Strategy, Discourse and Practice:
The Intensification of Power

Cynthia Hardy
Department of Management & Marketing
University of Melbourne
Parkville
Victoria, 3010
Australia
Email: chardy@unimelb.edu.au
Tel: +61-3-8344-3719

Robyn Thomas
Cardiff Business School
Cardiff, UK
CF10 3EU
Email: thomasr4@cardiff.ac.uk
Tel: +44-29-2087-5724

Abstract

We adopt a Foucauldian approach to discourse to show how power relations shape the constitution of strategy. By exploring two particular discourses associated with the strategy of a global telecommunications company, our study shows how the power effects of discourses are "intensified" through particular discursive and material practices, leading to the production of objects and subjects that are clearly aligned with the strategy. In this way, our study contributes to understanding the mechanisms whereby discourse bears down on strategy through intensification practices, different forms of resistance, and the way in which strategy objects and subjects reproduce (or undermine) discourse.

Keywords: discourse, power, resistance, strategy-as-practice, strategic change

Introduction

Interest in strategy as discourse has increased in recent years, especially within the strategy-as-practice literature, where a growing number of studies have examined the linguistic nature of strategizing and the ways in which language shapes strategy practices (e.g., Cornelissen et al., 2011; Fenton & Langley, 2011; Hardy et al., 2000; Spee & Jarzabkowski, 2011; Mantere & Vaara, 2008; Rouleau & Balogun, 2011; Vaara, 2010; Vaara et al., 2004; 2010). Despite this increased attention, it has been argued that the role of discourse in strategy "remains theoretically underdeveloped and empirically under-explored" (Balogun et al, 2009; in call for papers), especially in relation to power (e.g., Carter et al., 2008). One criticism is that the strategy-as-practice literature tends to conceptualize power as a finite commodity, possessed and wielded primarily by senior managers (Ezzamel & Willmott, 2008; Kornberger & Clegg, 2011). This has led to an over-estimation of managerial capabilities in bringing about strategic change (McCabe, 2010); while the complex way in which discourses "bear down" (Hardy, 2004) on strategy and strategy makers has been neglected. A second criticism is that this literature has either failed to examine resistance sufficiently (Vaara, 2010), or has focused on oppositional resistance while ignoring facilitative and other forms of resistance (Balogun et al., 2011). Finally, while strategy-as-practice scholars have explored the important role that meaning plays in shaping strategy, there is a need for more research that examines how locally negotiated meanings have organization-wide effects on strategy making (Jarzabkowski & Spee 2009; Vaara, 2010).

We draw on Foucault's work (1972; 1979; 1980) to explore these issues. Foucault conceptualizes power as circulating through discourse, where power works as a "productive network, which runs through the whole social body" (Foucault, 1980: 119). In addition, Foucault's conceptualization of discourse "is not purely a 'linguistic' concept. It is about language *and* practice" (Hall, 2001: 72). We draw on this conceptualization of power to

explore how discourse shaped the strategy of a global telecommunications company. Our study shows that the company's strategy was linked to two discourses – a market discourse and a professional discourse – but the effects of these discourses on strategy were very different. The power effects of the market discourse "intensified" (Nealon, 2008) over time as a result of a number of material and discursive practices that served to produce a distinct cost-cutting strategy object, as well as a new subject in the form of the "cost-conscious employee". Conversely, the power effects of the professional discourse did not intensify, with the result that there was neither a clear strategy object nor a clear strategy subject related to the company's professional engineering strengths and technological innovation.

Our findings show that, for discourses to constitute strategy, their power effects have to be ***intensified***. In using this term, we are not referring to a simple increase in the use of power but rather, in keeping with Foucauldian sensibilities about how power circulates through webs of knowledge, we refer to power's efficiency and saturation within a system.

> [Intensification involves] the exercise of power at the lowest possible cost (economically, by the low expenditure it involves; politically, by its discretion, its low exteriorization, its relative invisibility, the little resistance it arouses); secondly, to bring the effects of this power to their maximum intensity and to extend them as far as possible without either failure or interval; thirdly, to link this 'economic' growth of power with the output of the apparatuses (educational, military, industrial or medical) within which it is exercised; in short to increase the docility and the utility of all the elements of the system (Foucault, 1979, p. 218).

Further, we show how this intensification occurs through the enactment of discursive and material practices. In other words, discourses do not bear down in a deterministic way on strategy, but are instantiated over time as multiple actors engage in local practices that help to

4

normalize and diffuse them. Second, insofar as Foucault argues that power and resistance are inextricably linked in complex, intricate ways, our study indicates that even when the power effects of a particular discourse are intensified, resistance still arises. Consequently, we found incidences of intentional, coordinated forms of oppositional resistance, with distinct groups of actors trying either to implement or challenge the strategy. However, our study also shows instances of resistance that was neither intentional nor organized but which, nonetheless, had significant effects. Finally, our study shows that, when the power effects of discourses intensify, strategy objects and subjects are produced which further reinforce the discourse. In this way, our study contributes an understanding of the intensification practices through which discourse bears down on strategy, different forms of resistance, and the way in which strategy objects and subjects reproduce (or undermine) discourse.

The remainder of this paper is structured as follows. We first review the work in the strategy-as-practice literature on the relationship between strategy and discourse. We then present our case study and explain the methods used to collect and analyze our empirical materials. Third, we present our findings. Finally, we discuss the implications of our study.

Strategy, Discourse and Power

A number of studies have focused on the discursive practices of strategists (e.g. Cornelissen et al., 2011; Mantere & Vaara, 2008; Rouleau & Balogun, 2011; Spee & Jarzabkowski, 2011; Vaara, 2010; Vaara et al., 2004; 2010). This work is primarily located in the strategy-as-practice literature, which examines how managers strategize through their day-to-day activities (Jarzabkowski, 2005; Whittington, 1996) and emphasizes the situated and interpretive nature of strategizing (Denis et al., 2007). Accordingly, strategy is something that organizational members "do" rather than something that organizations "have" (Hendry et al., 2010). Since much of this doing of strategy occurs in "the form of talk, text and conversation", the strategy-as-practice literature has been linked with work that examines

these interactions "through a discursive lens" (Fenton & Langley, 2011, p. 2; also see Laine & Vaara, 2007; Vaara, 2010). In this section, we discuss the contributions of this work, and identify some of the gaps in knowledge that remain.

First, strategy-as-practice studies have identified how strategists make use of discourse in their strategy making (e.g., Laine & Vaara, 2007; Rouleau, 2005; Vaara et al., 2004; 2010), for example, through the use of narrative (Vaara & Tienari, 2011); rhetoric (Erkama & Vaara, 2010; Mantere & Sillince, 2007) and metaphor (Cornelissen et al., 2011); or by discursive activities such as justifying, legitimating and naturalizing (Vaara & Tienari, 2002). This work has shown the different ways in which actors appropriate and mobilize particular discourses for strategic purposes (e.g., Hardy et al., 2000). However, critics have argued that there is a tendency to place senior managers centre-stage in this strategy making, albeit a discursive stage, suggesting managerial omnipotence in bringing about strategy (Carter et al., 2008; McCabe, 2010). In doing so, the more subtle, but nonetheless pervasive ways in which power relations shape the constitution of strategy *without* necessarily being deliberately exercised by particular individuals has been neglected (Ezzamel & Willmott, 2008; Kornberger & Clegg, 2011). Accordingly, Vaara and Whittington (2012) argue that there is a need for further study of how strategies emerge in the absence of intention, such as through the complex mechanisms by which discourses "bear down" (Hardy, 2004) on senior managers, as well as other actors, constraining as much as enabling what they can say and do in relation to strategy (McCabe, 2010).

Second, despite concerns over a lack of research on resistance in the strategy-as-practice literature (Vaara, 2010; Vaara & Whittington, 2012), some studies have found instances where alternative discourses have been used to support or challenge strategy by shaping its meaning (e.g., Laine & Vaara, 2007). This work has identified the dynamics of power and resistance between opposing groups, such as the power of the board to overcome

6

the resistance of managers (Hendry et al., 2010); middle managers' resistance to top-level strategic initiatives (Balogun & Johnson, 2004; Laine &Vaara, 2007; Mantere & Vaara, 2008); union/employee resistance (Erkama & Vaara, 2010); and the power-resistance dynamics between headquarters and subsidiaries (Balogun et al., 2011). The emphasis in these studies is on the discursive means used by relatively stable coalitions to either legitimate *or* resist change (e.g., Vaara & Tienari, 2011). While such studies have been informative on organized forms of resistance, whether adversarial (e.g., Laine &Vaara, 2007) or facilitative (Balogun et al., 2011; Thomas, Sargent & Hardy, 2011), there remains scope for more studies on the dynamics of resistance which arises in the absence of organized communities (Knights & McCabe, 1998). In such cases, resistance is not necessarily intentionally mobilized, but lies in iterative and recursive acts of power and resistance involving a range of actors which collectively, albeit inadvertently, change meanings (Thomas & Hardy, 2011).

Third, in acknowledging that strategy is a discursive construction, strategy-as-practice researchers have explored how meaning plays an important role in how strategies are understood and whether they are implemented (e.g., Fenton & Langley, 2011; Rouleau & Balogun, 2011; Vaara et al., 2010). As Pälli et al., (2009, p. 306) point out, "the practice of strategizing is characterized by negotiations over meanings." Accordingly, the strategy-as-practice literature has contributed much to understanding how meanings are negotiated locally. However, to have macro effects on strategy, meanings negotiated in micro communicative practices have to travel widely throughout the organization and endure over time. This is what Taylor and Van Every (2011) refer to as the "uplink" problem, i.e., the question of how local activities "reproduce or at times transform prevailing understandings and practices" (Golsorskhi et al., 2010, p. 13). To understand how power influences the success or failure of particular strategy initiatives, we therefore need more studies of how

certain meanings "take", while others do not (Laine & Vaara, 2007).

