A Revisited Perspective on the Deconstructive Process in Organizations

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Abstract

The main purpose of this paper is to advance a revisited theoretical version on the business organizational reality. The new organizational scientists ceased to present the organizational business reality as a given one opting in favor of a constructivist perspective. Management and leadership key theorists like Michael Porter, Henry Mintzberg, Steve Jobs, Richard Bronson, Charles Handy, Peter Drucker, have gone beyond the mere representational knowledge of business environment, considering that business reality is being continually constructed and reconstructed. As pioneers in the science of strategic management and as well as innovators, they are followed by a vast array of organisations' leaders all over the world, all of them being interested in the methods of optimizing business reality as planning, strategic methods and techniques etc. Planning, among such procedures, is meant to re-creating the business environment in the benefit of the organisation. We shall attempt not only to make an inventory of the new topic but also to rethink some of the classical concept like those of planning and strategy related to our own field of interest: the dualist perspective on the business organizational growth. Our own approach might be integrated therefore in what we are allowed to announce as being a dualist perspective. The organizational reality of business appears to be a strategized reality so that the planning act is the main dimension of the reconstructed business reality.

Keywords: duality of planning, "constructed reality", logic of managerial discourse, strategized reality

1. Introduction

The first purpose of our present paper is to review the studies on the process of construction and reconstruction of business organizational reality. Aiming at such an objective we are requested to make a re-examination of the literature on planning in organisations and therefore on the most cited authors and works in management. This approach opens up a vast array of perspectives, the so-called "*Schools of Strategy Theories*" and one of our tasks is to review these Schools of thinking in order to enlighten the deep paradigm that makes possible to unify such a theoretical diversity. Our approach starts with reconsidering those concepts regarded as key-concepts in the field. *Planning* and *strategy* are such key-concepts and we should proceed further on the way towards making a re-examination of their meanings within such a new approach. The issue is the more relevant as in the recent periods of time, the scientists as well as managers have started to consider that planning is not merely a subjective act but also a competing process that open a front stage where different stakeholders competitively interact in a continuous organizational reconstruction of business reality.

Firstly, let's make some brief considerations on what we meant by duality of planning knowing that the competition between different stakeholders appears to be rooted in the very duality of the planning act. In organizations, *planning* is a process, concerned with setting objectives and with the activities required to accomplish such objectives. There are two types of planning in organizations: *business planning* and *strategic planning*. The business planning is more concerned with setting short-term objectives and such type of planning is rather focused on the financial issues of the enterprise. The main difference between a business plan and a strategic plan is that "a business plan is an externally focused document that provides more detailed information on the proposed development of an organization, and is likely to be shared with potential investors - funding bodies for the voluntary and community sector."[1]

"*A strategic plan can provide a basis for more detailed planning including business plans, marketing strategies and funding strategies.*"[2]

The business plan is often *embedded* in the strategic plan. For instance, a significant part of the business plan might be included as an *audit of resources* within the strategic plan.

There is a dual perspective on planning in organizations, as various stakeholders might be interested in different

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[1] *Approaches to Strategic Planning, Source: http://goo.gl/I3eL2d*
[2] *Ibidem*

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aspects of the organizations. When the financial information is more important, then the decision makers might decide to write a business plan which is more operationally in its nature. The financial information prevails when banks become significant stakeholders of the organization. Some stakeholders might be interested on certain aspects of the organization as in the case of banks and, consequently, the management should present a well-conceived plan. Such plans might become part of the overarching strategic plan. The duality rests on the assumption that the business plan concerning the financial issues could be operational in the same time with the strategic plan.

An inner-outer approach on business planning along with the bivalent nature of strategy processes represents other facets of the *duality*.

