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RESEARCH NOTES AND COMMENTARIES

REALISM AND CONSTRUCTIVISM IN STRATEGY RESEARCH: A CRITICAL REALIST RESPONSE TO MIR AND WATSON

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Mir and Watson (2000) advocate that constructivism has the potential to inform strategy research. In their discussions, they compare constructivism with realism, and highlight certain alleged strengths of the former over the latter. Although their paper provides some insights, their version of constructivism is problematic and their understanding of realism is inaccurate. In this note we clarify some key issues concerning constructivism and realism. Moreover, we argue that Mir and Watson's insights can be accommodated within a critical realist framework.

In their recent article on the research methodology of strategic management, Mir and Watson (2000: 951) contend that '(s)trategy research has always been blessed with a constructivist tradition, but perhaps it is time this tradition moved into the mainstream and displaced ahistorical cross-sectional research,' which, they think, is one undesirable consequence, among many others, of the realist tradition. We welcome their efforts to use contemporary philosophy of science to throw light and to stimulate critical reflections on strategy research. While Mir and Watson's paper does provide some insights, we want to pursue a dialogue with them from the perspective of critical realism. We argue that their misgivings about realism are based on an inadequate understanding of realism, and their insights can be accommodated within a critical realist framework. We first discuss below the problems of their version of constructivism.

PROBLEMS OF MIR AND WATSON'S CONSTRUCTIVISM

It seems that Mir and Watson's discussions of constructivism are quite confusing. For example, in their introduction (Mir and Watson, 2000: 941) they cite Boyd (1991) when describing constructivism's basic philosophical thoughts. The reference to Richard Boyd's work, which is a shortened version of Boyd (1984), is most peculiar here because Boyd is a staunch realist and an outspoken critic of constructivism (Boyd, 1992, 1996). The main purpose of Boyd (1984: 41) is to offer adequate 'realist rebuttals to

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empiricist or constructivist arguments against realism.' Boyd (1984: 80) indeed thinks that 'research is fundamentally theory-dependent' but he argues that 'a theory-dependent methodology need not be merely a construction procedure.'

Although Mir and Watson refer us to Boyd in their exposition of constructivism, there is in fact a divergence between their understandings of constructivism. *Sometimes*, it seems that for Mir and Watson it is sufficient for a person to be counted as a constructivist if he or she accepts the theory-dependence of research. However, for Boyd (1992: 131), the decisive difference between realists and constructivists is that 'the former hold, while the latter deny, that the phenomena studied by scientists exist and have the properties they do independently of our adoption of theories, conceptual frameworks, or paradigms.' Boyd believes that both realists and constructivists can accept the theory-dependence of research but the distinguishing characteristic of constructivism is the further assertion that theory-dependence 'indicates that there is something misleading . . . about the claim that in scientific work scientists *discover* what *the world* is like' (Boyd, 1992: 132).

To avoid confusion, we need to distinguish various types of constructivism. Hess (1997) has a clear discussion of this issue. He distinguishes between moderate constructivism and radical constructivism. For Hess (1997: 35), moderate constructivism believes that 'scientific theories are realistic maps or explanations of a real world and at the same time vehicles that encode culture-bound linguistic categories and cultural values . . . and/or are shaped by social interests and other social variables.' In contrast, radical constructivism claims that 'scientists do not discover the world but impose a structure on it or in some sense "make" the world' (Hess, 1997: 35). In other words, scientific 'knowledge' is socially constructed. It is clear that while moderate constructivism is compatible with realism, radical constructivism is a form of antirealism.

It is important to make the above distinction. The philosophers favored by constructivists (e.g., Thomas Kuhn and Bruno Latour) have inspired the development of the discipline of science studies in recent decades (Pickering, 1992). The major concern of this discipline is to examine how various kinds of scientific knowledge are constructed in their contexts. However, in the mid-1990s, many realist scientists and philosophers mounted a spirited attack on science studies and all forms of 'constructivism.' They regard this entire field as a hotbed of postmodern irrationalism, which leads to the denigration of science (Kurtz and Madigan, 1994; Gross, Levitt, and Lewis, 1996; Koertge, 1998). This attack has in turn provoked a response from scholars of science studies. The whole dispute is sometimes called 'science wars' (Ross, 1996; Ward, 1996; Latour, 1999). We agree with the realist critique of the more extreme claims made by scholars of science studies or by constructivists. However, the heat of the debate tends to cloud the potential contribution of constructivist insights to scientific research. This is in part due to the common error of lumping moderate constructivism and radical constructivism together. If we make clear the distinction between the two, it is easier for us to sort the wheat from the chaff in the constructivist movement.

