself is seeking as an 'internal constituency' and Willie would be happy with as an 'external constituency'.

Figure 2 is a model that can be applied to organizations generally. It outlines the main types of internal and external constituencies with which they exchange. Organizations are dependent for their continuation upon the resources that these constituencies provide. Such resources vary from the labour, applied knowledge and the commitment that is obtained from the organization's employees and the raw materials obtained from suppliers, to the revenues obtained from customers and the legal approval obtained from the state. And to receive such resources an exchange relationship is entered with each of these constituencies. Managers, on the organization's behalf, trade with them. They provide employees like Ben More and the Strath Guitars craftworkers with resources such as pay, job interest or status. They pay the bills of suppliers like Strath's wood importers and they provide customers like Strath's retailers and guitar-buyers with the products or services

they seek. They pay taxes to the state and 'give' the state compliance with the law (something that the new Strath director is going to have to deal with). Some of these 'resources' are material ones like wood or cash. But others, it is important to note, are *symbolic resources* such as employee satisfaction or job security and customer satisfaction and confidence in the product. Meanings are traded in all of this as much as objects and cash are traded. Matters of satisfaction, security, trust or commitment across the range of exchange relationships are as relevant to long-term survival as are the artefacts that change hands. Donna appears to be keenly aware of this, applying it not just to shopkeepers, guitar players and music journalists but to the guitar makers, to Willie and Ben and, very importantly, to herself.

The inner circle of Figure 2 contains some of the parties or constituencies that are part of the organization itself. The outer circle covers a typical set of parties with whom a commercial organization might externally trade. And outside the two circles are forces that are *not* resource dependent constituencies. These are presences, however, that the external constituencies might deal with, with possibly profound consequences for the organization if, say, the owners sell their shares to a take-over 'predator' like Bigsounds Corps or customers take their business to a competing company like Bigaxe plc or Indy Axes.

In effect, strategists have to work with a mental map that might look like Figure 2. But the territory to be mapped, for any given organization, will change from day to day. In practice, then, there has to be a prioritizing of attention paid to different constituencies at different times. Priority has to be given to those constituencies that are perceived to be the most significant, at any given point in time, for the long-term survival of the organization. An important element of all strategy-making work is therefore the identifying of priorities, immediate and forthcoming, about which contingencies are to be attended to. At any point in time, some constituencies are more 'strategic' than other: they create a greater amount of uncertainty for the organization's future than others. Sensitivity to this is a key competence required by strategy-makers and Donna's prioritizing of the demands on Strath Guitars is at the heart of the strategy-making process she tells us about. Figure 3 attempts to use different font sizes to represent how Donna sees certain constituencies as more 'strategic' than others, in terms of the different amounts of uncertainty they are currently creating for the business.