2. A "Concentric" Perspective on Strategic Planning

There are several perspectives on strategic planning in organizations and often they collide each other. The classical approach to strategic planning appears to be one of the four perspectives emphasized by Whittington's work (2000). In the view of classical approach the decision maker is taking the centre stage of the organizational arena, while in the case of evolutionary and processual perspectives the privileged position of the decision maker (manager) is stripped away and managerial team is the one taking the centre stage. The systemic approach tries to assign various perspectives to different contexts (e.g. a Western view etc.). The relationship between the systemic perspective as evidenced by Whittington and the *10 Schools of strategy theories* (See Table 1) is based on the idea that the theories on strategy can be grouped according to a set of specific historical, social and cultural context. A multi-perspective on strategic planning, as the one evidenced in the *10 Schools of strategy theories*, might change according to the new set of systemic conditionalities:

"The 'rationality' of a particular strategy depends on its specific historical, social and cultural context. Strategic behaviour is 'embedded' in a network of social relations that includes cultural norms, class and educational background, religion and so on. Hence what is labelled as 'irrational' behaviour in one context may be perfectly rational in another." (Mazzucato, 2002, p. 9)

We may call the network of social relations that embeds a certain strategic behaviour as the inner circle of strategy. Our research question is whether we should consider the inner circle of strategy (i.e. the strategic behaviour as being "embedded" in the context) as the main determinant of our dual assumption or considers it as subalternized to an outer perspective induced by the different circumstances of the environment. Is the strategic behaviour able to induce a new type of reality, based on the strategy's "rationality"? We assert that the management of the organization can have the power to transform the reality, i.e. to transform the environment based on "the "rationality" of a particular strategy (…)". (Mazzucato, 2002, p. 9)

The novelty of our theoretical approach rests on the idea that the strategy is more than a pre-determined set of conditionalities. The strategy is able to pervade the environment with its "rationality", re-creating the reality through a complex, unperceived phenomenon of diffusing the unique capabilities beyond the perceived phenomenon of re-allocation of resources. The division between perceived resources and the un-perceived unique organizational capabilities leads us towards a fundamental dichotomy in the science of strategic management. Discovering, exploiting and retaining the unique organizational capabilities are critical success factors for any organization. The rationality of the strategy in organizations rests on such capabilities.

3. Schools of Strategy Theories

Circumscribing our central theme (i.e. planning in organisations) by the idea of strategizing in a business environment provides, actually, not only the rationale for increased awareness of strategic planning but, also, further methodological guidance. The *10 Schools of Strategy Theories* can be considered as different ways of decomposing and recomposing a business environment. Therefore we are requested to make a brief review on the literature on planning in organisations by examining the most cited authors and works in management. This approach opens up a vast array of perspectives or so-called "*Schools of Strategy Theories*" as evidenced by Cherp et al. (2007), Mintzberg et al. (1998, 2003) and Ebner (2014).

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The 10 Schools of Strategy Theories	
Design school	Strategy formation as a process of conception. Strategy is a unique planned *perspective* conceived by senior leadership based on an ad hoc analysis of external and internal factors.
Planning school	Strategy formation as a formal process. Strategies are *plans* decomposed into programs resulting from formal planning procedures.
Positioning school	Strategy formation as an analytical process. Strategies are planned generic *positions* but also *ploys* to defeat competitors. Positions are based on detailed analysis of markets and industry structures. Highly integrated corporate activity systems support focus on selected positions.
Entrepreneurial school	Strategy formation as a visionary process. Strategies are personal *perspectives* of visionary leaders conceived largely intuitively and adjusted when necessary.
Cognitive school	Strategy formation as a mental process. Strategies are mental *perspectives* reflecting 'constructed reality' in leaders' minds.
Learning school	Strategy formation as an emergent process. Strategies are unique *patterns*, constantly evolving as a result of learning by leaders and others in an organization.
Power school	Strategy formation as a process of negotiation. Strategies are political *patterns* and *positions* as well as *ploys*. The micro-power school emphasizes internal politics as the basis for a strategy. The macro-power school considers strategy as a negotiated position and a ploy to defeat competitors.
Cultural school	Strategy formation as a collective process. Strategies are collective *perspectives* reflecting dominant ideologies, collective cognitive maps and narratives.
Environmental school	Strategy formation as a reactive process. Strategies are specific *positions* (ecological niches) developed as a result of evolutionary adaptations of organizations to ever changing and uncontrollable external circumstances.
Configuration school	Strategy formation as a process of transformation. Strategies can be formed by different processes depending upon the internal and external context (or stage in an organization's evolution).

