The Evolution of Strategic Management Research

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Abstract. Strategic management as an academic research field has gone through over half a century and accumulated many wonderful theoretical and empirical studies. However, the fragmentation of the field is expanding so that reviewing the history of the field is necessary to guide those researchers who are new to the field and not familiar with strategy research. Analysis of the most influential studies with the forefront scientific bibliometric method shows an outlined map of the strategy field which also shows the evolutionary path and future potentials of the field. Some significant changes of the field in theory and methodology are discussed. Strategy research in China is at the peripheral position of global strategy community. However, the periphery can have its indispensable value. From a Sino-West comparative perspective, Chinese strategy scholars can take an active participation in the global strategy research practice as “peripheral participants”, with a mission to contribute to strategy theory and practice by investigating indigenous social and strategy phenomena and increasing the legitimacy of Chinese strategic management research by practicing engaged scholarship.

1. Introduction

As a branch of management and an academic research field, strategic management has got many monuments since 1960s and 1970s when scholars and practitioners started to pay attention to it. A recent monument is the name change of the “Business Policy and Strategy (BPS)” division of the Academy of Management on 7th August 2017. The new name is “Strategic Management (STR)”, indicating the high legitimacy of strategic management field. Besides the STR division, in the Academy of Management there exits another community where more than 700 members are interested in the strategizing activities and practices (SAP). This research interest group is now working on updating to be a new division of the Academy of Management. Strategic Management Society (SMS) is expanding as well, with more than 3,000 members around the world. The development of these academic organizations reflects the bloom of strategy research. Lots of fabulous theoretical and empirical studies make strategy one of the most innovative and productive field. Along with the expanding of the field, fragmentation increases(Durand, Grant & Madsen, 2017). It is necessary to have a general review and a description of the evolution of the strategic management research for the newcomers to get to know the basics and the cutting-edge, to guide further studies.

Strategic management didn’t prevail in China until the establishment of the opening and reform national policy in late 1970s. From a Sino-West comparative perspective, strategy research in China has, for a long time since its beginning till nowadays, been located at the periphery of global strategy community. To better facilitate the development of Chinese strategy research, we need to take a close look at this “core-periphery” relationship. Analyzing the evolution of strategic management research can give us many insights.

In this paper, we endeavor to identify the most influential studies in strategy field and reveal the context, theory, and paradigms behind them. We make two major contributions: 1) systematically review the field of strategic management research and 2) offer suggestions for Chinese strategy
scholars to be peripheral participants and make the strategy field live long and prosper by practicing engaged scholarship.

2. Methodology

Bibliometric co-citation analysis is used in this study. Co-citation analysis can cluster different streams of a research field by revealing the citation link in literatures. If literature A and B are both cited by a latter literature C, then there is a co-citation relation between A and B. And if these literatures are frequently co-cited, then together with those citing literatures, they form a research stream.

The procedure of literature selection is as follows: 1) The sources. We select eight top-tier English journals. They are Academy of Management Journal(AMJ), Academy of Management Review(AMR), Administrative Science Quarterly(ASQ), Journal of Management(JOM), Journal of Management Studies(JMS), Organization Science(OSC), Organization Studies(OST), and Strategic Management Journal(SMJ). 2) The Keywords. To cover as many literatures as possible, we use strateg* as the Keywords which contains strategy, strategies, strategic management, strategic choice and so on. 3) Search. We choose the Web of Science Core Collection(1975-present) and search all journal papers with strateg*. All the results are exported into Endnote and then downloaded as the original data files for CiteSpace. We collect all the papers published on SMJ because it’s a strategy journal by definition.