The two most critical constituencies with which Donna Dulsie believes she has to deal with are, first, herself (as the currently most strategic internal constituency) and Willie Cose (as the currently most significant external constituency). Prior to the weekend that Donna and Willie spent thinking about the future of the organization, it would seem that neither of them felt their current exchange with the enterprise to be a satisfactory one. Most importantly, it seems that Donna could no longer see a continuing 'fit' between her personal life strategy and the way the organizational strategy of Strath Guitars was working out at that time. This lack of perceived fit would be extremely serious if it were allowed to continue. It could lead Donna
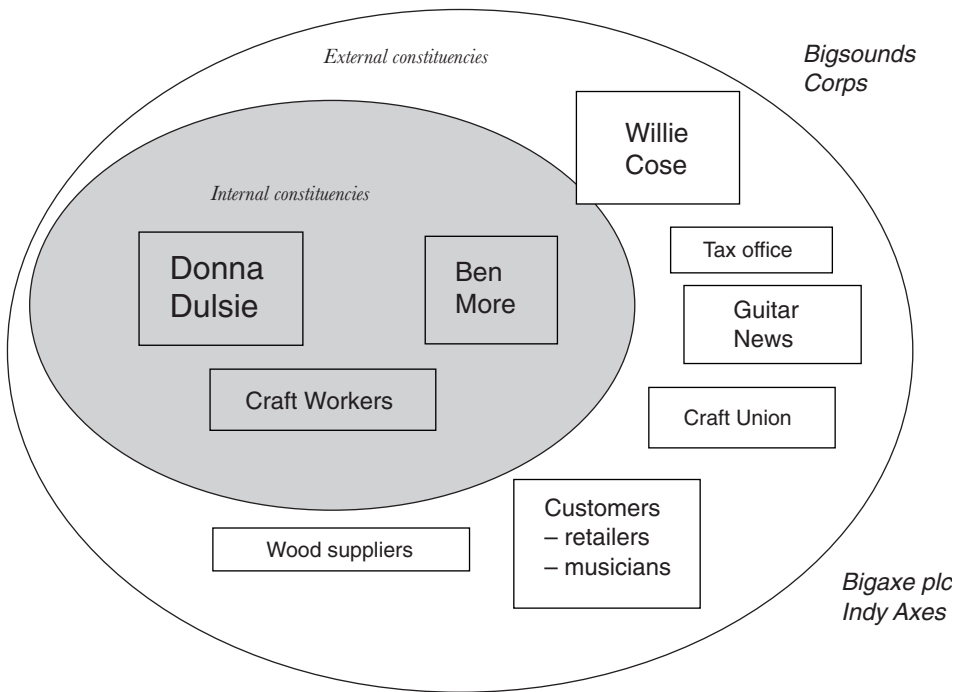
Figure 3. A strategic exchange 'map' of Strath Guitars: resource dependent constituencies seen to be currently strategically significant by Donna Dulsie

to take Strath Guitars towards its demise. As far as we can understand, however, there had been such a fit in the past. Her earlier orientation to her job seemed to fit well and creatively with the strategic development of the guitar company. Her personal mission to establish herself as a businesswoman and prove her abilities to her parents was important to her entry into the business and to her performance as its manager. In effect, 'the organization' rewarded her – in addition to whatever financial rewards she received – by enabling her to pursue part of a personal life strategy and to express her desired identity as a businessperson and a daughter of whom her parents could be proud. There was also a sufficiently powerful emotional attachment to the business for the word 'love' to be used. Yet, as we move towards the point at which Donna has identified a strategic crisis, it would appear that the exchange has come to be less satisfactory to her. Willie's 'interference' with managerial processes was leading to dissatisfactions on Donna's part.

The changes in orientation on the part of both of our two key constituencies (one of whom is the key strategist too) are not simply matters of lack of satisfaction with their current strategic exchanges with Strath. Willie is clearly tempted to put all his efforts into becoming a more famous musician and, as we might infer from Donna's reference to 'a lot of money' being offered by Bigsounds, to becoming very cash rich. But Donna's change in life strategy is the most significant one. Having a baby seems to be very important to her and to her relationship with both

her husband and her parents. Yet her love of the business and her sense of commitment to Willie (in spite of his recent interfering in management matters and his temptation to sell the business) creates a tension in her. Thus, the strategy-making that Donna undertakes over her 'strategic weekend' with Willie is as much about her sorting out her personal life and her relationships with the world outside Strath Guitars as it is about solving what we might call straightforward 'business problems'.

Donna proposes a number of measures to tackle Strath's business problems: the promoting of Ben, the experimenting with custom-built guitars and the associated 'job enrichment' offer to the craft workers, the replacing of the accountant with a new director, the standing back from management by Willie, the forming of the 'operational executive group', the deflecting of the union official and the wining and dining of the journalists. These are all intimately connected with the way Donna is trying to organize her own life and personal priorities. She is simultaneously shaping her own life and shaping the strategy of the organization. She is devising new strategic exchanges to operate between herself and the organization at the same time as she is devising different strategic exchanges with various of the other constituencies that the organization deals with – Willie Cose and Ben More as individuals, the craft workers as a group, the retailers, customers, media representatives, tax authorities and so on.