Table 1: 10 Schools of Strategy Theories
Source: Cherp *et al.*, 2007; Mintzberg *et al.*, 1998; Mintzberg *et al.*, 2003

Most of the 10 *Schools of Strategy Theories* can be unified using the processual perspective.

The stages of the strategic process involve a mixture of perspectives assigned to different schools of thought. For instance, the *Design school* based on a process of conception requires leadership capabilities so that inferences from the field of organisational behaviour might be required. The *Planning school* indicates a certain degree of formalization that might take the form of budgeting or monitoring the execution of strategy based on a set of pre-defined indicators. Translating strategy into action requires a *business model* based on such indicators. The Balanced Scorecard is more than a method or, at least, should be regarded as an ideal type of strategic planning in organisations. Such a deterministic perspective on a strategy-focused organisation requires highly integrated corporate activity systems based on a combination of methods (e.g. Balanced Scorecard) and ways of constructing the reality, leading us towards the consideration of one school of thought or another or a combination of so-called "intellectual traditions".

The Entrepreneurial school has to do more with the leadership capabilities required for articulating a vision of the enterprise. Such capabilities imply a mental perspective as a true leader makes decisions based on an optimal mix between a "constructed reality" and "formal planning procedures".

The Learning school emphasizes the uniqueness of the strategy formation as an emergent process. The leadership capabilities confer the uniqueness of the strategy as a critical success factor. Concepts like *core competences* or *unique organisational capabilities* have become key terms in the study of strategic management. Such concepts enable users to go beyond their own conceptual system, creating logic of managerial discourse based on their own representation of realities. Moreover, the managers have the power to influence the reality according to their own representation.

Strategic planning is an example of a "constructed reality" circumscribing the logic of managerial discourse or the new managerialism.

The *10 Schools of Strategy Theories* are various representations of the re-created reality according to the needs of the organisation. The competitive advantage of one organisation or another within a certain business environment depends on the ability of appropriating resources existing in the environment. The concept of appropriation in economics denotes "non-violent process by which previously un-owned natural resources, particularly land, become the property of a person or group of persons."[3] We would rather use the concept of pseudo-appropriation and, consequently, depart from the conceptual framework used in economics. In a classical manner, the appropriation refers to previously un-owned resources while our concept of pseudo-appropriation takes into account un-discovered special type of resources, also,

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[3] *Wikipedia, Source: http://en.wikipedia.org/wiki/Appropriation_(economics)*

called "core competences". Such new type of resources (i.e. "core competence"[4]) is critical to the success of organizations within the logic of strategic process. Achieving competitive advantage depends on organizational ability to discover, use and retain such critical resources. The concept of pseudo-appropriation refers to such kind of ability. The logic of appropriation in economics is replaced with the new logic of pseudo-appropriation in the science of strategic management.

Reviewing the literature regarding the issue of planning in organizations should rather reveal the new logic of managerial discourse instead of a critically re-consideration of a vast array of schools of thought, perspectives, techniques and methods used in connection with strategic planning.

The novelty of our approach rests on the assumption that reviewing the literature based on the new logic of managerial discourse provides a solid foundation for a future research on what we may consider as being a *unified theory* in the science of strategic management.

4. What are Organizational Strategies?

Decomposing Mintzberg's definition of strategy reveals useful insights into the problematic of strategic planning. Further conceptual directions should give us "directional inferences" similar to the "*anchor elements*" in the case of HTML ("*Hyper Text Markup Language*"), marking the beginning of future theoretical developments. Such "anchor elements" are as follows: "concentric" perspective, the new logic of managerial discourse, the concept of systems' conversion, the „self-fulfilling prophecy pseudo-logic", the distorsionary effect of decision-making process.