<table>
<thead>
<tr>
<th>Journals</th>
<th>Publication Period</th>
<th>Number</th>
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<tbody>
<tr>
<td>Academy of Management Journal(AMJ)</td>
<td>1980–2018.04</td>
<td>688</td>
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<tr>
<td>Academy of Management Review(AMR)</td>
<td>1983–2018.04</td>
<td>482</td>
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<tr>
<td>Administrative Science Quarterly(ASQ)</td>
<td>1975–2018.06</td>
<td>232</td>
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<tr>
<td>Journal of Management(JOM)</td>
<td>1983–2018.07</td>
<td>607</td>
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<tr>
<td>Journal of Management Studies(JMS)</td>
<td>1975–2018.07</td>
<td>807</td>
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<tr>
<td>Organization Science(OSC)</td>
<td>1990–2018.04</td>
<td>639</td>
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<tr>
<td>Organization Studies(OST)</td>
<td>1980–2018.06</td>
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<tr>
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<td><strong>Total</strong></td>
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<td><strong>6691</strong></td>
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After collecting all the literature data (as shown in Figure 1) and consulting strategy experts, the co-citation analysis is employed using CiteSpace. CiteSpace is a software for performing scientific bibliometric analysis. It was invented by professor Chaomei Chen at Drexel University and has been widely used to study the knowledge structure, the evolution path, the key literatures, the frontiers, and the fundamentals of a particular scientific research field (Chen, 2017).
3. Evolution of Strategic Management Research

3.1 Main-stream Strategy Research: The Fundamentals

Figure 1 shows the result of co-citation analysis. It depicts the evolution path and current status of strategic management research, those influential literatures in different time periods, and those references that significantly move the field forward (the nodes that connect different topics, theories, and even paradigms).

Books that lay the foundation of strategic management include Alfred Chandler Jr.’s Strategy and Structure (1962), Igor Ansoff’s Corporate Strategy (1965), Kenneth Andrews’s The Concept of Corporate Strategy (1971), and Richard Rumelt’s Strategy, Structure and Economic Performance (1974). It’s not until late 1970s and early 1980s that strategic management started to be an independent academic research field. Academic organizations (e.g. Strategic Management Society) and journals (e.g. Strategic Management Journal) are established. The economic paradigm of research dominated the field at the beginning. Among the publications Michael Porter’s Competitive Strategy: Techniques for Analyzing Industries and Competitors (1980) was the most popular one. Porter based his theory on industrial economics and asserted that strategy is positioning. He introduced the S-C-P (Structure-Conduct-Performance) framework to strategic management and is the representative figure of the Positioning School (Mintzberg, Ahlstrand & Lampel, 1998). Porter (1980) in his book firstly proposed the Five Force Model for analyzing industries and three general strategies, i.e. cost leadership, differentiation, and focus, which advanced the process of strategy typology research. Before Porter, Miles and Snow (1978) also gave a basic typology of strategy. Those actors whose strategy is different were called by them the defenders, analyzers, prospectors, and reactors. Another important research stream at that time was the study of strategy processes. Hofer and Schendel (1978) maintained that
strategy has hierarchical structure which includes corporate strategy and business strategy, and strategy formation process is an unstructured problem-solving process. Mintzberg (1978) pointed out that strategy formation process is a comprehensive process influenced by environment, organization system, and leadership, and the realized deliberately planned strategy as well as the realized emergent strategy are both within the definition of strategy. This distinction has inspired many strategy process studies, for example the strategy formation process in entrepreneurial settings (Ott, Eisenhardt & Bingham, 2017).

In the middle 1980s, Michael Porter published another important book on strategy, Competitive Advantage: Creating and Sustaining Superior Performance (1985). In this book, he proposed the famous Value Chain Analysis framework which gives specific guidance for firms to gain advantageous position in the industry they operate and sustain competitive advantage (Porter, 1985). The domination of economic paradigm in strategy research at that time also can be seen in the application of transaction cost economics (and more broadly the neo-institutional economics) to the analysis of corporate strategy. Oliver Williamson’s The Economic Institutions of Capitalism (1985) was the most cited book during that time period. Another theoretical perspective that has its basis on economics is the resource-based view. Wernerfelt (1984) put forward the title “a resource-based view of the firm.” When the strategy pendulum (Hoskisson et al., 1999) moved from the outside of the firm to the inside, lots of studies started to pay attention to the relationship between the demographics of top management team (e.g., age, education background, and group characteristics) and the choices of corporate strategies. Upper echelons theory and agency theory, for instance, brought cognition and the assumption of human beings in economics (selfish, bounded rationality, risk averse) into the analysis of strategy (Eisenhardt, 1989a; Hambrick & Mason, 1984). Levitt and March (1988)’s review about organizational learning and Eisenhardt (1989c)’s study about the process of strategic decision making in high-velocity environments were both influential in the field.