The pattern of strategic exchanges in which Strath Guitars is engaged, like all of those that can be traced back over the history of the organization, fits with the processual conception of organizational strategy as 'the pattern in a stream of actions' (Mintzberg and Walters, 1985) or as 'the pattern to be seen emerging over time as actions are taken to enable the organization to continue into the future' (Watson, 2001). They also illustrate *logical incrementalist* strategy-making in action (Quinn, 1980). Within what Donna refers to as a 'broad strategic direction' Strath will be developed through taking incremental and experimental steps, building on what appears to have occurred previously. Incremental steps are taken to deal both with both the opportunities and the problems that arise for Strath. The chance meeting of Donna and Ben, for example, led to the latter's appointment to the company as a designer who helped both expand the product range and the company's reputation. To handle the more recent problem of Ben's growing dissatisfaction, Donna is experimenting with giving him an expanded managerial role and she stresses that the 'moves in the custom-building direction' will be experimental and that the sales people will 'test the water' with retailers and customers with regard to it. In a similar way, Ben will be asked to 'sound out' the craft workers about the proposed changes. Just what will emerge in the future is unclear, but Donna and her colleagues will clearly continue to shape structures and activities in a way that both keeps the business going and meets the emotional and identity requirements, as well as the material interests, of all of those involved in the enterprise.

To recognize within this the importance of the resource demands of organizational members – and of the strategy-makers themselves – is not, however, to see such 'wants' as fixed or as 'givens'. People's life strategies, and the wants connected with these, are emergent in the same way that organizational strategies are. The *process-relational* perspective looks at human beings in the same non-entitative way that it looks at organizations. Human beings like Donna Dulsie are not to be seen as freestanding entities with fixed personalities who are propelled or 'motivated' by a 'drive' to 'satisfy needs'. It is more useful to see people generally and strategists specifically as 'emergent' beings, continually striving to make sense of the world and achieve an identity through processes of negotiation, exchange and rhetorical dialogue with others (Billig, 1995; Edwards and Potter, 1992; Gergen, 1993; Harré and Gillett, 1994; Hosking and Morley, 1991; Shotter, 1993; Watson, 1995a; Watson and Harris, 1999; Weick, 1995).

People's distinct individuality is only possible through their relating to others. They are *strategic* and *situationally sensitive*, always acting with regard to their specific context and their day-to-day projects (Schutz, 1972), as well as in the light of their broader and longer-term projects in life and what they currently regard their identity to be. Their physical and psychological survival depends upon give-and-take exchanges with others as they exchange meaning-giving and emotional resources as well as material goods or necessities with other parties. And people are *both* rational *and* emotional, their reasoning capacities and their feelings mutually influencing each other in everything they do. All of this is very apparent in the case of Donna Dulsie – from her switching from being a guitarist's girl friend to the manager of the company he started to her now moving from being a powerful full-time chief executive to a mother and part-time executive working within a team. Emotions still play a part in the relationship that evolved between Donna and Willie but these are played out alongside their jointly rational calculations of what they and their enterprise should do in the future. The exchanges that Donna organizes for herself and for all the other parties to the enterprise are shaped by the way she is continually striving to make sense of both her own life and the circumstances and feelings of the people and groups with whom she deals.

The strategic exchanges that occur, then, are always *enacted* – with strategists using a variety of rhetorical and symbolic devices to make sense of and act towards their situations (Huff, 1983; Johnson, 1990; Weick, 1995). We see Donna Dulsie using a variety of *discursive resources* (Watson, 1995a) to interpret and enact the circumstances in which she finds herself and her company. We see her deploying a stream of sensemaking devices varying from 'out in the market place' and 'perceived quality' to 'good copy' and 'the reputation of the business'. And much of this – 'I'd heard a whisper', for example – has a mundane and 'everyday' quality to it (De Certeau, 1984). One could argue indeed that the company's strategic crisis has arisen because Donna is envisaging a very 'everyday' and domestic crisis in her future personal life: the problem of who will look after her baby! However,

such 'everyday' issues only arise in the context of the broad patterns of gender relations in society and the typical *subjectivities* (Foucault, 1980) that that are socially available to women. In certain respects Donna has resisted standard definitions of what a woman should be and negotiated a subjectivity that incorporates the notions of being a loyal wife and daughter as well as a successful businesswoman. In her future life she will need to incorporate her being a parent into her identity and face the challenge of meeting the potentially incompatible expectations associated with being both a strategic-level business manager and a mother.

