

Toward A Practice Based View of Strategy

Devaki Rau
Northern Illinois University

Abstract

Many studies in strategic management attempt to explain macro-level firm behaviors or characteristics and/or the influence of such behaviors or characteristics on firm performance. Consequently, current strategy scholarship rarely considers specific, actual techniques managers might use to develop strategies or generally-applicable firm practices. We propose a practice based view (PBV) of strategy scholarship to address this gap. We define a practice as a defined activity or set of activities that a variety of firms might execute. In contrast with the resource based view (RBV) emphasis on things that other firms cannot imitate, the PBV examines publicly known, imitable activities, or practices amenable to transfer across firms. We present evidence to show that these practices significantly explain firm performance, and connect the PBV with previous research such as the behavioral theory of the firm and evolutionary economics. We see the PBV as contributing to strategy scholarship in three ways. First, the PBV suggests investigating different causal structures than those traditionally investigated in strategy research. Second, with its focus on practices that have weak or non-existent isolating mechanisms, the PBV questions the idea of sustained competitive advantage based solely on unique resources or capabilities. Instead, the PBV suggests that the use of practices not protected by isolating mechanisms can provide enduring performance benefits. Research using this perspective might therefore be better served by focusing on firm performance rather than competitive advantage as the dependent variable. Third, the PBV increases the legitimate potential explanations for performance variation by adding the use of practices in the public domain in addition to RBV resources. The PBV thus offers a different perspective on strategy scholarship complementing extant views like the RBV or knowledge based view, while offering a mechanism to implement more engaged scholarship.

Speaker Profile

Devaki Rau earned her Ph.D. at the University of Minnesota and is currently an Associate Professor of Management at Northern Illinois University. Her research interests include top management teams, decision making, risk, and expertise. Her research has been published in the Strategic Management Journal, Journal of Management, Journal of Applied Psychology, Small Group Research, Journal of Business Research, and other journals.

<http://www.cob.niu.edu/personnel/PersonnelDetails.asp?id=m60dxr1>