1990s witnessed the “internal” perspective of strategy research. The relationship between internal resources (capabilities) and competitive advantage were the major interest of strategy scholars at that time (Hoskisson et al., 1999). Two most important references appeared. One is Barney (1991), the other is Teece, Pisano, and Shuen (1997). Barney (1991) formally put forward the resource-based view (RBV) of strategy which asserted that resources that are rare, valuable, difficult to imitate and substitute can be sources of competitive advantage. Teece et al. (1997)’s “dynamic capability” perspective claimed that dynamic capability is the key for firms to exploit market opportunities and gain sustainable competitive advantage in fast changing environments. These two theories are both based on economics. The former contains economic studies about inequality, particularly David Richard’s theory about resource endowment and economic rent; the latter contains studies about innovation and non-equilibrium economic systems within the Austrian economics tradition, particularly Joseph Schumpeter’s theory about “disruptive innovation.” In Figure 1, the nodes around Barney (1991) and Teece et al. (1997) represents studies taking an internal view about strategy, including foundational references of RBV (e.g., Dierickx & Cool, 1989; Peteraf, 1993), capability and knowledge (e.g., Cohen & Levinthal, 1990; Grant, 1996; Prahalad & Hamel, 1990).

In addition to take an internal perspective to study strategy, scholars in 1990s also are interested in interorganizational relations and their implications for strategy. Population ecology theory (Hannan & Freeman, 1989) serves as one theoretical foundation. For example, Ring and Van de Ven (1994) investigated the development processes of cooperative interorganizational relationships; Gulati (1995b) and Gulati (1995a) looked into the governance of alliances. From Figure 1, we can see that there is a clear boundary between these interorganizational studies and those RBV and dynamic capability studies.

Standing at the beginning of the new century, we see no studies that is comparable to Barney (1991) and Teece et al. (1997). However, there are major developments in RBV and dynamic capability perspective. For RBV, Barney (2001) responded with a “yes” to the question “Is the resource-based
“view” a useful perspective for strategic management research?”; resource management perspective opened the black box of resources and illustrated the strategies for firms to create value in dynamic environments. For dynamic capability perspective, researchers shifted their attention to the dynamics of the concept itself, that is the development and evolution of dynamic capabilities. For example, Helfat and Peteraf (2003) revisited dynamic capability within the RBV framework, and proposed the concept of “capability lifecycle.” Eisenhardt and Martin (2000) did another reconceptualization of dynamic capability; they suggested that dynamic capability is a series of organizational and strategic processes like product R&D, strategic decision making and alliance. As a response to Eisenhardt and Martin (2000), Teece (2007) put the skills of managers, organizational structure, organizational processes, decision rules into the “microfoundation” category, and regarded opportunity sensing, capturing, and reconfiguration as three key dimensions of dynamic capability.

In the early ten years of the new century, the following strategy research streams also have significant influence. First, strategic management in emerging economies. The fast development of emerging economies attracted many strategy scholars. They examined many interesting phenomena happened in emerging economies from different theoretical perspectives (e.g. RBV, knowledge-based view, institution-based view, etc.). Some journals organized special issues on strategic management in the context of emerging economies, for example Wright et al. (2005). Peng et al. (2009)’s institution-based view of strategy now is widely used in studying and understanding strategies in emerging economies.

Second, revisiting upper echelons theory. The central premise of upper echelons theory is that executives’ experiences, values, and personalities greatly influence their interpretations of the situations they face and, in turn, affect their choices (Hambrick & Mason, 1984). In order to embrace new studies within this stream and direct future research, Hambrick (2007) updated upper echelons theory. Top management team’s strategic leadership were increasingly linked with corporate strategy (Finkelstein, Hambrick & Cannella Jr., 2009).

