



Strategy Creation as Serious Play

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Introduction

Strategy researchers have struggled to develop a theory of strategy creation. We believe this difficulty might be eased somewhat if the field had a notion of intentionality that allowed us to acknowledge emergent change. We here present *serious play* as a descriptive framework for activities through which the conditions of the possibility of emergence may be intentionally created. In this sense, the purpose of this chapter is *to consider strategy creation as a kind of serious play*.

Intending emergence

Recently, Regnér (2003) observed that there are relatively few answers to the question of how managers actually create strategy in practice. Whittington (2003) similarly calls for a more enhanced, detailed understanding of the where and how of strategy creation. Cockburn and Henderson (2000) have taken an important step in this direction and investigated the initial conditions of the origins of competitive advantage in strategy creation. In response to these observations and preliminary efforts, we approach the task of developing a theory of strategy creation with two assumptions: first, that strategy is intentional; and second, that it is emergent. Guided by these assumptions, we consider how and to what extent the emergence of strategy can be intended.

We assume that strategy is intentional. The standard notion of intentionality that is presupposed in strategy research refers to actions that are *deliberately directed* towards the achievement of some *purpose*. For example, Chandler (1962: 15) referred to strategy's generic purpose as the "determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals". In a distinct, but similar formulation strategy has been characterized as a rational, top-down process through which goals are identified and achieved by the firm (e.g. Ansoff, Declerck, and Hayes, 1976). More recently, the purpose of strategy has been defined as the attempt to provide the organization with a direction (Rumelt, Schendel, and Teece, 1994) and as a means for achieving sustainable competitive advantage (Hoskisson *et al.*, 1999).

More specifically, within *strategy content* research, the industrial organization approach defines the purpose of strategy as the matching of external market opportunities with internal firm competencies (e.g. Porter, 1980, 1985). In contrast, the resource-based view argues that the purpose of strategy involves the identification and development of internal, hard-to-

imitate firm characteristics that generate above-market returns (e.g. Barney, 1991, 1997; Wernerfelt, 1984, 1995). The *strategy process* research stream focuses its efforts on the systematic examination and description of the role of specific actors in strategy as well as the importance of a variety of context factors (e.g. Floyd, 2000; Floyd and Wooldridge, 1997; Mintzberg and McHugh, 1985a; Pettigrew, 1985). And yet, this research stream remains content to analyze the different roles and context factors that constrain or enable the achievement of goals and objectives, without calling into question the intentionality that guides the analysis.

While we acknowledge the many points of distinction between the different views cited here, it seems that they all presuppose a notion of intentionality that involves clearly defined purposes and actions that are deliberately directed to achieve those purposes. In each case, a linear, causal relationship between intentional actions and performance outcomes for the firm is presupposed.¹ The problem with this notion of intentionality is that it cannot adequately accommodate or explain strategy's inherently emergent character.

Indeed, we also assume that strategy is emergent. Mintzberg and Waters (1985b) were the first to differentiate between deliberate and emergent strategies. They applied this distinction in such a way as to call attention to the fact that strategies proceed not just from the directives that are issued by the leadership team, but also from ideas that were never implemented, and from what emerged during the journey. In that respect, Mintzberg argued that the only way we can comprehend a strategy is in retrospect, as a pattern in a stream of actions. In an unrelated but parallel development, emergence has been theorized extensively within the field of complex adaptive systems theory (Holland, 1995). Here, the idea is that complex systems, defined as systems of agents, experience nonlinear interaction among themselves and tend to exhibit sudden and often surprising behavior at another level of scale. Just as the pattern of the ground appears to change as you take off in an airplane and gain height, complex adaptive systems exhibit the same kind of shift of patterns. This "emergent" effect is seen in natural as well as social systems. Thus, in accordance with this metaphorical concept borrowed from the natural sciences and systems theory (and as a further specification of Mintzberg's colloquial use of the term), strategy can be considered an emergent phenomenon because it involves a series of complex interactions between individual agents.

For example, Stacey (1996: 287) portrays emergence as the unintended, unpredictable outcomes ("global patterns") of intentional behavior of actors in social systems "that cannot be produced from the local rules of behaviour that produce them." Similarly applying complexity and systems theory in the context of strategy research, MacIntosh *et al.* (1999: 301) refer to emergence as a property of a system characterized by nonequilibrium conditions as well as nonlinear, random developments that "create new system

configurations in a way which is largely indeterminate.” As descriptively compelling as these theories of emergent strategy making might be, it seems that they – in our view unnecessarily – struggle to leave room for intentionality. Indeed, the emergent pattern of action cannot be chosen or predicted in advance, and thus it cannot provide a purpose to which actions may be deliberately directed.