Discourse and Power

To address these issues and develop our understanding of how power relations shape the constitution of strategy, we draw on the work of Foucault (1972; 1977; 1978; 1979; 1980; 1981). Foucault (1980, p.199) characterizes power as circulating through discourse i.e., operating dynamically at a "given place and time" in a more or less coordinated "cluster of relations."

> [I]n any society there are manifold relations of power which permeate, characterise and constitute the social body, and these relations of power cannot themselves be established, consolidated nor implemented without the production, accumulation, circulation and functioning of a discourse (Foucault, 1980, p. 93).

Discourses are collections of interrelated texts and practices that "systematically form the object of which they speak" (Foucault, 1972, p. 49). Accordingly, discourse concerns "the production of knowledge through language" (Hall, 1992, p. 291). However, Foucault does not see discourse as composed *only* of linguistic components; discourse is also embedded in material *practices*.

> Rather than seeing discourse simply as a set of statements which have some coherence, we should, rather, think of a discourse as existing because of a complex set of practices which try to keep them in circulation and other practices which try to fence them off from others and keep those other statements out of circulation (Mills, 2003, p. 54).

Meaning and meaningful practice is thus constructed within discourse (Hall, 1992).

Foucault argues that discourse cannot be separated from power: it is both an instrument and an effect of power.

> We must make allowances for the complex and unstable process whereby discourse can be both an instrument and an effect of power, but also a hindrance, a stumbling block, a point of resistance and a starting point for an opposing strategy. Discourse transmits and produces power; it reinforces it, but also undermines it and exposes it, renders it fragile and makes it possible to thwart it (Foucault, 1978, p.100-101).

Discourse works to produce particular meanings, as a result of which particular kinds of objects and subjects become "known", through which and upon which particular relations of power are realized. Constellations of language and practices define "who and what is 'normal,' standard and acceptable" (Meriläinen et al., 2004, p. 544), thereby ruling in certain ways of thinking, talking, and acting, while ruling out others.

> Discourse, Foucault argues, constructs the topic. It defines and produces the objects of our knowledge. It governs the way that a topic can be meaningfully talked about and reasoned about. It also influences how ideas are put into practice and used to regulate the conduct of others (Hall, 2001, p. 72).

As such, discourses are saturated with power relations that constrain and enable what individuals can think, say and do. Rather than the idea of individuals mobilizing various power resources – including discourse – to bring about desired strategy outcomes, power circulates through discourse to enable and constrain all actors (Deetz, 1992). Discourse cannot "be treated merely as an extension and instrumentalization of power, as that which masks or translates power; power, rather is inscribed within discourse" (Hook, 2007: 102).

Using a Foucauldian approach allows us to ask the following questions about power. First, rather than asking who has power, as is the case where power is viewed as a resource possessed by actors, we ask how does power circulate through discourse to shape the constitution of strategy? In doing so, we suspend traditional ideas of autonomous agents possessing and wielding power, recognizing instead that all actors are situated in webs of

power (Ezzamel & Willmott, 2008; McCabe, 2010).

> People know what they do; they frequently know why they do what they do;
> but what they don't know is what what they do does (Foucault, quoted in
> Dreyfus & Rabinow, 1982, p. 187).

New meanings can develop but *not* simply because individuals wield more power more often. As Dreyfus and Rabinow (1982, p. 187) point out, individuals may attempt to draw on particular discourses to achieve their ends, as they "jockey for their own advantage", but "it does not follow that the broader consequences of those local actions are coordinated" to produce intended effects. We must, therefore, examine the more complex dynamics of whether and how the power effects of discourse intensify.

The second question concerns how power and resistance are mutually implicated. Rather than seeing resistance only as a uni-directional, adversarial response to power, with senior managers trying to implement strategy and employees fighting against it, Foucault argues that resistance and power are transversal, iterative and adaptive responses to each other (Ezzamel & Willmott, 2010; Thomas & Davies, 2005).

> Resistance is what opposes power, not simply diametrically but transversally,
> opposing by going off in a different direction … Acts of refusal indeed
> typically involve power themselves, even the most passive responses (Kelly,
> 2009, p. 109)

Power is always open to possibilities of resistance as actors struggle to maintain or promote their preferred meanings (Knights & Vurdubakis, 1994). Individuals, thus, are always "in the position of simultaneously undergoing and exercising this power" (Foucault, 1980, p. 98).

> Resistance, then, doesn't primarily function "against" power, trying to
> eradicate it altogether; rather resistance attempts to harness power otherwise,
> in the production of different effects (Nealon, p. 2008, p. 24).

In other words, power works on and through resistance, which comes from within rather than outside existing power relations.

Third, if the power effects of a discourse are intensified, then the question remains: what is produced? Foucault argues against the idea that power is only exercised repressively "over" others; power is also productive – it produces subjects and subjectivities. Some subjects "secure their sense of what it is to be worthy and competent human beings" (Knights & Morgan, 1991, p. 269), although others may rebel against the ways in which they are defined, categorized and classified (Sawicki, 1991). Power – and resistance – thus has performative effects on subjects as well as on objects, interpretations and actions (Kornberger & Clegg, 2011; Thomas et al., 2011).

> [Power] produces reality; it produces domains of objects and rituals of truth. The individual and the knowledge that may be gained of him belong to this production (Foucault 1979, p. 194).

To fully comprehend how power relations shape the constitution of strategy, we must therefore also examine how strategy objects and subjects are produced, and how these objects and subjects, in turn, produce strategy.

Methods

In this section, we first describe our case study organization, selected because it underwent a significant strategic change between 2000 and 2003. We chose to use a qualitative case study because it allowed us to conduct an in-depth, interpretative analysis of various texts and talk. Below, we describe the empirical materials that we collected. In our initial analysis of these materials, we identified two key components of the strategy announced in 2000. Noting differences between them over the period of the study, we decided to undertake a systematic comparative analysis, as we explain below.

Case Study

GlobalTel[1] is a European-based telecommunications company that, by the late 1990s, was a world leader in the rapidly expanding mobile phone market. Employing over 100,000 people and operating in over 100 countries, GlobalTel was one of the world's biggest suppliers of mobile phones. The company also sold mobile technologies to other handset manufacturers. In 2000, the future was looking positive. The company had assumed a leadership position in the research and development (R&D) of new technologies and systems in the industry and, in January, announced that it had just had the "best quarter ever". GlobalTel confidently predicted revenue growth more than 20 percent for 2000. However, during that year, the mobile phone division posted an operating loss resulting in the launch of a "Back-to-Profit" Program. This initiative included the transfer of some production and a rationalization of some products. Early in 2001, GlobalTel announced that it would stop making its own mobile phones and focus solely on its expertise in mobile technologies. As a consequence, a number of facilities and their employees were transferred to another company as production was outsourced. In March 2001, the company warned of a significant loss, resulting in a slump in the value of GlobalTel shares. This led to the announcement of a series of further cutbacks, with 20,000 redundancies and rationalizations. Another round of cuts in the following year led to the departure of a further 20,000 employees and the merging of a number of units. During this period, there was still an emphasis on the development of new products and technologies, with, for example, the filing of over 1,000 patents in 2001. A separate joint venture was created to produce mobile phones and develop new mobile devices. The division that had made mobile phones was spun off as a wholly owned subsidiary to develop new technology for mobile platforms, which would be licensed to other

---

[1] Names and some facts have been disguised.

mobile phone manufacturers. [2] A similar subsidiary was set up to develop Bluetooth technology. In 2002, despite rationalizing R&D, the company stated in its annual report that it remained "committed" to R&D investment, with 20 percent of net sales and 20,000 individuals devoted to R&D. In 2003, the company finally returned to profitability.

Data Collection

We collected data on events at GlobalTel from a variety of sources – documents, observation and interviews. First, we collected publicly available documents on the company for the period under study, including annual reports, analysts' reports, company website material, in-house magazines, books, articles, and technical reviews. Our aim was to collect as many (English language) documents as we could find by a range of authors from inside and outside the company. We also systematically collected all media reports on the company between 2000 and 2003 in the following (English language) publications: *BBC on-line*, the *Independent*, the *Telegraph*, the *Financial Times*, the *Guardian* and *Business Week*. Second, one of the authors observed and recorded a workshop that was held in the subsidiary company as part of the strategy initiative. [3] Finally, one of the authors conducted semi-structured interviews and observations six months after the workshops had been held, involving 26 employees and managers. Interviewees were asked to reflect on the changes that the company was undergoing at the time. The interviews lasted between one and two hours in length, and were recorded and transcribed.

Our aim was to ensure that we had a selection of different forms of talk and texts, produced by a range of actors, over the course of the period under investigation, so that we could: compare sources to ascertain events and activities; compare what different actors said; and compare meanings over time. We focused on the period from January 2000 (when the company was still profitable and forecasts were positive) until 2003, when the company

---

[2] A mobile platform consists of sophisticated software systems and applications, including component specifications, printed circuit board layout, and support services.
[3] See Thomas et al. (2011) for more details of this subsidiary.

returned to profitability. However, we also collected some information from the mid 1990s in order to gain an appreciation of the broader context of our research.

Data Analysis

We first constructed a detailed "event history database" (Van de Ven & Poole, 1990), chronologically ordering events and juxtaposing accounts from different sources. For each event, we then identified the relevant empirical materials that we had collected to construct a "discursive event history database" that depicted "who said what and when" (Maguire & Hardy, 2009). We were then able to prepare a narrative account of our case study.

