



Strategy and virtue: Developing strategy-as-practice through virtue ethics

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Abstract

Strategy-as-practice research has usefully built on earlier strategy process research by taking into account the social embeddedness of strategy making. While such an approach has generated valuable insights, it has curiously left unexplored the moral dimension of practice. In this article, we show how the potential of strategy-as-practice research may be more fully realized if the moral dimension of practice is conceptualized through virtue ethics (especially MacIntyre's version). Specifically, we first reconceptualize, through virtue ethics, the three main concepts of strategy-as-practice—practice, praxis, and practitioners—underscoring the inherently moral constitution of actions undertaken in strategy-related work. Moreover, we suggest that strategic management is viewed as a particular kind of practice (what we call “competitive institutional practice”), charged with “values articulation work” and “balancing work.” While the former articulates a good purpose for the organization, the latter seeks to care for both excellence and success through balancing “capabilities development work” with “differentiation work.” Illustrations are provided to support this argument, and several suggestions for further research are offered.

Keywords

competences, judgment, practical wisdom, practice, praxis, strategy as practice, virtue, virtue ethics

Strategy-as-practice research has gained considerable momentum in the recent past. Following the practice turn in social theory (Reckwitz, 2002; Schatzki, 1996, 2002, 2005; Schatzki et al., 2001), this approach has been marked by a strong emphasis on the social embeddedness of strategy making and a renewed concern with the doing of strategy (Jarzabkowski et al., 2007: 21, 2016; Jarzabkowski and Spee, 2009: 69–70; Tsoukas, 2015: 60; Vaara and Whittington, 2012: 288; Whittington, 2007: 1582). While strategy making has traditionally been associated with rationalistic assumptions and methodological individualism (Chia and Holt, 2009: 62; Vaara and Whittington, 2012: 288),

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strategy-as-practice research has shown *how* the exercise of strategic agency is made possible: that is, how it is inscribed in particular roles and identities, draws on certain kinds of discourse, is constrained and enabled by specific power arrangements, makes use of particular tools (including language), and is embedded in institutional contexts (Jarzabkowski et al., 2007; Jarzabkowski and Kaplan, 2015; Vaara and Whittington, 2012). Furthermore, while strategy process research has been an important progenitor of strategy-as-practice research (Whittington, 2007), the latter has added further depth to the former by enabling researchers to bring together “practitioners” (agents), “praxis” (practitioners’ situated doings over time), and “practices” (routinized, norms-bound, tool-mediated, and discourse-based ways of doing things on which practitioners draw; Jarzabkowski and Spee, 2009; Vaara and Whittington, 2012; Whittington, 2006, 2007, 2017).

Reviewing the research themes that have emerged in practice-based studies of strategy, Golsorkhi et al. (2015) have highlighted the discourses, tools and materials, power relationships, managers’ roles and identities, and sensemaking processes through which strategy work is accomplished. Furthermore, suggesting directions for further research, Vaara and Whittington (2012) have urged researchers to pay closer attention to agency, macro-institutional contexts, power and politics, emergence, and materiality. Similarly, in their guidelines for furthering strategy-as-practice research, Seidl and Whittington (2014: 1407) have argued for a “more effective linking of ‘local’ strategizing activity with ‘larger’ social phenomena” (see also Jarzabkowski and Spee, 2009: 71; Whittington, 2017: 395). While significant insights have been obtained and, no doubt, will further be gained from such studies, the moral dimension that underlies the enactment of practices (cf. Gehman et al., 2013; Miettinen et al., 2009: 1316; Sayer, 2011: Ch. 5; Schatzki, 2005) has been neglected. Although the normativity of practices has been acknowledged (Vaara and Whittington, 2012: 287; Whittington, 2006: 619), the inherently moral¹ texture of practices that arises from such normativity (Sayer, 2011: Ch. 5)—that is, that practices contain evaluative distinctions concerning what is good or acceptable (Sayer, 2011: 143; Taylor, 1991: 305; Tsoukas, 2009: 953)—has been unexplored.

Does such an omission matter? It does, for two reasons. First, insofar as strategy-as-practice researchers focus on “the embedded nature of human agency” (Vaara and Whittington, 2012: 288; see also Jarzabkowski and Spee, 2009: 71) as they rightly do, they are uniquely placed to explore the moral texture of the practices implicated in strategy making and, thus, to better realize “the potential that lies in the practice perspective” (Vaara and Whittington, 2012: 286). This is so because a consequence of accepting the social embeddedness of human agency is to view practitioners’ actions as driven by collectively constituted *ends* (Moore, 2012: 366; Sayer, 2011: 80–81; Nicolini, 2013; Schatzki, 2005, 2002). For example, software writers developing open code (Von Krogh et al., 2012), nurses attending patients (Benner, 2004), maintenance technicians servicing a mobile telephony network (Narduzzo et al., 2000), and senior managers engaged in the production of strategic plans (Jarzabkowski and Balogun, 2009; Langley and Lusiani, 2015) are all examples of different kinds of practitioners, embedded in their respective practices, pursuing the collective ends of their practices. Those ends are not merely “technical” but are suffused with values (Flyvbjerg, 2001: 55–60; Sayer, 2011: 70–74; Taylor, 1991; e.g. writing *good* code, providing *good* patient care), which shape the “moral commitments” (Etzioni, 1988: x) guiding practitioners’ work—how best to enact those values. Moreover, the ends agents pursue indicate what matters to them *qua* practitioners, thus furnishing them with an *affective* orientation—practitioners care for what they strive for. It is not merely technical know-how that practitioners acquire through practice, but, for them to become experts, they must “become individuals who are committed and responsible” (Sayer, 2011: 72) to the ends of their practices (see also Dreyfus and Dreyfus, 2014; Selznick, 1992, 2002; Yanow, 2015). It is for this reason that Etzioni (1988: ix) conceives of agents as “normative-affective beings” and Selznick (2002: 34) as “committed to ideals,” while Schatzki

(2002: 87) describes ends-driven and affectively loaded action as providing practice with a “teleoaffective structure.” Seen this way, a practice clearly has a *moral* texture, which cannot be ignored.

Second, the integrative and forward-looking nature of strategic management (Freeman et al., 2007: 152) raises inherently moral questions concerning corporate ideals and values (Ghoshal, 2005: 79; Selznick, 1984, 2002). Thus, it is commonly accepted that strategy is about creating a sustainable competitive advantage (Barney, 1991; D’Aveni et al., 2010; Porter, 1991; Rummelt, 2011) for the sake of corporate self-interest. The question then arises: How is “self-interest” conceived and pursued? (Mehta, 2006; Rhodes and Pullen, 2017). Both component notions—“self” and “interest”—are history and perspective-dependent and, thus, variable (Akrivou and Sison, 2016; Hirschman, 2013; McCloskey, 2006): their meaning is shaped by particular assumptions concerning human motives, notions of responsibility, and moral concerns (Arch, 2016; Barnes and Newton, 2016). Is, for example, corporate self-interest conceived in “opportunistic” (Selznick, 1992: 249–250) or “relational” terms (Kay, 1993: 55–58; Sayer, 2011: 119–124), “narrowly” or “broadly” (see Selznick, 2002: 33), “tactically” or “strategically” (Selznick, 2002)? Does self-interest amount to “unmitigated self-seeking” (Selznick, 2002: 33) or is it the expression of a “distinctive identity” (Selznick, 2002) that is tied to values practitioners make their own and are committed to upholding in their work (Selznick, 2008: 87–88)? To put it differently, is competitive advantage viewed as the means to advance narrowly conceived corporate ends (Selznick, 2015: 17), or is it viewed more broadly as the means to create “shared value” (Porter and Kramer, 2011: 66) for both the firm and “the community in which it operates” (Porter and Kramer, 2011)? To raise these questions is to begin to engage in, among other things, a moral inquiry (Bowles, 2016; Sandel, 2013: 122). In that sense, strategic management as a field, like economics, inescapably involves moral reasoning as well as field-specific reasoning (Atkinson, 2009; Elms et al., 2010; Paine, 1996; Sandel, 2013; Sen, 1997).