However, the blame for the confusion partly lies on the side of constructivists, who rarely make clear the above distinction. Mir and Watson have this problem too. Although they mention briefly the different types of constructivism, they do not state explicitly which type they subscribe to. Sometimes they speak as moderate constructivists. For example, they state that the 'identification of some of the inadequacies of the realist paradigm must not be seen as a critique of realism itself' (Mir and Watson, 2000: 947). They believe that '(c)onstructivist theories decenter the concept of a "natural" organizational science, but do not blindly embrace a philosophy of relativism' (2000: 950). On the other hand, these disclaimers sometimes seem to be contradicted by their other sayings. For instance, they say, 'According to constructivists, the philosophical positions held by researchers determine their findings' (2000: 943). They further mention that such a constructivist approach suggests that 'organizational "reality" (Astley, 1985) or the truth that academic disciplines avow (Cannella and Paetzold, 1994) is socially constructed' (2000: 943). If philosophical positions *determine* research findings, then reality has no input to and control over scientific research. Each and every one of various incommensurable philosophical positions will determine *its own* findings. No research findings can be neutrally assessed, criticized or falsified. Besides being rather implausible, this view quickly leads to epistemological

relativism, as confirmed by their Fig. 1[1] (which includes epistemological relativism within the zone of constructivism).

Furthermore, they quote Foucault approvingly: 'We must conceive analysis as a *violence* we do to things, or in any case as a practice which we *impose upon* them' (2000: 942, emphasis added), and later make a Foucaultian point themselves: 'Researchers are never "objective" or value-neutral. Constructivists subscribe to the view that theory is discursive and power-laden' (2000: 943). If it is the case, again it is hard to see how scientific research can be objective. So despite their disclaimers, Mir and Watson at times do lean towards an unacceptable form of antirealism and relativism. (Owing to space limitations, we are not going to discuss the reasons why relativism is unacceptable. Mir and Watson themselves also seem to have reservations about relativism.) In the end, because Mir and Watson fail to distinguish different types of constructivism, and to clarify where they stand exactly, their characterization of constructivism is shot through with internal contradictions.

MIR AND WATSON'S INADEQUATE UNDERSTANDING OF REALISM

Mir and Watson's understanding of realism is clearly defective. Early in their paper we encounter this claim: 'constructivism forms an improvement over realism (Godfrey and Hill, 1995) to the extent that constructivism explicitly pays attention to the context-driven nature of theory creation' (2000: 942). Then near the end of page 944, they give the following list of important underlying principles of realism:

- 'the best theories are those that are close to the truth;
- the truth of a theory explains (and is the only explanation of) its predictive validity;
- we are moving progressively towards a true account of phenomena;
- the claims made by any theory are either true or false; and
- only through the deployment of "reason" can a theory be proven or refuted.'

They do not, nonetheless, include the denial or neglect of 'the context-driven nature of theory creation' in their list. Even if 'explicitly paying attention to the context-driven nature of theory creation' is indeed a merit of constructivism, it does not necessarily follow that 'constructivism forms an improvement over realism.' There is no reason why realism cannot include an emphasis on 'the context-driven nature of theory creation.'

The problem with Mir and Watson here is again their failure to distinguish different kinds of realism. It is important to distinguish a dogmatic realist from a critical realist. Both believe that theories can be true or false, and rigorous scientific research can move us progressively towards a true account of phenomena. Dogmatic realists further believe that current theories correspond (almost) exactly to reality, and hence there is not much room for error or critical scrutiny. This attitude is inspired by (but does not strictly follow from) a primitive version of positivism which believes in indubitable observations as raw data and that an infallible scientific method can safely lead us from these data to universal laws. In contrast, critical realists, though believing in the possibility of progress towards a true account of phenomena, would not take such progress for granted. Exactly because they believe that reality exists independently of our minds, our theories, observations and methods are all fallible. Critical realists also insist that verification and falsification are never conclusive, especially in social sciences. So critical testing of theories and alleged universal laws need to be carried out continuously. A more detailed description of critical realism, which is now a growing movement transforming the intellectual scene (Archer *et al.*, 1998; Fleetwood, 1999), can be found in Tsoukas (1989) and Tsang and Kwan (1999).