In our preliminary analysis, we noted the announcement of a new strategy in April, 2000, encapsulated in the phrase: "be first, be best and be cost-effective" (annual report, 2000). In making this statement, the annual report stated that the CEO had "created a significant addition" to the values governing how "GlobalTel employees think about what we do." The announcement was therefore intended to help employees "prioritize their efforts and resources" (annual report, 2000) and bring about a "change in mindset" (senior manager, quoted in media report, April 2000).[4] We then identified all instances where actors referred to "be first, be best" and "be cost-effective" over the period of our study. We found that these terms were widely used by a range of actors over time to describe what they considered to be the company's strategy. From this initial analysis, we inferred that "be first, be best" and "be cost-effective" formed two key components of the company's strategy, and we decided to compare them systematically.

To ascertain the discourses that related to these two components of the strategy, we examined the text and talk in which these phrases were situated. Using Fowler's (1991) concept of the "lexical register," we identified clusters of related terms used to represent the strategy. We ascertained that when the phrase "be cost-effective" appeared in talk or texts, it

---

[4] It has been necessary to remove author name/source to maintain confidentiality.

was typically accompanied by reference to a broader discourse which invoked the market, such as: a "fast growing market", a "competitive market", "market uncertainty", a "weaker market", a "tough market", "shifts in market conditions", and "market opportunities." We also noted other terms that were regularly related to the market – such as customer, shareholder, and competitor, etc. From this we inferred that "be cost-effective" referred to a strategy of making cutbacks and reducing operating costs, to maintain shareholder value in the context of the prevailing market conditions. When the phrase "be first, be best" appeared in talk or texts, it was typically associated with discussion of the company's professional engineering skills. It was, for example, linked to GlobalTel being "a technologically driven company", "a company full of engineers", and "a deeply rooted engineering culture". We also noted other related terms, such as such as technical excellence, innovation, leading-edge products, etc. We therefore inferred that "be first, be best" referred to a strategy of technological innovation and leadership derived from professional engineering skills. From this analysis, we ascertained that the two components of the proposed strategy were associated with two discourses, which we refer to as *market* and *professional* discourses.

To examine the circulation of power, we systematically traced the two components of the strategy and the associated discourses over time. Insofar as power is intensified through the enactment of practices, we examined the documents, interviews and observations in our database for accounts of activities and events associated with the two components of the strategy. We then examined the talk or text describing the activity or event and, using an inductive, interpretive approach, inferred a range of practices associated with the two components of the strategy (such as people being made redundant, new products being introduced), as well as particular ways in which the accounts portrayed these events and activities (such as the use of language to denote urgency or emphasize technological achievements). We then noted patterns among these practices, i.e., whether certain practices

tended to co-occur and could be linked conceptually (cf. Maguire & Hardy, 2012). On the basis of this analysis we clustered the practices into six analytical categories which we refer to as: *tailoring*, *packaging*, *associating, scheduling*, *bulking up*, and *holding to account* and examined their association with the two components of the strategy (Tables I and II).

– INSERT TABLES I and II ABOUT HERE –

We then plotted the two sets of practices over time and compared them (Table III). We found a number of marked differences. First, evidence from our data indicated that these practices were more diverse in the case of "be cost-effective" than they were in the case of "be first, be best" i.e., more practices were evident in the case of the former. Second, practices were more pervasive in the case of "be cost-effective" in that the evidence showed a wider range of actors inside and outside the organization engaged in these practices compared with "be first, be best." Third, practices persisted longer in the case of "be cost effective" in that the evidence showed that the practices occurred throughout the period under study; whereas, in the case of "be first, be best", practices that had been evident at the beginning of the period of study were not so evident as time progressed. From these marked differences, we inferred that practices served to intensify the power effects of the market discourse, but not of the professional discourse, as we discuss in more detail in the findings.

– INSERT TABLE III ABOUT HERE –

To examine resistance, we returned to the material in our database and noted instances of struggles over the meaning of the two components of the strategy. We examined them more closely and found that struggles were associated with the introduction of alternative discourses by various actors to counter the market and professional discourses (cf. Laine & Vaara, 2007; Vaara & Tienari, 2011). For example, for "be cost-effective", we found instances where unions and government drew on nationalist and egalitarian discourses to change the meaning of the cutbacks from inevitable and beneficial to unacceptable on

16

grounds of national conceptions of fairness. For "be first, be best" we found instances where a sporting or warring competition discourse was employed as an alternative to the professional discourse by media, changing the meaning of technological superiority from an asset to a liability. We then systematically examined these instances of resistance. We first inferred the meaning constructed for the strategy from the original discourse. We then identified the alternative discourses, the talk or texts in which they appeared, and the actors initially responsible for introducing them. We then inferred the potential change in meaning brought about by the alternative discourses. We investigated whether these alternative discourses appeared in subsequent talk or texts over time to ascertain whether and how they displaced the original discourse. We did this by tracing subsequent texts to see if they were taken up by other actors and/or in other talk and texts. From this we concluded the extent and nature of the impact of the alternative meanings on the strategy and on the original discourse. Again, we compared the two components of the strategy and noted marked differences, which we discuss in more detail in the findings (see Table IV).

<center>– INSERT TABLE IV ABOUT HERE –</center>

Finally, to examine what power produced, we re-examined the data to ascertain whether clearly defined strategy objects and subjects could be found. We examined the talk and texts in our database to see whether they converged around being cost-effective and being first and best. In the former case, it was evident that a wide range of individuals talked about being cost-effective in a similar way; that its meaning was shared; and that it was consistently linked to the market discourse that reinforced and rationalized the need to be cost-effective. These empirical materials also delineated a clearly-defined "cost conscious" subject whose talk and actions served to enact the strategy of being cost-effective. In the latter case, there was far more ambiguity about what being first and best meant, whether it was linked to the professional discourse or alternative discourse, and the emergence of a new

<center>17</center>

subject – employees "who used to make the phone". We discuss this further in the findings.

Findings

In this section, we examine the two components of the strategy: "be cost-effective" and "be first, be best".

Be Cost-Effective

The launch of new strategic plan in early 2000 exhorted the managers and employees to "be cost-effective." In July of that same year, the announcement of a "Back to Profit Program" was made. By January 2001, there was talk of a "Back to Profit Strategy" (annual report, 2000). An Efficiency Program was then implemented to "improve cash flow and restore profitability" (press release, April 2001). The combination of the Efficiency Program and Back-to-Profit Program was claimed to be crucial to restoring profitability and, in 2002, the company was described as being "already one of the most aggressive cost-cutters in the business" (media report, April 2002).

Practices

Being cost-effective started to take on a definitive shape as it was *tailored* (see Table I above), by which we mean specific practices consistent with cost-effectiveness were applied to particular people, places and times. Thousands of jobs were relocated, outsourced and cut in successive waves of downsizing that affected particular divisions, products, plants and locations. Contractors were dismissed and their work was reallocated to permanent employees. New units were created, including a new subsidiary and a separate joint venture, and old ones merged. New positions with new responsibilities related to cost savings were introduced. As a result of these specific practices, employees experienced the material effects of cost-effectiveness:

> I had seventy-six [people] then and now I've got four ... I don't know what the
> percentage hit rate on my area was but I mean I certainly said goodbye to far

more than stayed (employee).

> … this site is very cost-effective which is good for business [and], obviously, at the end of the day you want to keep your job (employee).

Working practices also changed. For example, since there was no longer an actual phone being manufactured, a "reference design" was developed to allow customers to see how it would work.

> What tended to happen then [when we made the phone] was you had something in your hand that you could test your software on and it was patently obvious if it didn't work … Now it's a little bit less clear because we don't have the mobile phone to hold in our hands. [What] you do have is something called the reference design which is meant to be a mobile phone (employee).

Development times were speeded up: whereas the company used to take between one and a half and two and a half years to develop a platform, engineers were now being asked to do the same thing in somewhere between nine and fourteen months. Team work also changed with a dedicated project manager to manage costs, as well as a customer project manager who was part of the customer's organization during the project (analyst report, 2005).

These practices were *packaged* insofar as the talk and texts repeatedly referred to disparate actions as a "program" or "strategy," which was then repeatedly *associated* with the market discourse.

> After a challenging year, we expect our strategy to return this area to profit in the second half of 2001 and to create cost base reductions … from 2002 and onwards. This forms the foundation for a highly responsive and focused consumer products business that will increase in value as we move into a period of new mobile standards and services (annual report, 2000).

Practices were also *scheduled* by being tied to specific time-lines, thus creating a sense of urgency. Success became a measure of the degree to which the program was on schedule:

> Our "Back to Profit" program is under implementation and on target (financial statement, 2000).
>
> [An] additional efficiency program [was] immediately implemented (press release, April, 2001).
>
> The program is on track to restore profitability despite weak market conditions (press release, July, 2001).
>
> Earlier than expected savings through rapid implementation of Efficiency Program (annual report, 2001).

The emphasis on urgency was accompanied by practices of *bulking up*, which served to emphasize, underscore and give strength to the strategy: "forceful actions" were necessary (annual report, 2000); reactions were "swift and decisive" (annual report, 2000); efficiency had to be driven "harder" (CEO in press release, March, 2001); programs were "running at full speed" (press release, July, 2001); the "major" efficiency program was "decisively" launched (press release, July, 2001); and the company was taking "aggressive action" (press release, October, 2000). In this way, the importance of taking definitive action to deal with market imperatives was repeatedly stressed.