In this article, we aim to further develop strategy-as-practice to address the omission mentioned above and, thus, provide moral content to relevant theorizing. We will do this by drawing, mainly, on virtue ethics—the largely Aristotelian moral philosophy that is concerned with clarifying what people should be like to be able to live a good life (see Hartman, 2013; Hughes, 2001; Hursthouse, 1999; MacIntyre, 1985; Russell, 2009; Sherman, 1989), which has been increasingly influential in business ethics research (Beadle and Moore, 2006, 2011; Hartman, 2013; Moore, 2008, 2012; Moore and Beadle, 2006; Solomon, 2003). Thus, the question we will address is the following: How can virtue ethics help provide moral content to strategy-as-practice and, through this, contribute to the reconceptualization of strategic management?

The structure of the article is as follows. In the next section, we briefly review how ethics (especially virtue ethics) has been taken into account in strategy research and conclude with how strategy-as-practice research may be revised to add moral content to strategy theorizing. Next, we review the main tenets of virtue ethics, especially as developed in the influential work of moral philosopher Alasdair MacIntyre. Then, in light of virtue ethics concepts, we show how key notions of strategy-as-practice research (i.e. practice, praxis, practitioners) may be reframed in order to better understand strategic management at large. Finally, in the conclusions, several suggestions for further research are offered.

Ethics and strategy research: a difficult relationship

Not every business decision is an economic one. (Howard Schultz, Chairman of Starbucks, *New York Times*, 19 August 2017)

CEOs have to be responsible for something more than their own profitability. You have to serve a broader group of stakeholders—from employees to the environment—and when politicians don’t get things right,

corporate leaders have to act. That's a big shift. (Marc Benioff, Head of Salesforce, *Financial Times*, 20 August 2017)

The moral basis of obtaining competitive advantage was not lost on several early management scholars (nor on the first theorist of the market economy, Adam Smith; see Shaver, 2006; Smith, 2010; Wells and Graafland, 2012). Specifically, Follett viewed management not merely as efficient administration but as creating conditions for human flourishing and leadership as the articulation and servicing of a “common purpose” (Follett, 1987: 55; Mele, 2006; Schilling, 2000). For Follett (1940: 184), economic problems always have an ethical dimension. Barnard (1968) famously remarked that the job of a chief executive is, among other things, to create “faith in the integrity of the common purpose” (p. 259). Andrews (1980) similarly argued that an exemplary chief executive, being the “architect of purpose” (p. 11), ought to ensure that “the game is worth playing, the victory worth seeking, and life and career worth living.” In short, for several early management scholars, management and leadership are activities in the service of a *good life*, in the context of the firm.

However, the development of strategic management as a scientific field (Kay et al., 2003; Pettigrew et al., 2002; Tsoukas and Knudsen, 2002) has not significantly followed up, at least in its mainstream, on the early ethical insights of its eminent scholars (Elms et al., 2010; Freeman et al., 2010; Gilbert, 2001). Under the influence of, mainly, microeconomics, strategy research has been primarily preoccupied with types of theorizing, which, by and large, have removed ethics from its scope of main concern (Crossan et al., 2013; Ghoshal, 2005; Paine, 1996; Singer, 2010). Thus, in the two most influential schools of strategy research (the competitive positioning and the resource-based view of the firm; Barney and Arikan, 2001; Porter, 1991), there is a notable absence of ethical issues in the frameworks and explanations suggested. Similarly, models derived from the behavioral theory of the firm largely refrain from tackling ethical issues (Bromiley, 2005), as do frameworks suggested by process and practice researchers (Golsorkhi et al., 2015; Mintzberg, 2007; Vaara and Whittington, 2012). In short, despite early pleas for the opposite, with few exceptions, in most theories and frameworks of strategy research, there has been no clear place for ethics.

It is true, however, that, over the past 25 years, several calls have been made to see ethics not as a mere add-on, but as an integral part of strategy making (Behman and Rasche, 2009; Gilbert, 2001; Hosmer, 1994; Singer, 1994, 2010). Thus, for several contemporary researchers, both strategy and ethics address a similar question: “What do we want to achieve and how should we do so?” (Behman and Rasche, 2009; Freeman, 2004; Singer, 1994, 2010). Questions of collective purpose, integrity and values highlight the moral texture of the corporation: How *should* the business game be played? (Crossan et al., 2013: 569). Insofar as strategy articulates an organization's self-understanding for pursuing its self-interest, strategy making provides the locus *par excellence* for ethical reflection. As Behman and Rasche (2009: 86) have aptly noted, “every strategist at least implicitly is also an ethics manager” (see also Elms et al., 2010: 410; Singer, 1994: 202). And as Freeman et al. (2007) have similarly remarked, “Strategy obviously is deeply embedded with moral consequences and considerations” (p. 152).

One particular perspective—stakeholder theory—stands out, especially since it has sought to explicitly incorporate ethics into strategy making rather than treat it as an afterthought. Stakeholder theory rejects the “separation fallacy” (i.e. that business decisions have no ethical content; Freeman et al., 2011: 52), placing values and morals at the heart of strategic management. It is predicated on the proposition that a firm should be managed for the benefit of its stakeholders—those who can affect or are affected by the pursuit of a firm's objectives—and that a firm's directors have a duty of care toward the welfare of stakeholders and the firm as an abstract entity (Freeman, 2004; Freeman

et al., 2004, 2010). Stakeholder theory has taken several theoretical shapes over time (for a review, see Freeman et al., 2010; Friedman and Miles, 2006) and has drawn on diverse philosophical traditions (Freeman et al., 2007: 155–161). The core idea, however, is that when managers and scholars think about strategic management, a useful unit of analysis is “the stakeholder relationship” (Freeman, 2004: 229), which leads to the articulation of the purpose of the firm and a “partnering mentality” (Freeman, 2004: 237). In this view, strategic thinking involves drawing stakeholder maps and asking pertinent questions about the likely impact of organizational decisions on stakeholders.

Although stakeholder theory has been adapted to diverse philosophical traditions (from utilitarianism to Kantian ethics), some of its leading contributors have suggested that connecting stakeholder theory to virtue ethics, especially as interpreted by pragmatist philosophers, holds particular promise (Freeman et al., 2007: 152, 154). An important reason offered is that “practical wisdom” (a key Aristotelian concept—more about it later) is especially suitable for making strategic stakeholder decisions in rapidly changing and complex environments (Freeman et al., 2007: 174). However, for all its welcome emphasis on “cultivating practical wisdom” (Freeman et al., 2007: 171), stakeholder theory lacks analytical (as opposed to normative) specificity, insofar as it stops short of conceptualizing the practices in which virtues such as “practical wisdom” grow (or not), possibly because, as Freeman (2004: 232) has admitted, of stakeholder theorists’ overly prescriptive concern with strategic planning (see also Mintzberg, 1994: 141–144).