[1] The main purpose of their Fig. 1 is to show how constructivism combines ontological realism with epistemological relativism. However, their understanding of ontological realism is rather thin: 'it makes obvious sense to hold on to a notion of ontological realism—one where the *existence* of phenomena themselves is taken for granted' (2000: 946). Then they make clear that they basically regard concepts in strategic management theories as something 'socially produced' (2000: 946). 'There is nothing immanent or permanent about' these concepts (2000: 946). We need to point out that the current debate about scientific realism in the philosophy of science is in fact about whether the theoretical entities postulated by scientific theories exist over and above the phenomena. A constructivist empiricist like Bas van Fraassen who accepts the existence of empirical phenomena (e.g., a car) but not the existence of theoretical entities (e.g., a quark) is counted as an antirealist. It is unclear whether Mir and Watson would go all the way to say that *all* concepts in strategic management theories are merely constructions. (Even realists will not deny that *some* concepts [e.g., the average consumer] are merely constructions.) If they would, it is rather odd for them to call themselves ontological realists.

Armed with the above distinction, we can see that the following accusation made by Mir and Watson is rather misleading: 'The problem comes when theorists begin to extend this realism into the epistemological realm, assuming that the theories we use to explain phenomena are themselves nothing more than mirrors of reality' (2000: 946). Here they simply identify realism with dogmatic realism or positivism. Certainly critical realists would emphatically deny that current theories 'are themselves nothing more than mirrors of reality.' In short, Mir and Watson's 'epistemological assumptions are nonpositivst' (2000: 942), but this is compatible with critical realism, which is equally anti-positivist. Their ignorance of the existence of a critical realist perspective infects all their criticisms of realism, as discussed below.

Mir and Watson argue that realists 'make a variety of assumptions that are rarely justified or even made explicit' (2000: 946). Realism does not support such a practice either. To illustrate the above argument, they claim that 'realists view the organization as an entity which is efficiency-oriented, maximizes its potential, and is governed by a single organizational reality' (2000: 946). We are perplexed by such a claim, which has nothing to do with realism. Moreover, the purported realist view is simply inconsistent with the real world. (There are obviously organizations that are, say, not 'efficiency-oriented'; state-owned enterprises in many socialist countries are good examples (cf. Kornai, 1980; Walder, 1986).) In further elaboration, Mir and Watson discuss three major research problems that are encountered by realists, all of which illustrate their distorted view of realism:

- 'Researchers treat theories as a measure of "the reality out there," rather than as a product of their authors' imaginations' (2000: 946). While realism maintains that there is a mind-independent reality, it acknowledges that theories are products of the mind's activities, be they intuition, imagination, construction, interpretation, deduction, induction, and so forth. If 'imagination' is not defined as something false, a theory can simultaneously be a product of imagination and a measure of external reality. These two things are not contradictory.
- 'The points of view of certain subgroups in organizations get totalized as organizational "reality" ' (2000: 946). There is no principle in realism stating that the whole should be represented by one of its parts only.
- 'Finally, researchers write their presence completely out of the research, in an attempt to give an objective character to their accounts' (2000: 946). The way that researchers should present their research findings has nothing to do with realism. Describing the 'messy' part of the research in detail is not antirealist.

In brief, what Mir and Watson call 'realist premises,' as stated above, are by no means related to realism.