Practices outside the company also reproduced the market discourse and emphasized the need for a cost-cutting strategy as senior managers were *held to account*. For example, a popular daily newspaper called for the CEO to stand down, displaying his photo on the front page under a "WANTED" headline saying:

> [The CEO] went into hiding as [millions of dollars] of GlobalTel's market value disappeared on Monday. Information on his whereabouts can be left with 586,000 disappointed shareholders (media report, March, 2001).

By emphasizing the importance of market indicators such as share price, senior managers were blamed for failing to protect it. They were also held to account by major investors whose hopes were "pinned on the firm's cost cutting program" to restore share value (media report, April, 2002), and by credit agencies which cut the company's creditworthiness to "junk" status after falls in the share price. We also found evidence of senior managers being held to account by the government when it appointed a full-time official to monitor the restructuring program, holding GlobalTel to account for *how* it made the cuts, although not *whether* it made them.

> This was [the country's] largest company and several sites were affected. The government obviously had to act. The idea was to put pressure on GlobalTel so that they behaved themselves [in how they made the cuts] (government coordinator, quoted in book article).

In this way, actors outside the company reinforced the significance of the market discourse, and the association between it and the need for a cost-efficiency strategy was strengthened.

Resistance

We found some evidence of resistance to the cost-cutting strategy as actors drew on alternative discourses to counter the market discourse. For example, the Prime Minister drew on a discourse of egalitarianism in questioning the large salaries of the senior executives who had recently announced massive job losses:

> I can only say that my annual salary is equal to their monthly wage and there is something fundamentally wrong with the whole way pay is set for the business elite (Prime Minister, quoted in media report, March, 2001).

Union leaders, at a rally protesting the cuts a few days later, invoked a national discourse to criticize the outsourcing of jobs to low wage countries. A government minister also drew on a discourse of nationalism, when he blamed the layoffs on "an Americanization of [our]

industry, in which profit and upturns in the stock market control the whole process" (media report April, 2001). However, this resistance appeared to have limited effect and there was no indication of these alternative discourses being widely taken up by other actors at other times, to displace the emphasis on the market discourse.

Strategy Object and Subject

Through the practices described in the first part of this section, the construction of cost-cutting as a well-defined strategy object was achieved. The market could not be managed; but cost-effectiveness could:

> While we cannot control the market, we can control our costs. The programs
>
> targeted to reduce our costs … are running at full speed … These are tough
>
> but necessary actions (CEO, quoted in press release, July, 2001)

Thus "be cost-effective" was constructed as the strategy solution to the problem of a difficult market, regardless of whether the difficulty lay in the market's decline, competitiveness, uncertainty, or even growth.

Practices also led to the production of a new subject for whom cash flow was a primary concern. Employees were introduced to the language of cash flow. This term featured heavily in the 2001 annual report. It was mentioned on the front page and over 20 times inside the report. The in-house magazine had a front page article with the heading "Cash balance is the main task." An instructional computer game was developed for employees on the company's intranet. Called *The Way Cash Flows*, it enabled employees "to learn more about cash flow" and urged them "to identify everything that could cause delays in invoicing and keep an eye on customers who were careless about paying" (company website). At the workshop, employees clearly identified with this new subject, and there seemed to be little questioning of the meaning of cost-effectiveness or its association with the market discourse. This was also apparent in the interviews:

I think everybody in their own little environment is a lot more conscious of

costs (employee).

[I]t's a very cut-throat business in the sense that you've got to give as much

functionality as possible and at minimum cost (employee).

Thus, a new subject was produced who identified with the strategy object and whose actions

were likely to result in practices that further intensified the power effects of the market

discourse.

In sum, we found evidence of a range of discursive and material practices – tailoring,

packaging, associating, scheduling, bulking up, and holding to account associated with being

cost-effective, which intensified the power effects of the market discourse. Some actors did

engage in resistance by drawing on alternative discourses, but there was little evidence of any

enduring impact. Accordingly, a well-defined strategy object – "be cost-effective" – was

produced which, in turn, led to strategy solutions being generated from within the market

discourse, further normalizing and extending its reach. In addition, new "cost conscious"

subjects were produced who identified with the strategy object, and who were competent to

engage in practices that further intensified the power effects of the market discourse (see

Figure 1).

– INSERT FIGURE 1 ABOUT HERE –

Be First, Be Best

The exhortation to "be first, be best" was articulated in the 2000 strategic plan. It

referred to the company's emphasis on technological innovation and leadership.

We start by understanding the many ways in which people want or need to

communicate with one another. Then we create new and better ways to make

that happen (annual report, 2000).

The company was expected to provide the best technology, and to do it in advance of

other companies in the industry.

> If we talk about new technologies and new features in products it is very
> important to be first. It's a big race now to be first with the first 3G phone …
> (senior manager).

The CEO reiterated this strategy when, in 2002, he was quoted as saying that the company had been repositioned to be "one of the few that can deliver core handset technology." However, as we show in this section, when compared with "be cost-effective", there were fewer intensification practices and they diminished over time. There was also greater evidence of resistance.

Practices

This strategy took shape as it was *tailored*, as a range of specific practices were applied to particular people and places and times, including resourcing R&D, developing testing systems in multiple countries, setting up a range of technological partnerships with other companies, hiring the best technology graduates, setting up an in-house university, and filing for patents. The new joint venture was established "to become a world leader in telecommunications" by combining the respective strengths of the two founding companies, including GlobalTel's "mobile technology lead" (CEO quoted in press release, April, 2001). Similarly, the new subsidiary was to be the first company to provide commercially proven platforms and to "ensure the best interoperability in the industry" (analyst report, 2005).

> You have to be first with new functionality. So that's really what has been
> pushing us all the time. So that's why we focus a lot on having the first
> working GPRS phone, or the first key channel implementation, or the first real
> tests (employee).

As a result, employees experienced the material effects of working for a company that sought to be a technological leader.

These practices were *packaged* insofar as talk and texts repeatedly referred to them in such a way as to create a clear and consistent "program" or "strategy," which was *associated* with the professional engineering discourse that accounted for GlobalTel's technological achievements. GlobalTel's professional engineering expertise allowed it to be the "first" to launch, apply, develop, implement, test and demonstrate new technologies, standards and products that, in turn, provided the "best" in functionality or operability. The term "first" was mentioned repeatedly in official texts. In 2000, for example, 27 press releases had a headline with the "first" highlighted, noting that GlobalTel was first to trial, stage, and launch innovative new products. "First" was also used in this way 18 times in the 2000 annual report, and another 17 times in the 2001 annual report. The term was often repeated to show multiple "firsts" in the same section of text.

> In 2001, GPRS services were introduced for the first time, and this created an opportunity to regain market share lost in previous years. Our improved operations meant we were able to be first to market with a number of innovative products, such as the [Product X] – the world's first commercially available GPRS/Bluetooth handset – and the [Product Y], the first GSM mobile handset with a full color screen (annual report, 2001).

This use of "first" appeared in other texts such as public and media presentations. It was printed on the front page of training materials and in brochures for workshops. "Be first, be best" was symbolized by particular products, such as a phone model pictured on the cover of company's technical magazine in 2000 and described as "the first GlobalTel phone to support [various technologies] all in the same unit."

There was, however, little indication of these practices being *scheduled* – attached to timelines or with specific goals by specific dates – or of *bulking up*. In fact, the initial packaging started to decrease: in 2001, we found only 15 press releases with "first" in the

headline (compared to 27 in 2000) and none in 2002. The 2002 annual report reported the company being "first" with a new product or service only twice. The company's technical magazine featured seven products and technologies as best or first in 2000 and six in 2001, however, none were featured in this way in 2002. Compared to "be cost-effective", fewer intensification practices were evident and, those that were identified appeared to diminish over time.

Resistance

We found instances of actors from both outside and inside the company drawing on alternative discourses to the professional discourse. One such discourse was a competition discourse, which resulted from a long running media focus on the performance of GlobalTel in relation to its close rival, CompTel, a company of similar national importance in a neighbouring country. The two companies were regularly juxtaposed using "sporting and military terms" – the "winner" was "praised", while the "loser" was "scorned" (company website). Recently, GlobalTel had been the loser:

> [GlobalTel's] results are seen as especially poor in relation to rival [CompTel]
> ... Unlike [GlobalTel], which focuses on the technology behind mobile networks, [CompTel] concentrates mainly on handsets, which have seen a modest rebound in recent months (media report).

As GlobalTel's professional expertise and technological successes were devalued, the market discourse was reinforced, especially as CompTel's "smart [market] strategy" of "pushing the handset towards fashion accessory and away from geek device" was lauded (analyst's blog).

Internally, employees also drew on this competition discourse in articulating their understanding of the future of GlobalTel, as they regularly compared the two companies. Sometimes, GlobalTel was the winner, and the professional discourse was reaffirmed:

> I think there's a difference in culture between [the two companies] …

[GlobalTel] is clearly and always has been engineering led, which has had a tendency [for GlobalTel] to focus itself towards best perhaps, looking for innovative engineering solutions whereas [CompTel] has been marketing and customer focused (employee).

So can we get in there soon enough for the next generation of mobile phones to beat [CompTel] at that game so that people come to [GlobalTel] to buy their platforms? (employee).

However, in many instances where employees and managers compared the two companies, GlobalTel was the loser. In these cases, actors engaged in a complex and iterative dynamic whereby the "be first, be best" strategy was disconnected from the professional discourse and re-associated with the market discourse. For example, in this excerpt from the workshop, an employee used CompTel to suggest that *not* being technologically first and best was more likely to bring about market success.

And the other point on the "first" – [CompTel] wasn't first with GSM (employee).

No (senior manager).