Virtue ethics has similarly attracted interest from several other strategy researchers, although, overall, virtue ethics’ impact on strategy research has been rather limited. Thus, Nonaka and Toyama (2007) have drawn on Aristotle to account for “strategic management as distributed practical wisdom.” Chia and Rasche (2015) and Chia and Holt (2009: 105–109, 124–125) have also sought to relate “practical wisdom” to strategy. Statler et al. (2007) have similarly suggested that strategy making aims at advancing the good for the entire organization and the community that sustains it while noting that strategy processes are “occasions to develop the capacity for practical wisdom” (Statler et al., 2007: 162). However, while such approaches point in the right direction, there is considerable scope for further analytical development since they do not substantially move beyond making a plea for “practical wisdom” in strategy research. As with stakeholder theory, the question is how virtues (one of which is “practical wisdom”) are made possible (Knight, 2011: 21) and how they are connected to the making of strategy.

Can strategy-as-practice help in this respect? We think it can, provided it is revised to explicitly incorporate the moral dimension of practice. Recall that the strategy-as-practice perspective has been constructed around the conceptual triptych of “practitioners” (i.e. agents or people involved in strategizing), “praxis” (practitioners’ situated doings over time) and “practices” (routinized, norms-bound, tool-mediated, and discourse-based ways of doing things on which practitioners draw). We argue here that for strategy-as-practice to offer insights into how virtues are connected to strategy making, a “thicker” conception of this triptych is necessary (Bernstein, 1971; Eikeland, 2008). Specifically, a weakness in hitherto strategy-as-practice research is that it has conceived “the doing of strategy” as simply “who does it, what they do, how they do it, what they use, and what implications this has for shaping strategy” (Jarzabkowski and Spee, 2009: 69; see also Jarzabkowski et al., 2016: 252; Whittington, 2017: 394). Although such a conception of “doing strategy” usefully acknowledges human (and non-human) agency, it is motivated by a “thin” understanding of “praxis,” according to which “doing” is merely “the stream of activity in which strategy is accomplished over time” (Jarzabkowski and Spee, 2009: 73) or “what happens in action” (Whittington, 2017: 394). Thus, the analytical emphasis has primarily been to show what practitioners do when strategy is made and, furthermore, trace, where possible, the connections between micro-level situated actions and wider social practices and institutions (Jarzabkowski and Spee, 2009: 73; see also Seidl and Whittington, 2014; Whittington, 2017).

However, such an approach leaves out the broader, morally oriented question concerning how praxis is sustained by, and contributes to, a “certain kind of life” (MacIntyre, 1985: 190; see also Selznick, 2008: 89; Sison, 2016: 105, 108)—a life that helps shape the practitioners who engage in it and to the realization of which they contribute. Thus, what practitioners do is shaped by the habits of thinking, feeling, and desiring that have been formed within their practices. While praxis certainly involves “an artful and improvisatory performance” (Whittington, 2006: 620), it is more than that (Nicolini and Monteiro, 2017: 115): it also involves, in principle, practitioners disclosing a certain understanding of what constitutes good action in a particular context, for the sake of a particular collective end that drives the practice. While strategy-as-practice research, as practised so far, has sensitized us to the practices involved in strategy making, it currently lacks the requisite moral vocabulary to overcome the weakness mentioned above. Such a vocabulary, although not the only one (Elms et al., 2010), is provided by virtue ethics. We turn to this in the next section.

Virtue ethics and its implications for organizations

The good life, character virtues, and practical wisdom

As has been noted by several moral philosophers, virtue ethics provides “unique resources for moral thinking” (Audi, 2012: 273), especially in a business context (Akrivou and Sison, 2016; Crossan et al., 2013; Freeman et al., 2007; Hartman, 2013; Moore, 2012; Sison et al., 2012; Solomon, 2003). In this section, we will briefly outline the main principles of virtue ethics (especially, “the good life,” “character virtues,” and “practical wisdom”), focusing particularly on the work of moral philosopher Alasdair MacIntyre and his conception of “practice.” Our aim is to prepare the ground for showing, in the following section, how strategy-as-practice research, infused with virtue ethics, can provide a morally sensitive understanding of strategic management.

As already mentioned, several early management theorists’ understanding of the firm were underlain by a conception of the *good life*. For Aristotle (2002: 1140a25–28), life is worth living when it aims at becoming a *good life* (*eudaimonia*), namely, when it enables people to flourish, providing them with the ability to fulfill their potential (Hughes, 2001: 22; Norman, 1998: 28–29; Van Hooft, 2006: 76). Humans live a fulfilled life to the extent to which they function properly, that is, they are able to exercise their characteristically human capacities, chief of which is the capacity to live reflectively (Hughes, 2001; Hursthouse, 1999; Reeve, 1992). Put differently, human life is fulfilled to the extent it makes sense to its practitioners—when they are able to answer the question “what is it all about?” (Hughes, 2001: 26).

To achieve a fulfilled life, one requires the cultivation of the virtues, since without them we cannot get on well in life (Irvine, 2009: 35–36; Hursthouse, 1999; Russell, 2009; Sherman, 1989). As Aquinas famously remarked, “the virtues are concerned with what we find difficult” (cited in Chappell, 2009: 100). Just like a tennis player will not do well without strength and speed, so a human being is unlikely to live well without courage, self-control, temperance, and so on (Chappell, 2009: 102; Foot, 1977: 2). Virtue is the translation of Aristotle’s term *arête*. The latter might as well have been rendered as “excellence,” since, for Aristotle, to have virtue is for one to strive to excel at something. This understanding of virtue is still retained in the contemporary notion of virtuoso (e.g. “a virtuoso violin player”; see McAleer, 2008: 50). There is an implicit morality in striving to excel (i.e. in striving to be a virtuoso), insofar as the agent does not merely fulfill her aspirations but, more demandingly, tries to perfect both the activity itself and herself through taking part in it (Eikeland, 2008: 122; Nielsen, 1993). Such an effort reflects a moral orientation: humility and hard work, for example, are required (MacIntyre, 1985: 191). In their praxis, practitioners seek to

express who they are and, at the same time, develop themselves through what they do (MacIntyre, 1994: 284; Van Hooft, 2006: 11, 284).

Aristotle distinguishes between the character (or moral) virtues (e.g. courage, generosity, justice) and the intellectual virtues (e.g. types of reasoning). Character virtues are necessary for human beings since they correct typically human weaknesses and enhance characteristically human strengths (Foot, 1977: 2–3). Character virtues equip their possessors with certain dispositions (i.e. tendencies to behave in certain ways), which are developed through habituation (Sherman, 1989: Ch. 5). If someone is, say, honest, he or she has acquired the disposition (or tendency) (and therefore developed the requisite character) to behave honestly across a range of situations—character virtues provide behavioral consistency (Alzola, 2012: 380; Beadle, 2013: 681; Frank, 1988; MacIntyre, 1985: 242, 2006: 192–193). Moreover, habituation involves agents developing both a *moral* sensibility and an *affective* orientation, which enables agents to relate spontaneously to situations (Chappell, 2009: 104–109; Dreyfus and Dreyfus, 2014: 193). People learn what matters through practice and, as a result, approach practical matters affectively. Since emotions disclose to people what matters to them in a situation, they constitute “forms of evaluative judgment” (Nussbaum, 2001: 22) concerning what is important and how it ought to be responded to (Solomon, 2001, 1988; Tenbrunsel and Smith-Crowe, 2008: 575).

Character virtues render practical choices “modular” (Chappell, 2009: 106) in the sense that agents do not deliberate all possible choices in order to rationally pick one, but their virtues (or vices), namely, the character dispositions they have developed through habituation, act like filters that pre-select which possibilities to consider (Chappell, 2009: 107–110). A virtuous businessman does not deliberate whether he will cheat on his partner, just like a good friend does not deliberate whether to visit a friend in a hospital but she rushes to do so. In such cases, people do not have to reason their way to action; they rather spontaneously respond to the situation at hand (Dreyfus and Dreyfus, 2014: 193). The virtues “program” (Chappell, 2009: 105) them for good action (Frank, 1988: Ch. 3). The choices a virtuous agent makes are from among those that his or her disposition makes salient to him or her (Chappell, 2009: 110).