We should stress upon a vast array of approaches to literature review in the science of strategic management, generally, and with a particular focus on the issue of strategic planning. The classical approach to literature review on the problematic of strategic planning in organizations is circumscribing the following key question: "What are strategies and how are they formed in organizations?" (Mintzberg, 1978). The strategy is:

> "(…) a pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers, and communities...". (Mintzberg, 2003)

Mintzberg's definition might be considered as containing a "concentric" perspective as it starts with explaining the strategy as a pattern of decisions and ends with strategy's intentional nature to impact the environment with its constituents (e.g. shareholders, employees, customers, communities). The inner circle of strategy is more concerned with the strategic pattern (See *Diagram 1*) that is rather a structured approach. The strategic pattern is recurring, meaning that the strategy might be continuously adjusted, taking into account the changes occurring in the environment. The execution of strategy is a continuous process, as such changes coming from the environment should be accounted for within a processual perspective.

Diagram 1 – "Strategy Pattern in UML (Unified Modelling Language)"
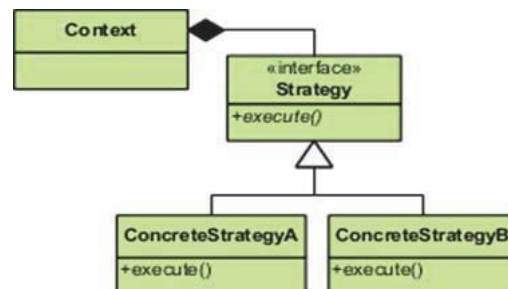
Note: The diagram intends to show the structure of strategy pattern. We are not, here, concerned with a software design pattern as suggested in the diagram.
Source: http://en.wikipedia.org/wiki/Strategy_pattern

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[4] *G. Hamel and CK Prahalad are considered as being the originators of the concept of core competence. (CK Prahalad, G. Hamel (1990). "The Core Competence of the Corporation", Harvard Business Review, May-June, Source: http://goo.gl/QWg8J3*

The managers, leaders of organizations have the power to shape the reality through their decisions. Thus, the managerial discourse tends to shape the reality. The new logic of managerial discourse should be regarded as a "logic of continuous discourse" (L. Armour, 1997), underpinning the changing nature of strategic processes.

The new logic of managerial discourse is more than a "systematic planning, implementing, monitoring, and revision of all the channels of communication within an organization, and between organizations"[5]. It is, rather, a system of managerial thinking that has become very powerful in terms of transforming the reality or re-constructing the environment. The new logic of managerial discourse might be considered as the new system of converting beliefs, thoughts through the channels of strategic planning into the new reality. Such powerful transformational processes lead us towards considering a new type of conversion of the systems proper to the managerial perspective. The concept of systems' conversion was analyzed by I. Badescu and C. Badescu (2014) in the book "*Conversion of Systems: Postmodern Desolation and the Deformations of the World*". A conceptual definition of the conversion of systems gives a hint on the new dimension of the logic of managerial discourse:

"There is no more daily access to food. The access is, rather, mediated by a chain of artificial systems, causing enormous costs, wherever such costs arise, removing the "logic" of natural systems and, consequently, substituting it. This is, in essence, systemic conversion of the modern world and its effects, as notified, are distorting." (I. Badescu & C. Badescu, 2014)

The new mediating factor of "artificial systems" might explain, as well, why systems of management thinking, including various *Schools of strategy theories*, might have created its reality within the „self-fulfilling prophecy" (Merton, R. K., 1968) pseudo-logic:

"The actors within the process—or at least some of them—fail to understand how their own belief has helped to construct that reality; because their belief is eventually validated, they assume that it had been true at the outset." (Bearman & Hedstrom, 2009)

Such a misapprehension is a typical example of a converted system where the distorsionary effect of so-called „artificial systems" contributes towards failure in understanding the way how „their own belief has helped to construct that reality". The assumption that the new logic of managerial discourse is eventually validated even if such validation is based on a false belief, confirms the *distorsionary effect* of a managerial decision. The changing nature of behaviour in different contexts proves once more the distorsionary effect of the decision making process in organizations: „Hence what is labelled as 'irrational' behaviour in one context may be perfectly rational in another." (Mazzucato, 2002, p. 9)

Adopting a deterministic perspective would, actually, contradicts the changing nature of behaviour. The lack of randomness does not fit a reality whose main premise is not only the changing nature of behaviour but, also, the rational-irrational duality as the cause and, also, as the effect of such kind of behaviour.