Third, organizational ambidexterity. March (1991) firstly studied the “ambidextrous” mechanism in organizational learning, i.e. exploration and exploitation. Exploration includes things captured terms such as search, experimentation, risk-taking, discovery, innovation; exploitation included such thing as refinement, efficiency, implementation, execution, production. Both exploration and exploitation require resource commitment, but the resources that firms have are rare. Thus firm face an “ambidexterity” problem, that is how to balance between exploration and exploitation (Gibson & Birkinshaw, 2004). Benner and Tushman (2003)’s process management model of organizational ambidexterity got this paper the 2003 best paper award of the Academy of Management Review, and the Decade Award in 2013. This paper opened the conversation between organization management and paradox, and inspired many studies using paradoxical perspective.

Fourth, “Strategy-as-Practice. “Traditional strategy research regards strategy as something that organization has. Different from this, strategy-as-practice research treats strategy as things that people do (Vaara & Whittington, 2012). This “practice turn” in strategy started from late 1990s and was influenced by the “practice turn” in contemporary social theory. Whittington (2006) completed the “practice turn” by proposing a framework for strategy research based on the three concepts of strategy praxis, strategy practices and strategy practitioners. As we said in the introduction section, SAP now has a big research interest group in the academy of management. Strategic Management Journal recently published a special issue on integrating strategy process and strategy practice studies (Burgelman et al., 2018).

Fifth, methodology of strategy research. According to the results of co-citation analysis, we find that the requirement for strategy researchers of mastering the methodology is rapidly increasing. Quantitative studies are required by be scientific, rigor. Econometric methods are widely used, making Greene (2003)’s methodology book a highly cited reference. In addition to this, the common method bias in survey study (Podsakoff, 2003), binary models (Hoetker, 2007), and endogeneity problem (Bascle,
2008) are all coming to the center of strategy research methodology stage. Case study research, as a representative of qualitative research methodology, is more oriented toward theory-building rather than theory testing or just describing phenomenon. Eisenhardt (1989b) and the latter Eisenhardt and Graebner (2007) are both highly influential references. However, there are other paradigms of qualitative research than Eisenhardt’s way. We leave this discussion to the following section.

Institutional theory seems to be the single main-stream new perspective that dominates strategy community since 2010s. Its origin can be traced back to 1990s when Oliver (1991) asked how organizations strategically respond to institutional processes and Suchman (1995) asked how organizations manage (acquire, maintain, and repair) legitimacy. Strategy research based on institutional theory opens many new streams and now theoretical perspective, for example institutional entrepreneurship, the strategies of managing legitimacy, strategic responses to institutional complexity, institutional work, and institutional logics perspective (e.g. Greenwood et al., 2011; Thornton, Ocasio & Lounsbury, 2012).

To supplement the results in Figure 1 and alleviate the drawbacks of setting the look-back years of references to 8, we employed another co-citation analysis (Figure 2 and Figure 3). We set no limits on the look-back years of cited references thus we can see the most cited references at all time. Based on our field knowledge and consulting to strategy experts, we try to use 2000 as a cutting point to see the changes of strategy research streams before and after 2000. Some changes are very interesting to our best knowledge and are thus reported in the following section.

3.2 Strategy Research before and after 2000: The Changes

Figure 2 shows the status of strategic management research before 2000. In general, the whole field is integrated and linked by some “big nodes”. Michael Porter’s book Competitive Strategy: Techniques for Analyzing Industries and Competitors (1980) got the highest citation record. Three important points need to be noticed before we leave Figure 2:

1. The close relationship between strategic management research and organization theory. March and Simon (1958)’s classic book Organizations opened up the gate of organization studies. They treat organizations as open systems which need to interact with environments, and investigate the decision making process within organizations from the behavioral perspective which lays the foundation for top management team and strategic decision making research. Cyert and March (1963) is another monument of organization study. Concepts like bounded rationality, unsolved conflicts, incomplete environmental fit were used when they looked into the process of organizational economic decision making. These two books are the cornerstone of the Carnegie-Mellon School that affects many strategy scholars.