In addition to practical choices involving moral virtues, they involve *thinking* what to do. Insofar as human agents choose for reasons, they need to deliberate. There are three kinds of thinking, according to Aristotle (2002). We can think about *why* things are as they are, as we do in scientific inquiry (*episteme* or scientific knowledge). We can think *how* to produce things or bring about a certain state of affairs, as in a carpenter producing furniture (*techne* or craft knowledge). However, none of these two ways of thinking is appropriate to address the question, “What should I do in these circumstances?” The “should” here is not a plea for technical advice, as in “how much salt should I put in the dish?,” but has a moral sense (Hughes, 2001). To address such a practical question, one needs *phronesis* (practical wisdom; Bartunek and Trullen, 2007; Eikeland, 2008; Flyvbjerg, 2001; Russell, 2009; Schwartz and Sharpe, 2010). While craft knowledge is concerned with making things, practical wisdom is concerned with good action—doing the morally appropriate thing in ever variable circumstances (Aristotle, 2002: 114a28).

When it comes to making practical choices, knowing general principles is not sufficient since the world is complex and variable (Toulmin, 2001: 108–117). Possessing technical know-how (*techne*) is insufficient too since practitioners, immersed in their ways of making things, do not deliberate about the collective ends to be achieved, but they rather deliberate “about what forwards those ends” (Aristotle, 2002: 1112b11–12). By contrast, practical wisdom aims at doing the right thing in the right circumstances. Since the ends to be achieved are typically indeterminate (e.g. acting for the good of the organization, striving to be a good technician, manager), practical wisdom is needed to *specify* the indeterminate ends in particular situations (Russell, 2009: 17–25). The agent needs to discern *how* to be virtuous (e.g. kind, humble, courageous, just) in particular

circumstances. For this purpose, he or she needs both the knowledge of the moral virtues *and* the knowledge of the particular circumstances.

How is practical wisdom (*phronesis*) achieved? Aristotle offers no precise rules since human practical affairs are so variable that good action cannot be codified. Since, however, the moral virtues are acquired through habituation (Lockwood, 2013), one learns under the guidance of more experienced others when and how to feel courage, fear, pride, humility, and so on and to act accordingly. One learns to have these feelings and seek appropriate actions through which to manifest them as and when a practically wise person (*phronimos*) would have them (Norman, 1998: 138–139). Practically wise choices are made not by following abstract rules but by building capacities for practically wise actions: by building one's character, through habituation, in the context of a community and with the help of more experienced others, individuals inductively learn to build an intuitive sense of when, and in what form, they should experience certain emotions and how to handle particular situations.

To put it differently, the mode in which an agent engages in “production” is shaped by both his character (which provides him with character virtues) and the practical wisdom needed to specify the indeterminate ends of his practice. Thus, typically, in organizational contexts, both are required: skills to carry out “production” *and* practical wisdom to engage in “praxis” (good action). Accounting skills, for example, were not sufficient for Sherron Watkins to decide what to do concerning Enron's accounting practices (Watkins, 2003), just like technical knowledge of the law and related HR procedures were insufficient for CEO Rebecca Olson to decide how exactly she should handle a case of alleged sexual harassment in her hospital (Badaracco, 2002: 12–18; Shotter and Tsoukas, 2014a: 235–236). The exercise of skills must be guided by phronetically directed character virtues.

Virtues, practices, and competitive institutions

The emphasis virtue ethics place on the habituation of character underscores the inherent sociality of virtues (Morell, 2012). This is especially evident in the work of MacIntyre, who has been at pains to show that virtues are acquired and exercised in the context of social practices. MacIntyre's conceptualization of the latter introduces an explicitly moral dimension in practice theory, which, as we will see in the next section, in conjunction with the “normative theorizing” of organization theorists such as Selznick (2008: 37–40; see also, Krygier, 2012: 6; Thacher, 2015: 321–323) helps enlarge the scope of strategy-as-practice research.

In his classic *After Virtue*, MacIntyre (1985) argues that virtues are acquired and exercised in the context of social practices. He defines practices as follows:

By a “practice” I am going to mean any coherent and *complex form of socially established cooperative human activity* through which goods *internal* to that form of activity are realized in the course of trying to achieve those *standards of excellence* which are appropriate to, and partially definitive of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended. (MacIntyre, 1985: 187; emphasis added)

Farming, carpentry, medicine, scientific work, painting, and so on are all examples of practices for MacIntyre. Furthermore, he distinguishes “practices” from what he calls, somewhat confusingly, “institutions.” MacIntyre (1985) writes,

Chess, physics and medicine are practices; chess clubs, laboratories, universities and hospitals are institutions. Institutions are characteristically and necessarily concerned with [...] external goods. They

are involved in acquiring money and other material goods; they are structured in terms of power and status, and they distribute money, power and status as rewards. [Institutions are necessary] for no practices can survive for any length of time unsustained by institutions. (p.194)

For MacIntyre, just like institutions without practices become empty, practices that are not institutionalized are not viable. However, there is a fundamental contradiction between practices and institutions: whereas practices are concerned with internal goods, institutions are concerned with external goods. Practices and institutions form “a single causal order in which the ideals and the creativity of the practice are always vulnerable to the acquisitiveness of the institution” (MacIntyre, 1985: 194), or, to put it differently, “the cooperative care for common goods of the practice is always vulnerable to the competitiveness of the institution” (MacIntyre, 1985).

For the purpose of this article, four important features need to be highlighted in MacIntyre’s conceptions of “practices” and “institutions.”

First, it is important to clarify the relevant terminology. MacIntyre’s notion of “practice” is broadly aligned with that used in practice theory (including practice-based approaches in organization and management studies; Feldman and Orlikowski, 2011; Nicolini and Monteiro, 2017; Sandberg and Tsoukas, 2015). In this article, however, when needed, we will call it “core practice” to indicate that it refers to the primarily productive practices of an organization without which the latter would not exist, and to differentiate it from other types of practice (more about it later; see Moore, 2012: 364–367). By contrast, MacIntyre’s notion of “institutions” is employed rather idiosyncratically. In large parts of philosophy, economics, sociology, political science, and organization studies, there is a consensus that “institutions” are not narrowly concerned with “external goods” but, more broadly, are seen as “systems of constitutive rules” (Searle, 2010: 10), “normative social rules of the game” (Mantzavinos, 2011: 400; see also Hodgson, 1998: 179; March and Olsen, 1989: 22; North, 1990: 5), the “cognitive, normative and regulative structures and activities that provide stability and meaning to social behavior” (Scott, 1995: 33; see also Greenwood et al., 2008), and the imparting of an enduring, distinct identity to an organization (Selznick, 1984: 21).

Clearly, despite other differences, there is a broad agreement that institutions impart regularity, durability, and normativity to human activities, and this is a point of convergence between institutionalists and MacIntyre. At the same time, however, to avoid confusion, and wishing to preserve MacIntyre’s critique of “institutions” (namely that they are concerned with competitively acquired “external goods”), we will use the term “competitive institution” rather than “institution” to indicate that core practices need to be institutionalized for them to endure and that institutions allocate scarce external goods to their members as well as concerned with organizational competitiveness (or at least survival), in the context of scarce resources in a market economy.