Mir and Watson use the example of research conducted on the M-form organization to demonstrate the distinction between realism and constructivism. They argue that through constructivist historical analysis Chandler (1962) documented the rise of the M-form corporation in the United States after World War I. However, researchers later attempted to develop a generalized theory of the M-form organization and the related research tended to get disembedded from its context to such an extent that the M-form corporation was predicted to become the corporate structure of choice in Europe and Asia. 'Thus, the *ontological* reality of the emergence and spread of multidivisional corporation in the United States slowly gave way to an *epistemological* inflexibility that celebrated the M-form corporation as inherently superior to other organizational forms, irrespective of context' (2000: 948). This conclusion corresponds to their argument that '(r)ealists extend their premises of universality into the epistemological realm' (2000: 946). Then they continue to describe how 'historical analysis from a constructivist perspective has the potential to bring the issue of context back into the picture' (2000: 948).

Mir and Watson's view of realism as described above is, unfortunately, far from accurate. From the realist perspective, the emergence of the M-form corporations in the United States is an event that we observe in the empirical domain. The actual events produced by the generative mechanisms, which reside in the real domain, depend on the ambient contingent conditions. In fact, Mir and Watson point out that 'Chandler was careful to record the various historical twists and turns that led to the emergence of the M-form corporation' (2000: 948). Many of these 'historical twists and turns' correspond to what realists called contingent conditions. In other words, under different contingent conditions, the M-form corporation

might emerge in the United States at a different time or might not even happen at all. For the research concerning the development of corporate structures in other countries, which have different social and economic structures, cultures, historical backgrounds, and so on compared with the United States, the realist approach would highlight the fact that the structures and mechanisms, not to mention the contingent conditions, that generate related events in these countries can be very different. (The different business systems described by Whitley (1992, 1999) attest to this fact.) That is, researchers should pay attention to what Mir and Watson call the 'context' of the country concerned. Realists thus do not need constructivists to help them 'bring the issue of context back into the picture'; it is part of the former's routine. In short, the example of M-form organization simply fails to achieve what Mir and Watson intend at the beginning (i.e., to distinguish between realism and constructivism).

A related issue is 'the perils of overgeneralizations' (2000: 950) attributed by Mir and Watson to realism. They claim that the constructivist methodology can avoid these perils because it helps researchers 'understand the context-driven nature of strategy' (2000: 950). In explaining the important role played by replication in theory development from a critical realist perspective elsewhere, we have already issued a clear warning against overgeneralization: '[w]ithout proper replications, sweeping generalization of research results should be avoided' (Tsang and Kwan, 1999: 772). Partly because of the openness of social systems, researchers have to be careful when generalizing research results from one context to another. Once again, this shows that compared with constructivism, realism is equally, if not more, concerned with the context in which the events under study occur.

CONCLUSION

Despite our reservations about Mir and Watson's arguments, we find some of their suggestions commendable. For example, they think we should 'make explicit the contingent, political, and fragmented character of our theories' (2000: 943). Moreover, they 'believe that as long as researchers are transparent about their *a priori* theoretical position, the process of research is not impeded' (2000: 943). These views are in line with the *critical* realism we advocate. We do need to be critical of our own theoretical biases and assumptions. Making them explicit is the first step of critical scrutiny.

We also agree with Mir and Watson 'that theory and practice are fundamentally interlinked' (2000: 943) but again this point is not particularly constructivist. They further emphasize that '(r)esearch occurs within a "community" of scholarship where mutually held assumptions are deployed to create "conversations"' (2000: 943). So 'research, and in particular strategic management research, is a public, social practice, and hence that knowledge is the product, not of isolated individuals, but of intersubjective relations between members of research communities' (2000: 950). These sayings correctly draw us to the much neglected fact that knowledge is a communal endeavor. To take into account this fact, some philosophers are trying to develop a kind of social epistemology to replace traditional epistemology, which is heavily individualistic (Schmitt, 1987, 1994). Needless to say, we do not think that this development entails antirealism either.

We agree that '(c)onstructivist historical analysis helps us place theories in context, rather than turn them into axioms that transcend the confines of time and space' (2000: 950). However, we have already pointed out that critical realism also tries hard to avoid hasty overgeneralizations. To conclude, critical realism can accommodate the insights offered by Mir and Watson's constructivism while eschewing the traps of radical constructivism or relativism. Mir and Watson's argument that constructivism forms an improvement over realism is invalid, as far as critical realism is concerned. Before Mir and Watson can successfully clarify and resolve the problems of their constructivism, it is premature to move the constructivist tradition into the mainstream of strategy research.

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