2. Figure 2 also reminds us another three organization theory book that have great influences in strategy field. The first one is Thompson (1967)’s Organizations in Action: Social Science Bases of Administration. It’s contribution focus on the relation between organizations and their environments. Theories like transaction cost economics (theory), industrial organization theory, organizational ecology theory, and neo-institutional theory of organizational sociology are all further developments based on Thomson’s book. The second one is Pfefer and Salancik (1978)’s The External Control of Organizations: A Resource Dependence Perspective. It is the gatekeeper of resource dependence theory which treats the relationship between organization as an open system and the external environment (especially resource environment) as a dependence of power; so that to reduce dependence on external environment, organizations need to meet external demands. The third one is Nelson and Winter (1982)’s An Evolutionary Theory of Economic Change. It introduces an evolutionary perspective into organizational management research.
Figure 2  Strategic Management Research before 2000

Notes: a. Data source: Web of Science; b. number of citing references: 2575, timespan: 1975–2000; c. slice length: 5 years; d. threshold: top 100 per slice; e. node type: cited reference; f. cited reference look back years: -1(no limits); g. the bigger the circle around the node, the more it has been cited; h. the line between two nodes indicates co-citation; i. label of the node is shorted with only the last name of the first author and the year of publication.

(2) Theoretical foundations of interorganizational relation studies. Social network theory (Burt, 1992; Granovetter, 1985) and transaction cost theory (Williamson, 1985) are widely used for studying cooperation, alliances, and M&As. Social network theory provides researchers with concepts like “embeddedness”, “weak tie and strong tie”, and “structural holes” to examine the sources of resources, competition and economic performance. Transaction cost theory offers researchers views about interorganizational integration and the mechanism of the formation of different interorganizational relations.

(3) Neo-institutional theory of organizational sociology’s peripheral position. As we can see from Figure 2, the cornerstones of the neo-institutional theory are Meyer and Rowan (1977) and DiMaggio and Powell (1983). They both deal with the problem of organizational isomorphism and explain it with a mechanism different from the economic efficiency, which is legitimacy. Organizations become more similar because they need to meet the requirement of institutional environment, to conform to social norms and cultural expectations. DiMaggio and Powell (1983) also introduced “organization field” into organization studies, expanding the boundary of strategy research and advancing empirical institutional analysis by offering a new level of analysis beyond firm-level and industry-level.
Figure 3 shows the status of strategy research after 2000. In general, different subfields have clear boundary between each other and those core references are less co-cited. This confirms the claim of Durand et al. (2017) that strategy field is fragmentizing. Compared to Figure 2, Figure 3 reveals some interesting changes.

The first and probably surprising change is that the influence of industrial economics and transaction cost economies are weakening. Porter (1980) has left the core circle and has few co-cited references. Similar to the situation of Porter (1980), Oliver Williamson’s two classic books are increasingly giving place for social network theory. Different from these two fading theories, RBV, dynamic capability perspective, evolutionary theory, and the behavioral theory of the firm are still getting more and more disciples. Upper echelons theory and agency theory are getting more power too, but they are losing connections with the core circle (the upper left area in Figure 3).

The second change is that neo-institutional theory of organizational sociology gradually comes to the center of the theory stage of strategy research. This is consistent with the results in Figure 1. The rank of DiMaggio and Powell (1983)’s citation number goes from 18 before 2000 to 6 after 2000. Popularity of the theory increases the citation number of related literatures, for instance Oliver (1991), Suchman (1995), and Scott (1995). These studies together form a subfield of strategy research which along with the resource dependence perspective focus on how organizations cope with environments and make strategic decisions.
The last but not the least change is that research methodology is getting much more attention. Figure 1 has already shown this trend. Figure 3 has something new to say. For researchers prefer to use qualitative methods, Eisenhardt’s case study research paradigm is their priority. However, Figure 3 shows that there at least exit two other paradigms: One is Ann Langley’s process study methodology (Langley, 1999) and the other is Dennis Gioia’s grounded theory based “Gioia methodology (Gioia & Chittipeddi, 1991).” These three paradigms have different philosophy of science (Gehman et al., 2018; Tsang, 2017). For researchers prefer to use quantitative methods, correcting the problem of endogeneity is unavoidable. Those three references located at the right bottom in Figure 3 are all about how to correcting endogeneity. Heckman (1979)’s “two-stage least square” methods can correcting the endogeneity caused by sample selection bias; Hamilton and Nickerson (2003) reviews the sources of endogeneity in strategy research as well as the correcting methods; Bascle (2008) shows how to use instrument variables to correct endogeneity.