But they're making substantial amounts of money… (employee).

Yeah (senior manager).

… And we need to keep that reality in mind (employee).

In another instance during the workshop, participants debated whether "best" meant best in relation to the technological features of the phone, as with GlobalTel, or best in relation to customers, as was the case with CompTel. In doing so, they disconnected "be best" from the professional discourse (i.e., being best technologically) and re-associated it with the market discourse (i.e., being best in terms of user features).

Further struggles over the meaning of "be first, be best" were found as the term was

applied to GlobalTel's customers rather than the company itself.

> I'm thinking of [our] customers – if you want to make them first, best and
> profitable then how do we do that, how do we do it easily? (employee)

During these exchanges, not only was the meaning of "be first, be best" challenged, the strategy was disconnected from the professional discourse and attached to the market discourse; thereby weakening the former and strengthening the latter.

Strategy Object and Subject

There was little evidence of a clearly defined strategy object associated with the professional discourse. Opinions differed over whether being first and best was a sensible strategy.

> But it isn't necessarily the priority for us is it: first, best and profitable?
> (employee).

Some employees even argued that this strategy would damage the company's future, rather than protect it.

> Is there not a danger … that because we're developing stuff that's a distance
> from the consumer product, is there not a danger that we [will] become
> engineering led if we're not careful? (employee).

As a consequence, there was no clear, convergent articulation of what "be first, be best" meant and, further, its technological meaning came to represent a strategy problem rather than a solution. As a result, the professional discourse on which it was based came under scrutiny and, when alternative solutions were suggested, they were drawn from the market discourse e.g., the company should not focus on being technologically first and best, but on making sure the customer was first and best – just like CompTel.

New subjects were produced as employees came to think of themselves as individuals who "*used* to make the phone" but who were now responsible for "selling knowledge" in the

reorganized company. For example, instead of making handsets, employees in one of the new subsidiaries were developing the mobile platform technology for sale to other handset manufacturers. During the workshop, employees were unsure of this new identity, although there was clearly awareness that the old identity was no longer valid:

> I think it's important to recognise that we are still learning how to be a platform provider and, you know, we're not there yet (employee).

Six months later, however, when the interviews were carried out, employees identified much more strongly with this subject. The vast majority of interviewees articulated one way or another that they "used to make the phone."

> We don't make the phones today. We make what goes inside and how it behaves inside (employee).

> Well in the time I've been with [GlobalTel] we've gone from being a product development organisation doing mobile phones from concept all the way through manufacture ... to completely being technically focused and working with electrical platforms (employee).

This new subject was not inconsistent with the professional discourse insofar as "selling knowledge" still involved professional engineering expertise.

> In all the work we've done before, we've effectively [been] manufacturing a product that went to the market. Now we still design, develop, market a product but the term "product" is used much more loosely in the sense that we're now selling knowledge (employee).

However, this new subject was also likely to engage in practices that intensified the power effects of the market discourse, with continual reference to the customer:

> We don't sell phones any more. We sell a set of components that our customers would turn into a phone (employee).

We don't sell units; we get the money back from each unit they sell (employee).

In sum, while we found evidence of tailoring, packaging and associating in relation to "be first, be best", we did not find scheduling, bulking up or holding to account. Moreover, many of the intensification practices that we did find diminished over time. We also found more evidence of resistance than in the case of "be cost-effective". This resistance was not a direct challenge to the strategy by an organized group of actors: it involved different actors acting independently and not necessarily deliberately. The media invoked a competition discourse which had the effect of denigrating the professional discourse and reinforcing the market discourse. Employees also drew on the competition discourse in ways that disconnected "be first, be best" from the professional discourse, and attached it to the market discourse. As a result, there was little evidence of a well-defined strategy object associated with the professional discourse. Instead, the professional discourse was problematized and alternative strategy solutions were generated from the alternative market discourse. In addition, the new subject that was produced – employees who used to make the phone – was ambivalent towards the strategy object, and likely to engage in practices that intensified the power effects of the alternative market discourse (see Figure 2).

– INSERT FIGURE 2 ABOUT HERE –

Discussion

In this section, we discuss how our findings address the three research questions. The first question was: ask *how does power circulate through discourse to shape the constitution of strategy?* Like other researchers (e.g., Balogun et al., 2011; Laine & Vaara, 2007; Mantere & Vaara, 2008), our study shows how strategy is located within and generated from multiple discourses – in our case, market and professional discourses – which constrain and enable strategy. However, our study goes further in identifying *how* discourses bear down on

30

strategy i.e., through intensification practices. In other words, the power effects of particular

discourses are neither automatic nor deterministic: the discourse has to be intensified through

material and discursive practices that normalize and extend its reach. Paradoxically, as a

discourse is intensified, its effects become both more pervasive and more subtle. Such was

the case with the market discourse, whose power effects were intensified over time by a range

of practices that were material (e.g., people lose or change jobs; factories are sold; work

practices are modified) and discursive (e.g., announcements of cuts are packaged as a

strategy; actions are attached to time-lines; the need for cutbacks is reiterated and

emphasized).

In this way, we build on the research that has shown how discourse constitutes a

resource that can be mobilized by individual actors to support or resist strategy (e.g., Rouleau

& Balogun, 2011; Vaara & Tienari, 2011; Vaara et al., 2004) to include consideration of

discourse as a web of power in which multiple actors are situated. As Vaara & Whittington

(2012, p. 29) have argued, strategy-as-practice research "has concentrated on formal planning

and strategizing activities" even though "strategy-making does not require intention and

purposeful goal-orientation" (*ibid*, p. 30). Our study clearly shows that, practices that

intensified the power effects of the market discourse were enacted not just by senior

managers, but also by a range of actors outside the company. Moreover, it was the

accumulation of *multiple* practices by *multiple* actors over time that intensified the power

effects of the discourse by normalizing it and producing a clear strategy object. Thus we

show how discourses shape strategy in ways that are not confined to the agency of senior

managers or other major stakeholders, but through multiple, local practices over which senior

strategists may have little control.

Our second question was: *How are power and resistance mutually implicated?* As our

study shows, even in the case of the highly intensified market discourse, there were instances

of resistance along the lines noted by other researchers (e.g., Erkama & Vaara, 2010; Jarzabkowski & Balogun, 2009; Vaara et al., 2006) i.e., oppositional resistance with groups drawing on alternative discourses in intentional attempts to change the meaning of the strategy. In our case, unions and government engaged in direct opposition with senior managers to challenge the proposed cuts. These actors drew on alternative discourses of nationalism and egalitarianism to change the meaning of "be cost-effective" from a rational, inevitable and, ultimately, beneficial strategy to one that was unpatriotic and unfair (cf. Laine & Vaara, 2007). However, our analysis goes further to consider whether subsequent talk and texts provided any evidence that the meanings associated with these alternative discourses endured. We found, to the contrary, that these meanings were *not* taken up by other actors, suggesting that the alternative discourses did not displace the market discourse. Thus, while analysis at a particular point in time might suggest widespread, organized, deliberate resistance as different groups challenge the strategy by introducing alternative discourses, unless these alternative discourses are taken up more widely, they are unlikely to affect a company's strategy. Future research might involve the systematic tracking of meanings over time to gain a better understanding of whether and how resistant discourses produce enduring effects.

Our study also identified a very different but nonetheless significant form of resistance, evident in the local, iterative, and transversal struggles over the meaning of "be first, be best." Here, too, an alternative discourse of sporting or warring competition was drawn upon by the media, undermining the positive meaning of "be first, be best". This competition discourse was appropriated by employees and managers who reinterpreted its meaning with reference to the market discourse (i.e., it was the customer – and not GlobalTel – that needed to be first and best), undermining and displacing the professional discourse further. This form of resistance differs markedly from the deliberate use of alternative

32

discourses noted above. First, it was not organized and collective but contingent and local; and yet still had consequential effects. Second, it was not intentional and deliberate insofar as it seems unlikely that the apparent opposition to the professional discourse by employees and managers was intended by the individuals concerned to undermine their own professional status. Third, its status as oppositional is questionable in that the actions of employees and middle managers did not appear to be directed against senior management and there were no clearly entrenched positions. Neither was it clearly facilitative (Balogun et al, 2011; Thomas et al., 2011) in that, while it helped reproduce cost-effectiveness, it was at the expense of technological innovation.

Our third question was: *What does power produce?* As with other writers (e.g., Balogun et al., 2001; Laine & Vaara, 2007; Mantere & Vaara, 2008), our study shows how strategy discourses produce objects and subjects. It builds on this work to provide a model that illustrates the dynamics when practices intensify the power effects of a discourse over time i.e., a well-defined strategy object is produced, by which we mean that a clearly delineated strategy, whose meaning is stabilized and valued, and is widely articulated. As a result, the discourse with which it is associated is normalized – rendered acceptable and appropriate – as strategy solutions are generated from within its parameters. In addition, a strategy subject is produced who identifies with the strategy object and is competent to engage in practices that further intensify the power effects of the discourse on which it is based (see Figure 1 above). In this way, in Knights and Morgan's terms (1991, p. 255), there is a self-reinforcing relationship as the discourse "constitutes the problems for which it claims to be a solution" and the subjectivity of organizational members is constituted "as particular categories of persons who secure their sense of reality through engaging in this discourse and practice" (*ibid,* p. 262–3).