Thus while we are willing to grant that strategy creation might well involve a deliberate, conscious act, or even a series of such acts, we do not presuppose that there is or must be a direct, causal relationship between these intentional actions and the outcomes or results for the firm. Indeed, we assume that an irreducible multiplicity of other factors bear systemically upon the moment as well, contributing to its dynamics in a way as to make the outcomes of any particular action unpredictable. In this sense, the notion of “strategy creation” implies a certain paradox: is it possible to intend emergence? How can one engage in the paradoxical task of intentionally creating an inherently emergent phenomenon?

In search for a better understanding of this apparent paradox, we here consider the concept of serious play. In the following section, we will explore how serious play might provide us with a more subtle way to reflect on intentionality, emergence, and the relationship between them.

The Adjacent Possible: Playing Seriously

Psychologists have long recognized that play serves the primary development of cognitive skills such as the capacity to conduct logical operations (especially following Piaget and Inhelder, 1958) as well as the capacity to understand meaning in specific contexts (Vygotsky and Cole, 1978). At another level of analysis, play has been shown to enhance the emotional sense of competence or fulfillment that may serve as a precondition for effective cognitive functioning (Erikson, 1963). In turn, sociologists and anthropologists have identified the crucial importance of play for the development of the skills generally required to function in social communities (Mead, 2001), as well as for the development of particular social institutions (with regard to law, religion, government, cf. Huizinga, 1950) and forms of cultural identity (Geertz, 1973).

Organizational theory has explored the possibility that *play* might provide people who *work* with an adjacent possible mode of activity, one that has significant benefits even though it functions at the boundaries of instrumental rationality (March and Olsen, 1979).² Following this line of thinking, we should not presuppose an unnecessarily fixed and static notion of the “goal,” “purpose,” or “objective”. In this context, the “technology of foolishness” requires strategy makers to acknowledge that goals change with time, as do the values on the basis of which the decisions were made to pursue those goals. This ambiguity functions as one of

the limits of intentional action within behavioral theories of decision making. In such circumstances, playfulness appears to provide:

"... a natural outgrowth of our standard view of reason. A strict insistence on purpose, consistency and rationality limits our ability to find new purposes. Play relaxes that insistence to allow us to act "unintelligently" or "irrationally", or "foolishly" to explore alternative ideas of possible purposes and alternative concepts of behavioural consistency" (March and Olsen, 1979: 77)"

As we have seen above, a theory of strategy creation similarly requires a notion of intentionality that can accommodate emergent change. What March provides us with, is the suggestion that such a notion can be modeled on the characteristics of *play*.

In the interest of identifying such characteristics more precisely, we turn to consider how *play* has been understood in adjacent streams of literature. Most broadly speaking, play has been characterized as a "a mode of being" characterized by "to-and-fro movements" that take place "in-between" participants (Gadamer, 2002: 101ff). This philosophical definition directs our attention to the "modal" (i.e., processual) characteristics of human action. It furthermore provides an ontological frame for the following two descriptive characteristics of the playful mode of human activity: the first, pertaining to human adaptive variability (Sutton-Smith, 1997), and the second, pertaining to the imaginative creation of meaning (Winnicott, 1971). Our working definition will be: *Play is a mode of human activity that increases adaptive variability through the imaginative creation of meaning.*

A prominent line of argument from the field of educational psychology has characterized play as a mode of activity that enhances human adaptive potential (Sutton-Smith, 1997). It is thus precisely the diversity of play activities (not to mention the diversity of concepts of play) which recommends them most for our consideration in the context of strategy creation. Because play "contains so much nonsense, so much replication, and is so flexible...it is a prime domain for the actualization of whatever the brain contains. And for that matter, speaking in behavioral rather than neurological terms, [it] is typically a primary place for the expression of anything that is humanly imaginable" (1997: 226). Phrased descriptively with respect to different modes of human action, play thus appears as an "exemplar of cultural variability" that provides an arena within which new alternatives may legitimately be explored (1997: 230). This series of claims extends March's account by conceptualizing play not simply as the boundary condition of productive work, but as the primary frame within which human adaptive variation occurs.