5. How are the Strategies Formed in Organizations?

The strategies are formed as a way to translate the organization from one state to another. It deals with translating a strategy into action or transforming a virtual state of a strategy-focused organization into a manifest one. The strategy is, actually, the transition from a virtual state that is often regarded as the strategy formulation or the intentional nature of the chosen strategic architecture into a manifest, visible state. Translating a strategy into action is similar to the transition process from one state to another. R. Kaplan (2001), D. Norton (2001) as well as C. Badescu (2008) referred to the issue of "organisational virtualism":

"The concept of virtualism designates the translation of abstract ideas and concepts into material forms." (ESRC, 2004) "By analogy the organization virtualism as a concept covers those conceptions which promote a new perspective on the organizational performance. This new approach requires using indicators that report on a "would-be-organization" that is on the future performances not on the "outcomes, the consequences of its past actions." (Kaplan & Norton, 2001, p. 3) The concept of the organizational virtualism is based on measuring the efficiency of an organization not as a manifest one (its financial reports being invoked) but as it "would be", that is what it should be if we measured its strategy, making adjustments on the critical parameters in order to prevent the worsening of its state." (Badescu, 2008)

Whether a method as, for instance, the Balanced Scorecard should be considered as being rather deterministic (HSB Heratha, 2010) is debatable. Such a model is opening up new perspectives in the science of strategic management, shedding the light on how the strategy is formed in organizations. The Balanced Scorecard is more than a method that should be used at operational level in organizations. It opens up new research as well as methodological directions in the field of strategic management. Scholars, including MBA students should continue developing new

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[5] *Communications management, Source: http://en.wikipedia.org/wiki/Communications_management*

methodological insights by including such models of work (e.g. Balanced Scorecard) on their research agenda.

One such theoretical as well as methodological insight based on the Balanced Scorecard model was suggested by C. Badescu:

"We have to renovate the research methods required to evaluate and execute strategy in order to secure organization's competitive advantage. The clue of such a new methodology is strategy's capability of capturing the latent states of the organizations, i.e. its virtual state instead of using methods and indicators that report on its situational state. The conception of organizational virtualism requires, therefore, the shifting from a situational state of an organization to a virtual, would-be situation of that organization." (Badescu, 2008)

One major difference between the strategic plan and the business plan rests on strategy's capability of capturing the latent state of the organization while the business plan is rather focused on organization's situational state.

The Balanced Scorecard method has the capability to infuse a "new rationality" proper to the organizational strategy. It is, also, the right moment to recall the idea of a "rationality" of a particular strategy. (Mazzucato, op. cit.) Further evidences of the strategy's rationality could be inferred from the study of C. Badescu (2008):

"What we shall stress upon the new method (Balanced Scorecard – A/N) is the shifting effect, i.e. the shift from what the creators (Kaplan, Robert S.; Norton, David P. – A/N) of this method called the "cause-and-effect linkage" to what we may call the "effect-to-cause-linkage". That means we are able not only to create a desired effect by action upon its cause but also to create its own cause by starting from the predicted effect and acting upon the intermediary variables or parameters. When we have depicted an effect we can force its fulfillment by acting upon the intermediary latent variable or parameters. When we succeeded to transmute a given variable from its latent state to its manifest one, instantly the cause having capacity to sustain the fulfillment of that effect became itself a manifest one." (Badescu, 2008)

Acting upon the causes for generating the desired effect or outcomes would simply explain the way strategies are formed in organizations. Ideally, any strategic planning should have its outcomes accomplished. In reality, only 10 percent to 30 percent of organizational strategies are successfully executed.[6] Considering the strategic planning as being a chain of cause-and-effect linkages, then we should consider that the decision makers in organizations mostly fail to create a desired effect by acting upon the cause. Would such failures rest on the fact that decision makers are not being able to execute the strategy? Kaplan and Norton, the originators of the Balanced Scorecard method, believe that formulating a sound strategy is not enough as translating the strategy into practice is critical for the success of the organization.