Our study makes an important contribution by also showing the "reverse" dynamics

that arise when the power effects of a discourse are *not* intensified (see Figure 2 above), resulting in the production of an ill-defined strategy object i.e., its meaning is contested, leading to the problematization of the discourse and the generation of strategic solutions from the parameters of an alternative discourse. In addition, the strategy subject is ambivalent towards the strategy object, and is more likely to engage in practices that intensify the power effects of the alternative discourse. In the converse of the self-reinforcing relationship noted above, the discourse *fails* to provide the solutions for the problems that it has constituted and the subjectivity of organizational members is constituted as categories of persons who *question* their sense of reality when engaging in this discourse and practice. In this way, we add further to the work by strategy-as-practice scholars that show how some meanings "take" and others do not (e.g., Laine & Vaara, 2007).

Finally, our study also makes important practical contributions. First, by showing that strategy is situated in *multiple* discourses, it also indicates how one discursive strand of the strategy can be weakened through resistance, while another is strengthened. This raises the question of whether the ultimate dominance of the market discourse over the professional discourse was a beneficial outcome. From a managerial perspective, a commitment to a cost-cutting strategy and the production of subjects who identify with and act upon it, might appear to be advantageous. However, the (albeit inadvertent) resistance to the professional discourse from employees, coupled with the absence and erosion of intensification practices on the part of other actors, could prove short-sighted if the core competence of the company – its technological strength – was irremediably weakened over time. What might be more effective is the ability to intensify the power effects of *multiple* discourses that collectively result in a more robust and well-rounded strategy, in which case more studies like ours that delve into greater discursive complexity offer significant insight. Second, the unpredictability of multiple acts of localized resistance has practical implications for potential resisters. There

34

is thus a deep irony in that, as a result of engaging in struggles over meaning, employees –

apparently inadvertently – undermined the professional discourse from which their

professional status derived. As "cost-conscious" subjects in a company dominated by a

market discourse, employees themselves represent costs and are, therefore, at risk of being

cut. In contrast, as "professionals" in a company in which a professional discourse is valued,

they are afforded far greater protection from cost-cutting.

Conclusions

Our aim in conducting this study was to develop greater insight into how power

relations shape the constitution of strategy by using a Foucauldian approach that sees power

as circulating through discourse and which incorporates both language and practice into its

conceptualization of discourse. In this way, our study contributes an understanding of how

discourse bears down on strategy through intensification practices, how resistance can take

multiple forms, and how objects and subjects are produced through power and how they go

on to reproduce (or undermine) discourse.

Our study has some limitations. First, while we endeavoured to collect a wide range

of different materials in which the voices and actions of different actors could be discerned

and their effects traced, we were forced to work with a "sample" of larger bodies of talk and

text. For example, we could not analyze all the publicly available documents on GlobalTel

and those we did were written in English. We also report on only one workshop. Partial

"coverage" of this nature is inevitable with any research design and we have been careful to

be specific in our claims as a result. So, while we cannot claim that no scheduling and

bulking up of "be first, be best" occurred, we can say that across the range of texts, talk, and

observations in our data base, we could not find evidence of any, whereas we did find

considerable evidence of these practices in relation to "be cost-effective." Similarly, we

cannot say there was no resistance to "be cost-effective", although we can say that across the

range of materials that we examined, there was far less evidence of such resistance than in the case of "be first, be best", and it was of a different nature.

In advocating a Foucauldian approach, our study is somewhat at odds with recent studies of strategy and discourse that have used Fairclough's (1995) critical discourse analysis (CDA) framework (e.g., Hardy et al., 2000; Mantere & Vaara, 2008; Pälli et al., 2009; Phillips et al., 2008; Siltaoja, 2009; Varra, 2010). However, we believe that Fairclough does not go far enough "in terms of concretely tying discourse to physical and material arrangements of force" (Hook, 2001, p. 530; also see Blommaert, 2005); and because he separates discourse, defined as "linguistic and other semiotic elements", from "non-discoursal elements" (Fairclough, 2005, p. 16). Strategy-as-practice researchers have tended to adopt a similar linguistic focus when talking about discourse. For example, discourse is defined as "a linguistically oriented way of making sense of a phenomenon or an issue" (Balogun et al., 2011, p. 768); a "connected set of statements, concepts, terms and expressions which constitutes a way of talking or writing about a particular issue" (Laine & Vaara, 2007, p. 37); a "linguistically mediated construction of social reality" (Mantere & Vaara, 2008, p. 341); and "language and symbols" (Greckhamer, 2010, p. 871). Taking a Foucauldian approach, in contrast, reminds us that the discursive and material, although not reducible to each other, are nonetheless inextricably entwined (Mumby 2011).

> [O]bjects exist and events occur in the real world but we apprehend and
> interpret these events within discursive structures and we are not always aware
> of the way that discourse structures our understanding (Mills, 2005, p. 56).

By understanding how discourse also incorporates practice, we can see how the practices that bring strategies into being are disciplined by the discourses in which they are situated. Foucault's more radical view thus forces attention on discursive *and* material practices and, in so doing, reaffirms the importance of practice to the "doing of strategy".

References

Balogun, J., Jacobs, C., Jarzabkowski, P., Mantere, S. and Vaara, E. (2009). 'Strategy as discourse: Its significance, challenges and future directions'. *Journal of Management Studies*, **46**, 3: call for papers.

Balogun, J., Jarzabkowski, P. and Vaara, E. (2011). 'Selling, resistance and reconciliation: A critical discursive approach to subsidiary role evolution in MNEs'. *Journal of International Business Studies,* **42**, 765-786.

Balogun, J. and Johnson, G. (2004). 'Organizational restructuring and middle manager sensemaking'. *Academy of Management Review,* **46,** 4, 523-549.

Blommaert, J. (2005). Discourse: A Critical Introduction. Cambridge: Cambridge University Press

Carter, C., Clegg, S. and Kornberger, M. (2008). 'S-A-P zapping the field'. *Strategic Organization*, **6**, 107-112.

Cornellissen J.P., Holt, R. and Zundel, M. (2011). 'The role of analogy and metaphor in the framing and legitimization of strategic change'. *Organization Studies*, 1-16: published online. http://oss.sagepub.com/content/early/2011/10/26/0170840611425729

Deetz, S. (1992). *Democracy in an Age of Corporate Colonization: Developments in Communication and the Politics of Everyday Life.* Albany: State University of New York.

Denis, J.L., Langley, A. and Rouleau, L. (2007). 'Strategizing in pluralistic contexts: Rethinking theoretical frames'. *Human Relations*, **60**, 1, 179-215.

Dreyfus, H. L. and Rabinow, P. (1982). *Michel Foucault: Beyond Structuralism and Hermeneutics*. Brighton: Harvester.

Erkama, N. and Vaara, E. (2010). 'Struggles over legitimacy in global organizational restructuring: A Rhetorical perspective on legitimation strategies and dynamics in a

shutdown case'. *Organization Studies*, **31**, 7, 813-839.

Ezzamel, Mahmoud, Hugh Willmott, and Frank Worthington (2001). 'Power, control and resistance in "the factory that time forgot"'. *Journal of Management Studies*, **38**, 8: 1053–1079.

Ezzamel, M. and Willmott, H. (2008). 'Strategy as discourse in a global retailer: A supplement to rationalist and interpretive accounts'. *Organization Studies,* **29**, 2, 191-217.

Ezzamel, M. and Willmott, H. (2010). 'Strategy and strategizing: A poststructuralist perspective'. *Advances in Strategic Management*. **27**, 75-109.

Fairclough, N. (1995). *Critical Discourse Analysis: The Critical Study of Language*. London: Longman.

Fairclough, N. (2005). 'Discourse analysis in organization studies: The case for critical realism. *Organization Studies*, **26**, 6, 915–939.

Fenton, C. and Langley, A. (2011). 'Strategy as practice and the narrative turn'. *Organization Studies*, 1-26: published on line. http://oss.sagepub.com/content/early/2011/07/21/ 0170840611410838

Foucault, M. (1972). *The Archaeology of Knowledge*. New York: Harper and Row.

Foucault, M. (1977). 'What is an author?', in Bouchard, D.F. (Ed.) *Language, Countermemory, Practice: Selected Essays and Interviews*. Ithaca, N.Y.: Cornell University Press.

Foucault, M. (1978). The *History of Sexuality, Volume 1: An Introduction.* Harmondworth: Penguin.

Foucault, M. (1979). *Discipline and Punish: The Birth of the Prison*. Harmondsworth: Penguin.

Foucault, M. (1980). *Power/Knowledge: Selected Interviews and Other Writings 1972-1977*,

Gordon, C. (Ed.). Brighton: Harvester Press.

Foucault, M. (1981). 'The order of discourse', in Young, R. (Ed.) *Untying the Text: A Post-structural Anthology*. London: Routledge (pp 48-78).

Fowler, R. (1991). *Language in the News: Discourse and Ideology in the Press*. London: Routledge.

Goksorkhi, D., Rouleau, L, Seidle, D. and Vaara, E. (2010) 'Introduction: What is strategy as practice?', in Goksorkhi, D., Rouleau, L, Seidle, D. and Vaara, E. (Eds.) *Cambridge Handbook of Strategy as Practice*. Cambridge: Cambridge University Press.

Greckhamer, T. (2010). 'The stretch of strategic management discourse: A critical analysis'. *Organization Studies*, **31**, 7, 841–871.

Hall, S. (1992). 'The West and the Rest', in Hall, S. and Gieben, B. (Eds.) *Formations of Modernity*. Cambridge: Polity Press/The Open University.

Hall, S. (2001). 'Foucault: Power, knowledge and discourse', in Wetherell, M., Taylor, S. and Yates, S. (Eds.). *Discourse, Theory and Practice: A Reader.* London: Sage/OU.

Hardy, C. (2004). 'Scaling up and bearing down in discourse analysis: Questions regarding textual agencies and their context'. *Organization*, **11**, 3, 415-425.