Furthermore, it suggests that such variability pertains not only to our motor reflexes, but also additionally to our capacity to make sense of the world that surrounds us. A distinct stream of psychological research describes play as the process through which meaning is created as such (Winnicott, 1971). Following this influential line of thinking, the infant first

attaches meaning to a “transitional object” that marks an ambiguous area of experience within which the self is not fully differentiated from the environment. This transitional object involves more than merely the material object as such (e.g., a source of food). Additionally, the transitional play involves a *primary process of object relations* through which differentiations of inside and outside, self and other, and real and unreal are actually in the process of being accomplished. In turn, this primary experience gives rise to a series of increasingly complex patterns of relationships (i.e., meaning). These patterns are not lost with the passage of childhood, but instead retained throughout life “in the intense experiencing that belongs to the arts and to religion and to imaginative living, and to creative scientific work” (Winnicott, 1971: 14). In this context, play refers precisely to those processes through which people imaginatively create meaning in ambiguous circumstances. Synthesizing these two lines of argument, we suggest that the adaptive variability of play can be associated with the human imaginative capacity to create and discover meaning. Phrased descriptively, through imaginative play, humans cultivate adaptive potential. The question is then: *To what extent can people play with the deliberate intent to adapt?*

From a certain perspective, we can say that people are intrinsically, not extrinsically, motivated to play. The term “autotelic”, referring to something that serves as an end in itself rather than a means to some other end, has been used to distinguish play and other flow-like experiences from work (e.g. Csikszentmihalyi, 1990). Following this strict terminological distinction, as soon as someone tries to accomplish something else (e.g., making money) through play, then the activity becomes “telic” or goal-oriented. If someone engages in play with the intent to produce some determinate goal or outcome, then the playful mode of activity shifts to become work.³ This distinction has significant consequences for our consideration of the adaptive potential of play – can such potential be cultivated deliberately, or if we play with the intent to adapt, then have we strictly speaking ceased to play and begun to work? At issue is the extent to which people can be intrinsically motivated by the play activity itself, and nevertheless still play with the intent to allow as-yet indeterminate benefits to emerge.

In this regard, the concept of *serious play* appears to preserve the intrinsic motivation of play activities (as well as the nonlinear causality of emergent change) while focusing intentionality not on the emergent, adaptive outcomes themselves, but rather *on the conditions for their possibility*. Because Gadamer (2002: 102) accepts the apparent conceptual paradox of the phrase “serious play”, and affirms it as a crucial aspect of what he refers to as the playful mode of being, it is worthwhile to cite him at length:

“Play has a special relation to what is serious... More important, play itself contains its own, even sacred, seriousness. Yet, in playing, all those purposive relations that determine active and caring existence have not simply disappeared, but are curiously suspended. The player

himself knows that play is only play and that it exists in a world determined by the seriousness of purposes. But he does not know this in such a way that, as a player, he actually *intends* this relation to seriousness."

Following this line of thinking, one may play in full knowledge that the activity might have potentially important benefits. And yet, one does not presume to be able to know in advance what those benefits might be, so in this sense the goal remains indeterminate. Similarly, one does not presume to be able to know in advance what the relationship might be between the intentional action and its outcome. In spite of these limitations, one can nevertheless play seriously, that is, with the intent to increase adaptive variability through the imaginative creation of meaning. Our descriptive claim is thus that when we engage in serious play, we create the conditions for the possibility of the emergence of new forms of meaning and new patterns of action.

Reflecting on Strategy Creation as Serious Play

We began by assuming that strategy involves both intentionality and emergence, and that based on these assumptions, strategy creation would somewhat paradoxically involve *intending emergence*. We found that the theoretical difficulties presented by this apparent paradox arise in part due to a need within strategy research for a more subtle understanding of both intentionality and emergence. In an effort to develop this understanding by reference to an adjacent possible activity, we considered play as a distinct mode of human activity characterized by the enhancement of adaptive variability through the imaginative creation of meaning. Extending March's claim that we should "accept playfulness in organizations" (1979: 80), our suggestion is that we should consider *strategy creation as a form of serious play*. We now consider the theoretical and methodological implications of this claim.

First and foremost, a better theoretical understanding of *intending emergence* is required if the field is to develop a theory of strategy creation. We have taken an initial step in this direction and problematized the mode of intentionality by identifying two variables that merit further consideration: the indeterminacy of the objective, and the indeterminacy of the relationship between intentional action and outcome. Traditional business logic begins with the definition of strategic objectives. But as we have seen, the playful *creation* of such strategic objectives might involve an ongoing, transitional process characterized by fundamental ambiguity and indeterminacy. Similarly, strategy research traditionally seems to presuppose a linear, causal relationship between intentional action and outcome. But as we have seen, we must acknowledge the limits of the capacity of any single actor to bring about change in a complex world. Given these limitations, the most we can hope for is to create the conditions for the possibility of emergence.