Second, as coherent social undertakings, practices are bound by collective self-understandings, rules and “standards of excellence.” To enter a practice is to enter, and learn in the context of, a discursive practice, namely, a practice whose collective self-understanding is constituted through the normative use of language (Dunne, 2005). To engage in a practice is to experience (cognitively and affectively) one’s situation in terms of already constituted distinctions, articulated through contrasts (e.g. right and wrong use of concepts, tools, and materials), which give practice an evaluative orientation, thus indicating what *matters* to the members of the practice. To participate in a practice is to necessarily accept the standards of excellence operative in the practice at the time. Although such standards are thoroughly historical (i.e. change over time), unless one accepts the standards of the practice one has entered and the inadequacy of one’s performance vis-à-vis those standards, one will never learn to excel in that practice (MacIntyre, 1985: 190).

Third, the exercise of virtues is required for practitioners to achieve the internal goods of their practices (MacIntyre, 1985: 191). There are three reasons for this (Beadle, 2013: 680; MacIntyre,

1985: 191–194). First, insofar as practitioners must submit themselves to the authority of the standards of excellence operative in the practice at the time, practitioners will develop their skills to the extent to which they learn to exercise virtues such as honesty, diligence, temperance, and fortitude. No job can be learned or practised without such virtues. Second, for practices to develop, the relationships between practitioners must be shaped by the virtues (MacIntyre, 1985: 191–192). As Beadle (2013: 680) remarks, it is only when such relationships are informed by justice, courage, generosity, and so on

that practitioners will be able to engage in the type of practical reasoning that enables the standards of excellence to be agreed, determines how they might be taught, evaluates the progress made by apprentices, enables comparisons between their products and so on.

And third, for practices to flourish, the acquisitiveness of the competitive institutions needs to be resisted, and for this to happen, the moral virtues of courage, honesty, and so on are required. Without the virtues, the competitive institutional concerns for success will jeopardize the practices' concern with excellence (Beabout, 2012: 411–412).

Fourth, although competitive institutions are distinct from core practices, the making and sustaining of a competitive institution are itself a practice (Beabout, 2012: 412; Beadle, 2013: 681; Moore and Beadle, 2006: 373; MacIntyre, 1985: 194; Moore, 2008). In this view, management (especially strategic management) can be seen as a practice concerned with the competitive institutional dimension of organizations (Moore and Beadle, 2006: 373–375): it aims at institutionalizing the core practices an organization contains and ensuring the viability of the entire organization in a context of scarce resources. As a competitive institutional practice, management realizes its own internal goods and is bound by its own standards of excellence. The internal goods involve addressing economic and social problems through “solving the organizational design problem” (Roberts, 2004: 283), namely, ensuring the purposeful cooperation of individuals and groups within the organization in a way that matches stakeholders' expectations (Mintzberg, 2009: 49; Watson, 1994: 32–33). The standards of excellence include the concern with meeting stakeholders' expectations, although what count as the most significant stakeholders and what their expectations are vary historically and across business systems (Akrivou and Sison, 2016; Schrempf-Stirling et al., 2016; Whitley and Zhang, 2016). Like in all practices, the achievement of internal goods and the pursuit of excellence are possible to the extent to which the virtues are exercised (Beabout, 2012: 218, 2013).

Strategic management as a competitive institutional practice

Reconceiving practice, praxis, and practitioners

From the preceding section, it should, hopefully, be clear that virtue ethics, especially in its MacIntyrean version, offers a rich, morally sensitive vocabulary to better understand what is involved in “practice,” “praxis,” and “practitioners” (i.e. the conceptual triptych that underpins strategy-as-practice research).

Thus, “practice” is an inherently value-laden array of activities, whose internal goods define a certain conception of what constitutes the good life in pursuing the ends of the practice and whose members develop, through habituation, a particular character—that is, moral virtues and a capacity for the exercise of practical wisdom. This conceptualization enriches the dominant understanding of practice in strategy-as-practice research (see Vaara and Whittington, 2012: 287): the routinization of mental activities and bodily performances (Reckwitz, 2002: 251–252) is preserved through

the morally laden notion of habituation (Carlisle, 2014; Cohen, 2007; Sherman, 1989: Ch. 5), and the taken-for-granted nature of practices is infused with the notions of internal goods and standards of excellence that necessarily shape practitioners' work. Practices are seen as inherently moral accomplishments that require the exercise of virtue for internal goods and standards of excellence to be enacted.

"Praxis" is situated action undertaken in the service of the internal goods, following the standards of excellence of a practice. Praxis, therefore, is not merely what people do, as has often been suggested by strategy-as-practice research (Jarzabkowski et al., 2016: 252; Jarzabkowski and Spee, 2009: 69; Whittington, 2017: 394). While it involves improvisational situated action (Whittington, 2006: 620), since practitioners need to be attuned to and perceptive of the particularities of the situation they confront (Schwartz and Sharpe, 2010; Shotter and Tsoukas, 2014a, 2014b), praxis also involves disclosing a certain conception of life underlying action—what is the right thing to do (Sayer, 2011: 145).

Finally, "practitioners" skillfully draw on their practices as a result of habituation *and* enact, through praxis, their practices, giving them a particular moral contour (an *ethos* or normative style), in particular contexts and in light of their experiences (Lockwood, 2013). What is important about practitioners is not only what organizational roles and positions they occupy, as strategy-as-practice research has mainly assumed (Jarzabkowski et al., 2016: 252), but what character they have formed (Crossan et al., 2013; Seijts et al., 2015).

Of course, the extent to which any of the above may occur is an empirical matter. Thus, to put it schematically, virtues may be replaced by vices. Habituation may induce the wrong habits. Praxis may become mindlessly routinized or narrowly self-interested so that practitioners are not so much driven by the internal goods of their practice, nor following the latter's standards of excellence. What the infusion of virtue ethics into strategy-as-practice does, however, is to provide us with an ethically sensitive vocabulary in terms of which to shed fresh light on aspects of strategic management. In the rest of this section, we will explore how strategic management may be viewed from a practice perspective informed by virtue ethics.

Beyond MacIntyre: joining up core practices and competitive institutions

Although the distinction between core practices and competitive institutions is enlightening, the relationship between the two is more complex than MacIntyrean virtue ethics has allowed so far (Moore, 2012: 378–380). Specifically, practices are, in principle, beset by the problem of *self-enclosure*, which consists of two components: self-interest and self-referentiality. None has been tackled adequately by MacIntyre and his interpreters, yet both are important for better understanding how institutions (in the MacIntyrean sense) and practices are related in organizations. We explore each one below.

First, insofar as the MacIntyrean underlying image of practices is of them being inherently cooperative, cooperation tends to be seen as a given outcome rather than an accomplishment (Barnard, 1968: 4). However, for any collective undertaking to become genuinely cooperative, it needs to tackle the issue of *self-interested* behavior or, more precisely, the "social dilemma" (Gächter, 2004: 489; Gintis, 2009: 47; Miller, 1992: 35) of individual self-interest versus group efficiency: in a group task, "all gain when all cooperate but each one has a personal incentive to defect, gaining at the expense of the others" (Gintis, 2009: 47). This is addressed through establishing an authority structure and, more demandingly, mutually reinforcing expectations among agents so that cooperation *becomes* the dominant strategy in a series of repeated games (Gintis, 2009; Kay, 1993: 37–39; Miller, 1992: 213–215). Individuals will rationally choose to cooperate in a repeated social dilemma "only if they are convinced that the other players, and

especially hierarchical superiors, are themselves committed to the appropriate cooperative plays” (Miller, 1992: 180).