Hardy, C., Palmer, I. and Phillips, N. (2000). 'Discourse as a strategic resource'. *Human Relations*, **53**, 9, 7-28.

Hendry, K.P. Kiel, G.C., and Nicholson, G. (2010). 'How boards strategise: A strategy as practice view', *Long Range Planning*, **43**, 33-56.

Hook, D. (2001). 'Discourse, knowledge, materiality, history: Foucault and discourse'. *Theory & Psychology*, **11**, 521-547.

Hook, D. (2007). *Foucault, Psychology and the Analytics of Power*. Hampshire: Palgrave MacMillan.

Jarzabkowski, P. (2005). *Strategy as Practice: An Activity Based Approach*. London: Sage.

Jarzabkowski, P. and Balogun, J. (2009). 'The practice and process of delivering integration through strategic planning'. *Journal of Management Studies* **46**, 8, 1255-1288.

Jarzabkowski, P. & Spee, A.P. (2009). 'Strategy-as-practice: A review and future directions for the field'. *International Journal of Management Reviews*, **11**, 1, 69–95.

Kelly, M. G. E. (2009). *The Political Philosophy of Michel Foucault.* Abingdon: Routledge.

Kornberger, M. and Clegg, S. (2011). 'Strategy as performative practice: The case of Sydney 2000'. *Strategic Organization*, **9**, 2, 136-162.

Knights D. and McCabe, M. (1998). 'When 'life is but a dream': Obliterating politics through business process reengineering'. *Human Relations,* **51**, 6, 761–798.

Knights, D. and Morgan, G. (1991). 'Corporate strategy, organizations, and subjectivity: A critique'. *Organization Studies*, **12**, 2, 251-272.

Knights, D and Vurdubakis, T *(1994).* 'Foucault, power, resistance and all that'. In Jermier, J, Knights*,* D, Nord, W (Eds.), *Resistance and Power in Organizations*. London: Routledge.

Laine, P-M. and Vaara, E. (2007). 'Struggling over subjectivity: A discursive analysis of strategic development in an engineering group'. *Human Relations*, **60**, 1, 29-58.

Maguire, S. and Hardy, C. (2009). 'Discourse and deinstitutionalization: The decline of DDT'. *Academy of Management Journal*, **52**, 1, 148-178.

Maguire, S. and Hardy, C. (2012) 'Organizing processes and the construction of risk: A discursive approach'. *Academy of Management Journal* (in press; http://journals.aomonline.org/InPress/pdf/done/1044.pdf).

Mantere, S. and Sillince, J. (2007). 'Strategic intent as a rhetorical device'. *Strategic Journal of Management*, **23,** 406–423

Mantere, S. and Vaara, E. (2008). 'On the problem of participation in strategy: A critical discursive perspective'. *Organization Science*, **19**, 2, 341–358.

McCabe, D. (2010). 'Strategy-as-power: Ambiguity, contradiction and the exercise of power in a UK building society'. *Organization*, **17**, 2, 151-175.

Meriläinen, S., Tienari, J., Thomas, R. and Davies, A. (2004). 'Management consultant talk: A cross-cultural comparison of normalising discourse and resistance'. *Organization*, **11**, 2, 539-64.

Mills, S. (2003). *Michel Foucault*. Oxford: Routledge.

Mumby D.K. (2011). 'What's cooking in organizational discourse studies? A response to Alvesson and Kärreman'. *Human Relations,* **64**, 9, 1147–1161.

Nealon, J. T. (2008). *Foucault beyond Foucault*. Stanford: Stanford University Press.

Pälli, P., Vaara, E. and Sorsa, V. (2009). 'Strategy as text and discursive practice: a genre-based approach to strategizing in city administration'. *Discourse & Communication*, 3, 3, 303–318.

Phillips, N., Sewell, G. and Jaynes, S. (2008). 'Applying critical discourse analysis in strategic management research'. *Organizational Research Methods*, 11, 4, 770-789.

Riad S. (2005). 'The power of 'organizational culture' as a discursive formation in merger integration'. *Organization Studies* **26**, 10, 1529–1554.

Rouleau, L. (2005) 'Micro-practices of strategic sensemaking and sensegiving: How middle managers interpret and sell change every day'. *Journal of Management Studies*, *42*, 1413–43.

Rouleau, L. and Balogun, J. (2011). 'Middle managers, strategic sensemaking, and discursive competence'. *Journal of Management Studies*, **48**, 5, 953-983.

Sawicki, J. (1991). *Disciplining Foucault*. London: Routledge.

Siltaoja, M. (2009). 'On the discursive construction of a socially responsible organization'. *Scandinavian Journal of Management*, 25, 191-202.

Spee, P. and Jarzabkowski, P. (2011). Strategic planning as communicative process.

Organization Studies, 1-29. Published online. http://oss.sagepub.com/content/early/
2011/07/21/0170840611411387.

Taylor, J.R. & Van Every, E.J. (2011). *The Situated Organization: Studies in the Pragmatics of Communication*. New York/London: Routledge.

Thomas, R. and Davies, A. (2005). ''Theorising the Micro-politics of Resistance: New Public Management and Managerial Identities in the UK Public Services. *Organization Studies*, **26**, 5, 683-706.

Thomas, R., Sargent, L. and Hardy, C. (2011). 'Managing Change: Negotiating Meaning and Power-Resistance Relations'. *Organization Science,* **22**, 1, 22-41.

Thomas, R. and Hardy, C. (2011). 'Reframing resistance to organizational change', *Scandinavian Journal of Management'*. **27**, 3, 332-331.

Vaara, E. (2010). 'Taking the linguistic turn seriously: Strategy as a multifaceted and interdiscursive phenomenon'. *Advances in Strategic Management*, **27**, 29–50.

Vaara, E., Kleymann, B. and Seristo, H. (2004). 'Strategies as discursive constructions: the case of airline alliances', *Journal of Management Studies*. **41**, 1, 1-35.

Vaara, E., Sorsa, V. and Pälli, P. (2010). 'On the force potential of strategy texts: A critical discourse analysis of a strategic plan and its power effects in a city organization'. *Organization*, **17**, 6, 685-702.

Vaara, E. and Tienari, J. (2011). 'On the narrative construction of MNCs: An antenarrative analysis of legitimation and resistance in a cross-border merger'. *Organization Science*, **22**, 2, 370-390.

Vaara, E. and Tienari, J. (2002) 'Justification, legitimization and naturalization of mergers and acquisitions: A critical discourse analysis of media texts'. *Organization*, **9**, 2, 275-303.

Vaara, E., Tienari, J. and Laurila, J. (2006). 'Pulp and Paper Fiction: On the Discursive Legitimation of Global Industrial Restructuring'. *Organization Studies*, **27**, 6, 789–810

Vaara, E and Whittington, R. (2012). 'Strategy-as-Practice: Taking Social Practices Seriously'. *Academy of Management Annals*, DOI:10.1080/19416520.2012.672039.

Van de Ven, A. H., and Poole, M. S. (1990). Methods for studying innovation development in the Minnesota innovation research program. *Organization Science,* **1**, 313–334.

Whittington, R. (1996). 'Strategy as practice', *Long Range Planning*, **29**, 731–735.

Table I: Illustrations of coding of practices in relation to "be cost-effective"

Summary of activity/event	Talk/text describing action/event	Interpretation of action/event	Category of practice
Cost-cutting program	"Our 'Back-to-Profit' program, announced ... in July 2000, is under implementation and on target" (annual report)	Cutbacks are presented as part of a delineated strategy and assigned a time-line ("on-target").	Packaging; scheduling
Specific jobs are cut	We've cut, transferred and outsourced a lot of jobs ... although I suppose the measure of success would be how many customers we can sell these platforms to ... the bottom line profit at the moment is not good. But there seems to be a path forward that ... we'll be breaking even in 2003 (manager in interview)	Cutbacks are achieved through changes in specific jobs/responsibilities; cutbacks are related to market (customer),	Tailoring; associating
Newspapers blame CEO	"The country's leading business daily called for [the CEO] to stand down and the front page of [the country's] biggest selling tabloid, meanwhile, displayed [the CEO's] picture under a 'WANTED' poster" (media report)	Responsibility of CEO for share price (which increases after cutbacks are announced) is emphasized	Holding to account
New positions	"COO [chief operating officer] part of new structure"(company magazine)	Cutbacks are achieved through changes in specific jobs/responsibilities	Tailoring
Announcement of cuts	"... we are now taking necessary measures. We have to drive efficiency much harder ... (CEO quoted in press release)	Cutbacks are given weight and force	Bulking up
Announcement of cuts	"A weaker market has contributed to the further deterioration of our mobile phone business. As a result, we are limiting the scope of our ... operations" (CEO quoted in press release)	Cutbacks are presented as part of a delineated strategy and linked to market	Packaging; associating
Efficiency program	"Anticipating shifts in market conditions in late 2000 and throughout 2001, we changed the shape of our business – rapidly. We quickly identified and implemented a range of measures to transform [the company] into a more efficient, integrated and responsive organization. These changes were coordinated through the Efficiency Program" (annual report)	Cutbacks are linked to the market; need for cutbacks are assigned a time-line ("quickly"); cutbacks presented as part of a delineated strategy	Associating; scheduling; packaging
Development of low-cost platform	"I mean to say at the moment we're working on getting a low cost ... platform out ... There is a platform already it's just that we're going to do it slightly differently, reduce the cost and maybe with different processes" (employee in interview)	Cutbacks are achieved through changes in work practices	Tailoring

Table II: Illustrations of coding of practices in relation to "be first, be best"