Diagram 2 – Strategy Map
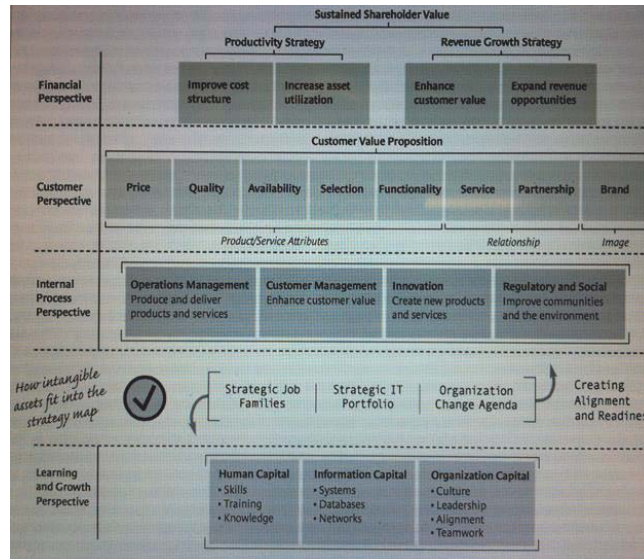
Source: Robert S. Kaplan, David P. Norton (2004). *Measuring the Strategic Readiness of Intangible Assets*. In: *Focusing Your Organization on Strategy – with the Balanced Scorecard*, 2nd Edition, Harvard Business Review OnPoint Collection

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[6] *"The ability to execute strategy can be more important than the strategy itself. With failure rates reported in the 70 percent to 90 percent range, we can appreciate why sophisticated investors have come to realize that execution is more important than vision." (Robert S. Kaplan, David P. Norton (2001). The strategy-focused organization: how balanced scorecard companies thrive in the new business environment, Harvard Business School Publishing Corporation*

Kaplan and Norton argue that the intangible assets should be aligned with the strategy. (Kaplan & Norton, 2004, p. 20) Aligning implies not only measuring the strategic readiness but, also, "assessing and then enhancing the alignment" (Kaplan & Norton, 2004, p. 20), and, consequently, unleashing "those intangible assets' full power." (Kaplan & Norton, 2004, p. 20)

The cause-and-effect linkages between the four perspectives of the Balanced Scorecard method explain the "strategic allignment" or adjusting the assets of the organization to a certain strategic option. Each perspective within the Balanced Scorecard framework is a *sub-system of critical success factors*. For instance, the "*Learning and Growth Perspective*" is a factor of differentiation within the organization based on leveraging three types of intangible capitals as evidenced by Kaplan and Norton in the *Diagram 2*: "Human Capital", "Information Capital", "Organization Capital". Aligning such intangible assets with the strategy facilitates the transformation of a factor of differentiation into a critical success factor.

Failing to execute strategy is signaling that the shifting effect from the cause-and-effect linkages to the effect-and-cause linkages is not taking place. The strategy is not, actually, translated into action because of failing "to transmute a given variable from its latent state to its manifest one" (Badescu, 2008).

The strategy processes should facilitate dual transformational linkages as follows:

- *Cause-and-effect linkages* facilitating the transformation of a desired effect or a latent state into a manifest one by acting upon its cause;
- *Effect-and-cause linkages*, creating "its cause by starting from the predicted effect and acting upon the intermediary variables or parameters" (Badescu, 2008).

Acting upon intermediary variables or parameters induces a transformation of the causes as latent variables into manifest ones. The effect-and-cause linkages induces a rationality to the strategy process. It is similar to the self-fulfilling prophecy pseudo-logic when a belief is validated and, consequently, helps re-construction of reality. The new logic of managerial discourse is based on such constructed reality. The planning facilitates, actually, re-creating the reality or transforming a reality into a strategized one.

In conclusion, we have pinpointed some neglected elements regarding the logic of managerial discourse, indicating further directions of analysis within the duality of planning in organizations.

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