Moreover, as Narduzzo et al. (2000: 31–33) found in their detailed research of the routines of maintenance network technicians at an Italian wireless communications firm, core practices tend to constitute the main locus of identification (Glynn, 2008; Glynn and Watkiss, 2012; Howard-Grenville et al., 2013; Pratt, 2012) for their members, at the expense of organizational coherence. The authors identified several reasons for this. The routines that are generated within core practices involve sunk costs and complementarities, making them resistant to centrally requested change. Also, the spatial and temporal distribution of core practices tends to preserve autonomy and to favor “local optima” (Narduzzo et al., 2000: 32). In short, distributed core practices may engage in “strategic behavior” (Narduzzo et al., 2000: 33) to protect their local autonomy and coherence at the expense of headquarters initiatives to reinforce organization-wide coherence (p. 31). Thus, in identifying with their core practice, its members tend to have a primary interest in its protection and perpetuation rather than in subsuming it under organization-wide goals (King, 2015: 155).

Second, narrowly focusing on and exclusively pursuing the internal goods of their core practice may make practitioners *self-referential*, at the expense of seeking to relate the outcomes of their core practice to the changing needs of outside stakeholders and/or to the organizational purpose at large. In particular, insofar as a core practice derives its key features from “within,” it tends to generate a self-referential life-world (Luhmann, 2013: 50–60; Von Foerster, 1984: 7): its internal goods, namely, those values, affects, and cognitive categories that make it *this* distinctive core practice rather than that, are rooted in the particular experiences agents derive from participating in this particular core practice, and the standards of excellence that prevail in the core practice are derived from the history of the core practice itself. Thus, the particular life-world that has developed in a core practice critically shapes how its members interact with the outside world (Morgan, 1997: 253–261; Varela et al., 1991: 148–150). However, temporality and change cannot be ignored: for the standards of excellence guiding practitioner performance to be effective, they must keep pace with changing external stakeholder preferences and expectations. Yet, since standards of excellence embody what the core practice has cumulatively preserved at each point in time, they tend to be conservatively oriented toward novelty and change. Thus, from the narrow perspective of a core practice, preserving current standards of excellence tends to take priority over their change.

The problem of self-enclosure (manifested in self-interested and self-referential behaviors) may be countered at the level of the competitive institutional practice, which, although also beset by the problem of its own self-enclosure, is nonetheless additionally charged with providing coherence and an outward-looking direction to the core practices. However, to the extent MacIntyrean virtue ethics views competitive institutions as, mainly, threatening to “corrupt” (Knight, 2011: 26; MacIntyre, 1985: 194) core practices, the potentially empowering dimension of competitive institutions is missed. Such an omission helps explain why MacIntyre, although acknowledging the value of institutionalization, has said little about it (Beabout, 2013; Moore, 2012).

If the importance of institutionalization is to *sustain* a core practice over time, namely, to make core practices more enduring (Douglas, 2012; Philips and Malhotra, 2008; Scott, 2001), how is this possible? We identify three ways (see Figure 1).

First is through providing core practices with a sufficiently unifying purpose and common values, which are (a) crucial for core practices’ integration and coherence across the organization and (b) recognizable by those external constituencies whose symbolic support is critical for maintaining the legitimacy of the organization at large (Deephhouse and Suchman, 2008; Kraatz, 2009). This involves *values articulation work*, namely, work through which purpose and values are constructed and reaffirmed (Gehman et al., 2013; cf. Lawrence et al., 2009).

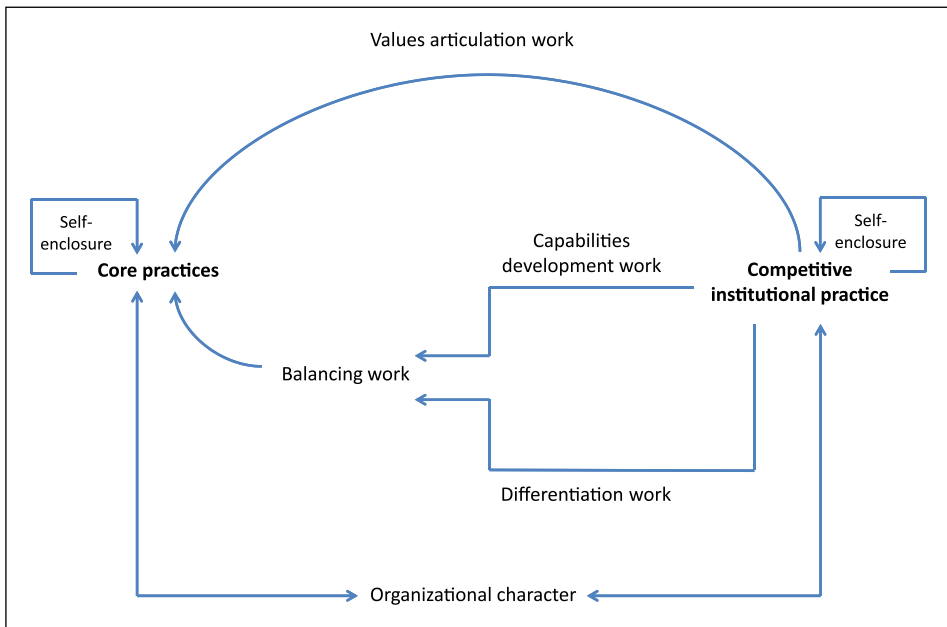


Figure 1. Strategic management as a competitive institutional practice.

Second is through making core practices recurrent and enduring over time by setting up rules, structures, and routines. This involves *capability development work*, namely, work for setting up, enacting, and refining routinized ways of reliably performing a coordinated set of tasks for the sake of achieving an intermediate end, which contributes to the organizational purpose at hand (Feldman, 2015; Helfat and Peteraf, 2003; Helfat and Winter, 2011; Salvato, 2009).

And third is through distinctly relating the products and services core practices produce to the changing needs of outside stakeholders, especially customers, for ensuring the ongoing economic viability of core practices. This involves *differentiation work*, namely, work undertaken by, typically, senior managers and/or heads of designated units (via strategic planning analysis, strategy workshops, or ad hoc committee decisions, etc.), through which the organization is viewed in quasi-abstract terms (Tsoukas, 2015), to examine its competitive advantages and explore ways these may be sustained, developed, or changed, in light of evolving stakeholder values and needs (Grant, 2003; Johnson et al., 2010; Seidl and Guerard, 2015; Wright et al., 2013). It should be noted that the “work” involved in sustaining core practices is discursively and materially mediated, unfolding in time, drawing on cultural and political resources (Gehman et al., 2013; Howard-Grenville et al., 2013; Laine and Vaara, 2007; Maitlis and Lawrence, 2003; Paroutis and Heracleous, 2013; Rouleau et al., 2015).

The outcome of the interplay between competitive institutional and core practices is the formation of a particular “organizational character” (Selznick, 1984: 38–42), namely, a configuration of (a) “value commitments” (Selznick, 1984: 55), which the organization has undertaken in the course of time; (b) the inscription of those commitments into routines; and (c) the distinct mode in which the organization’s value commitments and routines shape its response to its external environment (Ansell et al., 2015: 95–97; King, 2015: 167). The formation of an organizational character creates a set of “distinctive competences” (Selznick, 1984: 50) since the organization has developed the capacity for a particular kind of action informed by a certain ethos (i.e. value commitments and routines; Ansell et al., 2015: 95; Besharov and Khurana, 2015: 65).