Summary of action/event	Talk/text describing action/event	Interpretation of action/event	Category of practice
Innovation	Company lists new products and technology in press releases with repeated use of "first" in headline	Ritualized way of announcing innovations	Packaging
Generation of patents and intellectual property rights (IPR)	[The company] views its existing and future patents as an important and growing source of revenue ... we are now giving priority to licensing IPRs that will return profit to our company ... Approximately 1,000 new patent applications are filed each year and [the company] has more than 10,000 granted patents worldwide. This makes us one of the strongest patent holders in the telecommunications industry (annual report).	Emphasis on R&D results in patents and IPRs which generates profits	Tailoring Associating
Training	Front page of the course schedule for training sessions run for employees in different countries has the heading "Global Services: Be first, be best"	Technological innovation is emphasized for trainees	Packaging
Account of company's competitive advantage	Case study of the company in a book on organizing for innovation	Case study describes how the company has been innovative and relates it to engineering	Tailoring Associating
Creation of new subsidiary	[The new subsidiary] offers complete 2.5G and 3G technology platforms to manufacturers of mobile phones and other mobile devices ... The technology is based on [our] global standardization leadership and our exceptional IPR [intellectual property rights] portfolio (annual report)	New subsidiary is formed to leverage and enhance technological leadership	Tailoring
Change in working practices	Empowerment [is key]. How do we empower our engineers? We need to delegate more. We employ engineers to do a job so let them just get on and do it, that's really important (manager in workshop).	Discussion of how empowerment should be applied to engineers and assumption it will be beneficial	Tailoring Associating
Existing working practices	I'll give you an example. When we develop products, the technology was developed [in-house] and then the platform came to the product development team ... If there was a problem with that technology platform when it came to product development ... and if there were quality issues we would work with them to overcome them in production because we are all engineers (employee in interview)	Employee explains how quality control is emphasized and managed, pointing to a similar engineering mindset across different groups of employees	Tailoring Associating

Table III: Comparison of intensification practices

Practice	Description	Examples from "be cost-effective"	Examples from "be first, be best"
Tailoring	The strategy takes shape as practices are directed at particular people and places at particular times.	Outsourcing mobile phone production and transferring employees to external companies; dismissing contractors.	Setting up new subsidiary and transferring staff to focus on developing innovative mobile platform technology.
Packaging	The strategy is made more substantial as disparate practices are bundled together as a single strategy.	Repeated talk that refers to the Back-to-profit "strategy" or "program".	Repeated talk that refers to "first" and "best" in relation to technological achievements.
Scheduling	The strategy is temporalized to create a sense of urgency and end goal as practices are tied to specific time lines and benchmarks.	Setting out a time line and measurement points for activities; talk that emphasises deadlines.	No evidence.
Bulking up	The strategy is given substance through practices that emphasise its strength and force.	Talk about the need to take "tough" decisions and to act "aggressively	No evidence.
Holding to account	The strategy is emphasized by holding actors to account for carrying out particular actions.	The media holds the CEO to account for the falling share price.	No evidence.
Associating	The strategy is consistently linked back to the discourse	GlobalTel's ability to make cutbacks will help it meet the demands of (an uncertain, contracting, growing) market.	GlobalTel's ability to maintain technological leadership in the industry will be enhanced by nurturing professional engineering skills.

Table IV: Illustrations of resistance coding

	Be cost effective	**Be first, be best**
Original discourse	Market	Professional
Inferred meaning as per original discourse	Cutbacks are inevitable and (possibly) beneficial and will bring about market leadership	Technological leadership is beneficial and depends upon professional engineering skills
Alternative discourses identified	Nationalism Egalitarianism	Warring/sporting Competition
Actors initially responsible for introducing alternative discourse	Government Unions	Media
Inferred potential change in meaning	Cutbacks not inevitable or beneficial but unpatriotic and unfair	Technological leadership is not beneficial for the company and professional engineering skills are a cause of the company's decline in relation to CompTel (rival company)
Evidence of other actors taking up the alternative discourse	None	Employees and managers in workshop and interviews
Impact of alternative discourse on strategy	Little: all sources of data (media, interviews, workshop) indicate diverse actors accept meaning of cuts as inevitable and (in some cases) beneficial	Significant: interviews and workshop transcript indicate actors arguing that professional engineering skills are a liability and a cause of the company's market demise
Impact on original discourse	Relevance and importance of market discourse is strengthened	Relevance and importance of professional discourse is weakened

Figure 1: Intensification of the power effects of the market discourse

STRATEGY OBJECT NORMALIZES MARKET DISCOURSE AND STRATEGY SOLUTIONS ARE GENERATED FROM WITHIN IT

```
┌─────────────┐                    ┌─────────────────────┐
│   MARKET    │                    │  STRATEGY OBJECT:   │
│  DISCOURSE  │                    │ "BE COST-EFFECTIVE" │
└─────────────┘                    └─────────────────────┘
```

POWER EFFECTS INTENSIFIED THROUGH

WELL-DEFINED STRATEGY OBJECT WITH WHICH SUBJECT IDENTIFIES

```
┌─────────────┐                    ┌─────────────────────┐
│ DISCURSIVE +│                    │  STRATEGY SUBJECT:  │
│  MATERIAL   │                    │  "COST CONSCIOUS    │
│  PRACTICES  │                    │     EMPLOYEE"       │
└─────────────┘                    └─────────────────────┘
```

STRATEGY SUBJECTS ENGAGE IN PRACTICES THAT INTENSIFY MARKET DISCOURSE

Figure 2: Non-intensification of power effects of the professional discourse
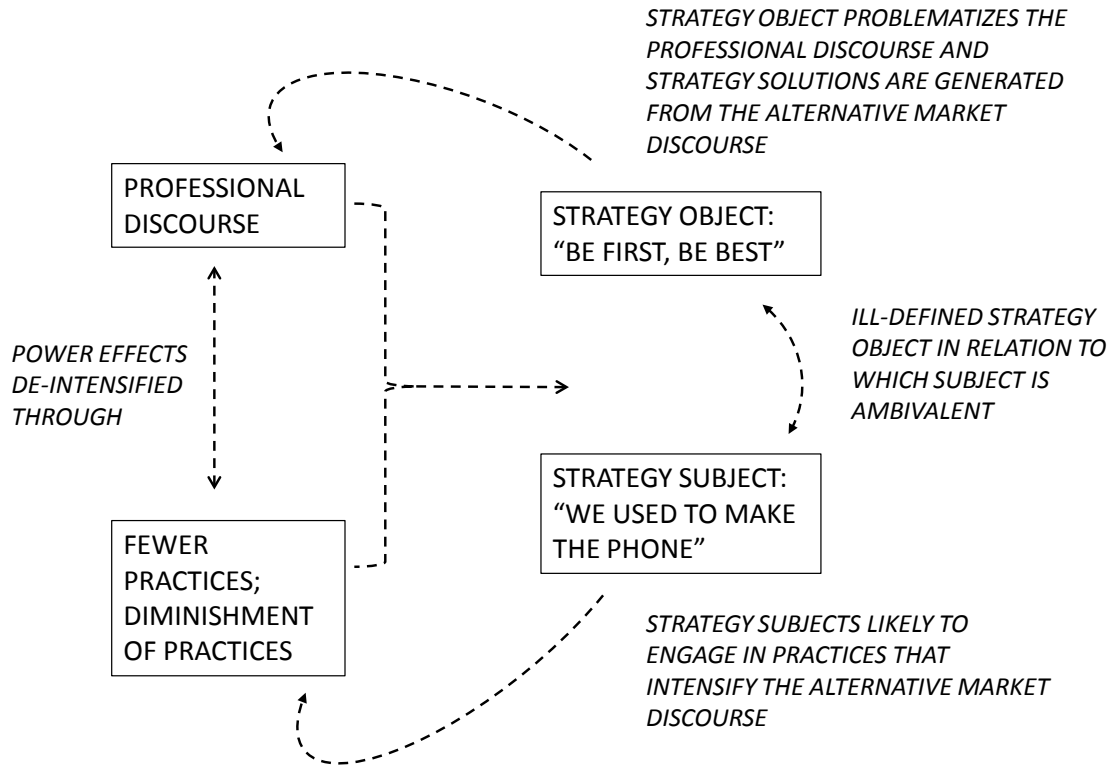
*STRATEGY OBJECT PROBLEMATIZES THE
PROFESSIONAL DISCOURSE AND
STRATEGY SOLUTIONS ARE GENERATED
FROM THE ALTERNATIVE MARKET
DISCOURSE*

PROFESSIONAL
DISCOURSE

STRATEGY OBJECT:
"BE FIRST, BE BEST"

*ILL-DEFINED STRATEGY
OBJECT IN RELATION TO
WHICH SUBJECT IS
AMBIVALENT*

*POWER EFFECTS
DE-INTENSIFIED
THROUGH*

STRATEGY SUBJECT:
"WE USED TO MAKE
THE PHONE"

FEWER
PRACTICES;
DIMINISHMENT
OF PRACTICES

*STRATEGY SUBJECTS LIKELY TO
ENGAGE IN PRACTICES THAT
INTENSIFY THE ALTERNATIVE MARKET
DISCOURSE*

Author/s:
Hardy, C;Thomas, R

Title:
Strategy, Discourse and Practice: The Intensification of Power

Date:
2014-03-01

Citation:
Hardy, C. & Thomas, R. (2014). Strategy, Discourse and Practice: The Intensification of Power. JOURNAL OF MANAGEMENT STUDIES, 51 (2), pp.320-348. https://doi.org/10.1111/joms.12005.

Persistent Link:
http://hdl.handle.net/11343/116063