The above is a brief outline about the evolution of strategic management research in the past five decades. It’s based on the most influential literatures in the field. Although we show the dominated theories, ideas or paradigms in different time periods, many other studies and some newly published references might be missed such as business model research, ecosystem research, platform strategy research and so on. Some new peripheral theories might come to the center in the future just as the neo-institutional theory did in the past years. We need to have an open mindset, encourage innovative ideas, and pay attention to those actors at the periphery.

4. Reflections about Chinese Strategic Management Research

4.1 “Core-Periphery” and the Positioning of Chinese Strategic Management Research

“Core-periphery” is a typical network structure in social network studies. Some nodes locate at the center of the network and some at the periphery. Analogically, the “core-periphery” structure has been used when analyzing international relations, international trade, and other economic and social phenomena. Some organization studies also adopt this structure, for instance the center and peripheral dimensions of decision making, the central and peripheral members of a strategic group, and the “core-periphery” model of innovation diffusion (Fiss, 2011). In the abovementioned neo-institutional theory of organizational sociology, “core-periphery” distinction appears at the organizational field level. Organizations at the center of the field have more resources, more powerful, and are the dominators, protectors, and benefactors of exiting institutions; organizations at the periphery of the field have fewer resources, less power, and are conformers of existing institutions. Peripheral actors are less embedded in the field and are more likely to initiate institutional change to challenge an innovate the rules that govern field members (Greenwood et al., 2011; Leblebici et al., 1991).

If we treat strategy community as a field, then Chinese strategic management without doubt is at the periphery. Barkema et al. (2015) list the differences in philosophy, culture between the West and the East, and encourage Chinese scholars to do more context-specific studies. How to do “indigenous management research” is a common asked question. Taking the ideas from the analysis of “core-periphery” structure, we suggest Chinese strategy researchers play as peripheral participants actively participating global strategy research practice community and investigating Chinese social and strategic management phenomena. The desirable outcome of the peripheral participation is the increase of legitimacy of Chinese strategy research in the global strategy community. Engaged scholarship might be a valuable and promising method for Chinese scholars to achieve this goal.
4.2 Engaged Scholarship

Engaged scholarship (Figure 4) is a participative form of research for obtaining the advice and perspectives of key stakeholders (researchers, users, clients, sponsors, and practitioners) to understand a complex social problem, link local knowledge and universal knowledge, and construct cross-cultural, cross-contextual management theories (Van de Ven, 2007). If Chinese strategy scholars can practice engaged scholarship and do innovative theoretical and empirical studies, the value of their locating at the periphery might still be unnegligible.

![Engaged Scholarship Diamond Model](image.png)

Figure 4   Engaged Scholarship Diamond Model
Source: Van de Ven (2007)

China’s diverse culture, long history, and economic and social changes since 1978 provide strategy researchers great environments to construct theories based on Chinese contexts. Some scholars have pioneered in this direction and done a lot of valuable work including the interpretation of “water”, “combination”, “potential”, and “yingyang” philosophy. Good tools are prerequisite to the successful execution of a job. Systematically learning research methodology is recommended for every Chinese strategy scholar. Knowing the philosophy of science (ontology, epistemology) behind each methodology (Tsang, 2017) will be better than just “drawing a tiger with a cat as a model.”

5. Conclusion

Strategic management is a young and vibrant research field. Five decades witnessed many fabulous achievements of strategy researchers. These achievements pave the way for the future. Chinese strategy scholars can actively participate in the development of global strategy research community and be peripheral participants by practicing engaged scholarship to confidently legitimate China-based strategy studies. “China Root, Global Reach” is the mission; “Live long and prosper” is the goal.

Acknowledgements

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References