From the above, it follows that for a particular core practice to endure, its mode of institutionalization needs to include a concern with both success *and* excellence. While excellence is, in principle, “internally” determined (through capability development work and, partly, values articulation work), success involves the ability to adapt to and/or proactively bring about change in external stakeholders’ evolving preferences and expectations (through differentiation work and, partly, values articulation work). This means that the tendency for self-referentiality at the core practice level needs to be counter-balanced with the tendency for *hetero-referentiality* at the competitive institutional practice level.

Managing organizations strategically: values articulation work and balancing work

In light of the above, it should be clear to see why the *strategic* management of organizations matters: strategic management is principally concerned with ensuring that the competitive institution remains robust enough *over time*, that is to say, strategic management is charged with making *future* organizational well-being as important as the present, through undertaking principled commitments in the present (Knudsen, 1995: 154–155; Selznick, 1992: 533; Shaver, 2006). This implies that strategic management needs, in principle, to be concerned with, first, articulating a good purpose for the organization (values articulation work). Doing so helps carve out an identity for the organization (Glynn, 2008; Howard-Grenville et al., 2013; Pratt, 2012; Schultz and Hernes, 2013), which provides it with direction (Knudsen, 1995: 153; Selznick, 1984: 26–27) and serves as a benchmark for the ongoing exercise of organizational responsibility (Goodstein, 2015: 180–182; Selznick, 2002: 338), thus further refining value commitments and earning trust and legitimacy from outside stakeholders (Kraatz, 2009: 77). Second, strategic management needs to be concerned with exercising practical wisdom to *balance* caring for refining the capacities for excellence of the core practices an organization contains (capabilities development work) and, at the same time, doing what is necessary for the organization to succeed in its external environment through searching for a competitive advantage (differentiation work). Below, we expand briefly on both.

Values articulation work: purpose and organizational responsibility. An important internal good of strategic management as a practice is to endow the core practice-competitive institution nexus with a “good purpose” (Moore, 2012: 366), namely, a purpose that contributes to the good of the community at large (e.g. “healthcare to the nation,” see Moore, 2012: 376), and ensure that it serves as a reference point for organizational conduct (Goodstein, 2015: 181). A good purpose is necessarily hetero-referential insofar it contributes to the good (the *eudaimonia*) of the outside community and helps earn legitimacy for an organization (Moore, 2012: 366, 376). As seen earlier, the importance of the “good purpose” was seen as an important task of strategic management by early management scholars and has influenced the development of Selznick’s theory of institutional leadership and the research that has drawn on it (Kraatz, 2015; Krygier, 2012). Strategy-as-practice research informed by virtue ethics adds fresh insights.

Thus, pursuing a good purpose has a vectorial (i.e. directional) form: what is explicitly articulated implies a tacit movement *from* subsidiary awareness *to* a focal target (Gill, 2000: 38–39; Polanyi, 1969: 182; Tsoukas, 2011: 461), just like in hammering a nail one has a subsidiary awareness of holding the hammer while focusing on hitting the nail. For example, a telecoms firm, like the one studied by Narduzzo et al. (2000), whose explicit purpose (i.e. focal target) may be to “connect people,” is subsidiarily aware of what enables the firm to pursue this purpose focally, including, for example, avoiding possible public health hazards of its network, honoring commitments, not misleading customers, respecting its employees, and so on. These issues (and others like them) need not be formulated explicitly with reference to stakeholders (or, more likely, they may be formulated

narrowly with reference to certain legal requirements, depending on the broader institutional environment), but they are necessarily implicated in the firm focusing on its explicit purpose. Offering a particular product or service that is valued by the community is not a merely technical-economic matter but establishes a *relationship* with customers, suppliers, and other stakeholders (Freeman et al., 2010; Gergen, 2011; Kay, 1993: 55–56; Selznick, 2002: 33–37; Shotter, 2011). What the latter value may change over time, with the organization needing to be alert to such changes. A relational understanding of stakeholders brings out the vectorial character of what attending to the purpose implies: the firm subsidiarily draws on a host of particulars *for* attending to its focal purpose. What those subsidiary issues are and how important they are are not necessarily known in advance. Being relationally oriented, a responsible organization (Selznick, 2002: 29–31) is morally alert to notice when any of the taken-for-granted subsidiaries it has relied upon turns out to be problematic for the relationship at hand and thus should be revised, as well as when new hitherto unknown subsidiary issues, which nonetheless bear on the purpose of the organization, may emerge (Goodstein, 2015: 181; Selznick, 2002: 338).

For example, Freeman et al. (2007: 168–169) discuss the case of Whole Foods and how its confrontation with animal activists at a shareholders' meeting made its founder change his mind about the treatment of animals. Activists chastised the company for selling ducks that had been raised in appalling conditions. Our analysis helps shed further light on this case. The activity of selling ducks that had been treated badly had been an issue of subsidiary concern for the company, although Whole Foods was selling high-quality organic foods and was careful in selecting its suppliers. Until it was forcefully raised by activists, the particular issue had never made it to senior management conversations since it had always been assumed (i.e. taken for granted) that the particular supplier had passed the company's stringent criteria. Upon further exploring activist's claims, the company's founder became convinced to engage in a more ethically robust praxis.

The conceptual point here is that enacting a good organizational purpose that offers something valuable to the community constitutes a "value commitment" for an organization (Selznick, 1984: 55), which has a vectorial form: the organization necessarily relies on a host of taken-for-granted subsidiary particulars *for* attending to the purpose at hand (e.g. in the case of the Whole Foods, assuming that current organizational policies are sufficient for selecting ethically compliant suppliers). Even the most morally committed organization will necessarily ground its explicit value commitments to tacitly held assumptions and unspecified morals (Anteby, 2013; Tsoukas and Hatch, 2001: 994). However, moral alertness makes the organization willing to expand its awareness (Tenbrunsel and Smith-Crowe, 2008; Trevino et al., 2014) and revisit those taken-for-granted subsidiary particulars that, in the course of life and usually prompted by some stakeholders' reactions, have turned out to be problematic. To the extent it does so, the organization engages in "reflexive responsibility" (Selznick, 1992: 338). Strategy-as-practice research can provide valuable insights by showing the work (discursive, political, symbolic, temporal, etc.) through which subsidiary issues emerge to command focal attention and, equally, the types of work required for senior managers to respond to them (Gehman et al., 2013; Jarzabkowski and Kaplan, 2015; Kaplan, 2008; Kwon et al., 2014; Maitlis and Lawrence, 2003).

Balancing excellence and success. As has been noted by several researchers (Chia and Holt, 2009; Freeman et al., 2007; Nonaka and Toyama, 2007), the standards of excellence of strategic management as a competitive institutional practice include the capacity for practical wisdom. This is critical since strategy managers (i.e. typically, leaders and top management teams; see Jarzabkowski and Wilson, 2002; Johnson et al., 2010; Langley and Lusiati, 2015) must engage in "balancing" (Schwartz and Sharpe, 2010: Ch. 3; Sternberg, 2000: 637–639) the competing requirements of caring for both internal *and* external goods, for excellence *and* success. It should be noted that, as virtue

ethicists have remarked, practical wisdom is *not* about finding the midpoint between two symmetrically opposite alternatives but engaging in action that is fitting and appropriate to the situation at hand (Chappell, 2009: 106–110; Norman, 1998: 36; Russell, 2009: 18–20). That is, after all, why practical wisdom is needed: to *specify* indeterminate ends in particular situations (Russell, 2009: 8–9). What such specifications involve cannot be described in abstracto, but only after taking into account situational details. The three illustrations below aim to show, in broad terms, what balancing excellence with success in a practically wise manner might involve as well as what it might miss.