This recognition of Donna's likely need to renegotiate her social identity in the future reminds us that the 'micro' aspects of strategy-making in organizations always occur within the broader structure of power, discourse and inequality in the world (Alvesson and Willmott, 1996). The strategic exchanges that strategists make on their organization's behalf with resource-dependence constituencies occur within an industrial capitalist political economy and exchanges between strategy-makers and their organizations are both shaped by and contribute to the shaping of class, ethnic and gender relations. And we must also remember that the everyday or 'micro' aspects of strategy-making will also be influenced by the specific economic and sectoral context of the business in which it occurs (Child and Smith, 1987). What will be feasible for Donna in how she shapes both her work role and her personal identity in the future will not be the same in the context of retail-oriented manufacturing within the music industry as it would be were she working in, say, the engineering or the construction industries.

CONCLUSIONS

Adopting a broad *process-relational perspective* on organizational and managerial activities and utilizing the key concept of *strategic exchange*, a robust theoretical framework has been developed that can be applied to organizational strategy making processes generally. Insights into how organizational strategies involving 'actual strategists' in specific circumstances emerge over time and are shaped in the light of the interpretations and personal priorities of key strategists has been made possible through bringing together observed and reported strategic processes from several different enterprises using the device of *ethnographic fiction science*. This has enabled sharp insights about the 'micro' aspects of strategy-making in organizations to be offered. These insights derive from a combination of empirical experience and theoretical reflection, it is important to stress. The emergent strategic exchange framework has been both an input into and an output from a variety of ethnographic investigations.

A variety of theoretical resources have been utilized here. But this has not been done in a loosely eclectic or promiscuous manner. A number of the concepts have been borrowed from theoretical traditions that are inconsistent with a *process-*

relational style of analysis. In such cases the concepts have been detached from their original roots. The emphasis here on 'exchange', for instance, implies no attachment whatsoever to the American functionalist and pluralist traditions in which 'exchange' played a key part (Blau, 1964; Heath, 1976; Homans, 1958). And the concept of 'resource dependence' indicates no support for evolutionary or ecological approaches to organizational and strategic processes with which it is sometimes associated (Carroll, 1984, 1988; Hannan and Freeman, 1988; Pfeffer and Salancik, 1976). To adopt either of these approaches would be to risk structural determinism and to risk neglecting human agency in a way that would be inimical to a concern with organizational and strategic *processes* (cf. Astley and Van De Ven, 1983; Morgan, 1990). The concepts used were selected in a spirit of *pragmatic pluralism* – an approach which encourages the researcher to draw upon concepts from a range of social science disciplines and so-called theoretical 'paradigms' and to adapt these so that they fit into a conceptual scheme that is devised, first, to be helpful to a particular research investigation and, second, to have a methodological integrity of its own (Watson, 1997). To maintain this methodological integrity, all concepts, regardless of the traditions with which particular variants of them have been associated, are used here within a broadly interpretive or social constructionist frame of reference (Berger and Luckmann, 1971; Gergen, 1999), a non-representative, pragmatist and post-Cartesian epistemology (Rorty, 1980) and an 'emergent' ontology emphasizing 'becoming' rather than 'being' (Chia, 1996).

In spite of this concern with retaining methodological integrity and theoretical consistency, it is important to stress that theoretical work does not exist for its own sake. It is regarded here as vital to the way in which academic endeavour can help inform the thinking of all of those who wish to understand the fine detail of strategy-making processes – whether it be as critical observers of the management of work organizations or as people engaging in strategic practices themselves. An attempt has been made to demonstrate the value of adopting theoretical perspectives that do full justice to the complexities of human identity creation and sensemaking work and give full recognition to the subtleties of the organizational and strategy-making processes with which these are inevitably connected. Organizational strategists inevitably bring their own personal orientations, identity projects and life priorities into their strategy-making work and these both influence and are influenced by the strategy-making in which they engage. The shaping of the lives of strategists and the shaping of organizational strategies mutually influence each other in myriad ways, but this always happens within the broad scheme of processes that have been identified here. Further research in this style and spirit in other organizational circumstances and at different stages of corporate development are nevertheless strongly to be encouraged, so that a richer and deeper understanding of these processes can be achieved.

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