It is interesting to note that the play theories introduced above were built empirically on descriptive, narrative and participatory accounts of play activities and experiences. We noted at the outset how, by contrast, the field of strategy research lacks descriptive accounts of strategy creation. In this light, we can only begin to speculate about what the most relevant conditions for its emergence might be. And yet, if we allow our speculation to be guided by the concept of serious play, then we must acknowledge that cognitive, social, and emotional factors are all potentially relevant for consideration.

As a single example of how such research might proceed, we find a promising avenue in the work of philosopher Mark Johnson (1987), who discusses different modes of intentionality as he explores the embodied, perceptual aspects of the human imagination. On his analysis, even the most basic modes of logic (i.e., must, may, can) have their roots in embodied experience. In light of such a claim, it seems likely that future strategy research could address a wider range of variables, including embodied, perceptual, and affective dimensions of experience, in such a way as to enable a more precise differentiation of the distinct modes of intentionality that pertain to strategy creation.

Secondly, with respect to the methodological implications relevant to studying such phenomena, one systematic challenge consists in the fact that researchers are rarely present during the process of its creation. As Regnér (2003) and Cockburn and Henderson (2003) indicate, future research should thus focus on the “initial conditions” of strategy creation. But how exactly does one study these conditions? Clearly, a detached observer can hardly understand what is going on in the context she studies. In line with Chakravarthy and Doz (1992), we agree that more exploratory, participatory research is needed if we are to understand the origins of strategy. What is considered intentional or emergent depends on the local, contextual practices through which meaning is intersubjectively negotiated and reified. In this regard, we are inspired by the recent call to explore and understand “the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes” (Johnson, Melin, and Whittington, 2003: 3). This stream of research conceives of practice as an ontology rather than as a phenomenon (Orlikowski, 2000, 2002), and thereby directs our attention to contextual, local activities that previously went unnoticed (e.g. Balogun, Huff, and Johnson, 2003; Heracleous, 2003; Jarzabkowski, 2003; Whittington, 1996, 2003).

It should be acknowledged that a great deal of strategy research takes place when the researchers engage with firms in a consultative role. Rather than presenting a risk to objectivity and generalizability, we believe that such situations might provide researchers with an opportunity to experiment with the contextual conditions (as well as the mode) of strategy development practices such as management retreats or strategy workshops.

One illustrative example of this kind of research has dealt with the relationship between strategy process and strategy content (Roos, Victor, and Statler, 2003). In a series of consulting and executive education assignments, the authors engaged with three top management teams from different organizations in strategy development processes. With the explicit consent of the participants, they experimented with alternative modes and media of strategy creation. In particular, the mode was characterized by different levels of experience (i.e., cognitive, social, and emotional), and a more playful, open attitude toward emergence. The medium, in turn, consisted of small, three-dimensional construction toy materials, which the participants used to make and express meaning about phenomena relevant to their strategy. Throughout this series of action research experiments, attention was paid to the relationship between the change in the mode and medium process variables to see if there was a corresponding change at the level of the strategy content. The authors suggest in conclusion that new strategy content can emerge when the mode and medium constraints on a strategy process are changed.

We believe that additional experimentation of this sort might shed light on different modes of intentionality, the variability of the conditions for emergence, and ultimately, on strategy creation as such. If we pursued such an approach, might not the field of strategy research itself become more *seriously playful*?

Notes

1. We acknowledge the related notion of “strategic intent” (Hamel and Prahalad, 1989). However, rather than a normative suggestion, we aim at an analytical perspective on intentionality.
2. We have chosen March as a starting point for our argument in this section because, although a number of organizational theorists have considered play (e.g., with regard to identity and career choice (Ibarra, 2003), behavior motivation (Glynn, 1994), creativity (Amabile, 1996), and product development (Schrage, 2000)), he has considered play not only normatively or as an object of study, but additionally as part of a descriptive theoretical framework.
3. Play theorist Roger Caillois (1961) considers what is perhaps the most difficult borderline activity, gambling, and claims that even though money may change hand between participants, because there is no wealth produced through the game of chance itself (excepting of course the wealth that may be created by a casino that makes a business of providing gamblers with games of chance), it cannot be considered productive. Relatively easier to distinguish are professional and amateur sporting activities, where on one hand people compete for profit and on the other hand people compete “for the love of the game”.

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