Circuses. Beadle's (2013) study of the work of directors of an unusual type of organization—traveling circuses—illuminates the contradictions involved in seeking to balance success with excellence (for similar examples in very different settings, see Jarzabkowski and Wilson, 2002; Maitlis and Lawrence, 2003). In his interviews with several British and Irish circus directors, Beadle shows the tension directors face in balancing the excellence of core practices (i.e. acrobatics, comedy, animal performance, etc.) with the commercial success of a circus as a competitive institution (see also Bunderson and Thompson, 2009). What is interesting to note is how certain core practices, such as animal performances, lost popularity over time as a result of animal rights activism that helped “breach the evaluative standards of the audience from those of practitioners” (Beadle, 2013: 684). Thus, in strategic terms, circus directors needed to be concerned with how to balance excellence with success dynamically, namely, in a way that might require phasing out a particular core practice in response to shifting customer values and adopting new core practices. Although showing this was beyond the scope of Beadle's paper, Kim and Mauborgne (2004) have indicated how such a shift in customer values was early recognized by some entrepreneurially oriented circus performers, prompting the creation of the highly successful and innovative Cirque du Soleil, which did not include animal performances, opting imaginatively for enriching its traditional core practices with new elements from the world of theater.

Rubbermaid. In their study of Rubbermaid, the leading US manufacturer of plastic housewares and office products, Helfat et al. (2007: 49–55) discuss how the demise of the once hugely successful company (it had won “America's Most Admired Company” distinction in 1993) was brought about by its failure to respond to changes in its environment. Rubbermaid's dynamic capability had been product innovation—a well-honed process of product development that was focused on speed and innovation, giving the company a near monopoly status in several product categories, high profit margins, and power over retailers. When, however, in the 1990s the environment changed, with the emergence of high-quality, low-cost competitors and more cost-conscious retailers, the company failed to adapt. Being a high-cost producer, used to charging premium prices and dealing with pliant customers, Rubbermaid grew inefficient, rigid, and unresponsive. As the company's last CEO Wolfgang Schmitt candidly remarked, “Our success had its own form of seductiveness. It made us pretty self-satisfied and not inclined to ask the tough questions” (p. 54).

Rubbermaid's unresponsiveness is a case of failure of hetero-referentiality (or, to put it differently, a case of the dominance of self-referentiality), on the part of senior management qua competitive institutional practice, which led senior managers to keep narrowly focusing on sustaining the core practice excellence of product development (and, thus, preserving the associated managerial status quo), at the expense of achieving success in a changing environment. Helfat et al. (2007) wrote about “a desensitized” (p. 52) new CEO, brought up in a world of premium prices, limited competition, and low retailer power, “who consistently missed the most telling signs of change in the industry” (p. 52). Self-referentiality deprived senior management from the ability to exercise practical wisdom in balancing excellence (product innovation) and commercial success. The company sustained its capability for product innovation (i.e. kept striving for excellence in its core

practices), except that this capability was “no longer valued in the same way” (p. 52) in the new marketplace. The core practices’ “technical fitness” was not in tune any more with the firm’s “evolutionary fitness” (Helfat et al., 2007: 7–8, 52).

Snow Brand Milk. The third illustration concerns, again, a failure of practical wisdom, albeit, in this case, prompted by senior management’s excessive orientation to success. Finkelstein (2003: 113–119) discusses the case of Snow Brand Milk, the largest producer of milk and dairy products in Japan at 2000, and the outbreak of food poisoning caused by its low-fat milk at Osaka in June 2000. Following deregulation in the 1990s and the shift of power to retailers, Snow Brand was pushed to cut costs to compete in a tough market. Maximizing capacity use at plants and accelerating time to market of fresh milk became top priorities. Moreover, several corners were cut to meet the new commercial priorities:

The Osaka factory started producing one hundred thousand tons of milk, far above the sixty thousand-ton capacity. Production dates were disguised, milk that was returned from stores was reused in other products unbeknownst to customers, numerous breakdown in cleanliness occurred [...], and operational records were falsified. (Finkelstein, 2003: 115)

On 27 June 2000, a major food poisoning incident occurred, in which 13,000 people became ill. The Snow Brand Milk President had to resign following an insensitive handling of the media at a late-night press conference in Tokyo.

For our purposes here, the interesting questions are as follows: “At what point does a drive for efficiency go over the line? How do managers in high-pressure environments know where to draw the line?” (Finkelstein, 2003: 117). To address these questions, practical wisdom is needed from senior management. Knowing where to draw the line calls for sophisticated judgment (*phronesis*), which comes about from senior managers’ ability to take a reflective distance from their involvement in their practice (in this case, the practice of sustaining the competitive institutional dimension of the organization). Taking a reflective distance enables senior managers to see the broader picture, namely, to remind themselves of the value commitments the organization has made (e.g. in this case, product safety) and to strive to balance capability development work (i.e. excellence of the core practices of the organization) with differentiation work (i.e. commercial success in a tough environment). Insofar as such balancing fails, as in this case did, with the requirement for success dominating the requirement for excellence, the quality of organizational character is undermined, leading to adverse consequences.

Discussion and conclusion

To argue that virtue ethics provides rich resources for moral thinking is not new. But to show how virtue ethics, especially in its MacIntyrean version, may fruitfully inform strategy-as-practice research and, through the latter, how it may help us reconsider strategic management at large is to make, we claim, a contribution. Specifically, we have argued that strategy-as-practice research has not paid as close attention to the moral dimension of practices as one might have expected. In this article, we have taken on board Vaara and Whittington’s (2012: 286) remark that strategy-as-practice research “has not yet fully realized the potential that lies in the practice perspective” and attempted to show how such potential may be realized if the moral dimension of practice is viewed through virtue ethics. We have made two contributions.

The first contribution is a reconceptualization of the three most important concepts of strategy-as-practice research, namely, “practice,” “praxis,” and “practitioners.” We have underscored the

nature of practices as moral accomplishments requiring the exercise of virtue formed through habituation; we have rethought praxis as action that discloses a certain conception of “the good life,” manifested in the internal goods and standards of excellence underlying practice; and we have offered a new understanding of practitioners as skilled agents who, through habituation, have developed a certain character that is manifested in the mode in which they enact their practice.

The second contribution consists in showing how strategy-as-practice research may be further developed by recasting MacIntyrean virtue ethics. In particular, we have conceptualized strategic management as a competitive institutional practice that is concerned with ensuring that the core practices remain robust over time. To achieve this, strategic management engages in values articulation work (i.e. articulating an organizational purpose and relevant values) and in balancing work, namely, seeking to balance the capacity for excellence of the core practices (capabilities development work) with the capacity for success through searching for and refining competitive advantage (differentiation work).

With these contributions in mind, to what problems studied by strategy-as-practice might virtue ethics apply? Strategy-as-practice researchers have been keen to show how the making of strategy is shaped by largely taken-for-granted practices (at the levels of the organization and institutional field) on which practitioners draw while “doing” strategy work. What MacIntyrean virtue ethics adds is an enhanced sensitivity concerning the inherent morality of practices, as well as an appreciation of the different kinds of practices to be found in organizations and institutional fields, and the implications that follow from this. From a virtue ethics perspective, human behaviors are not viewed as empty of moral content but as *already* morally constituted by the collective ends agents pursue in the context of practices and the particular virtues (i.e. a moral-cum-affective dispositions) agents have acquired (or not) through habituation in those practices (Park and Peterson, 2003). Thus, looking at particular instances of praxis, we can see that practitioners disclose themselves through being driven by a certain conception of what is the right thing to do (i.e. what concept of “the good life” they hold onto) while enacting their practices.

For example, Narduzzo et al.’s (2000) technicians and Salvato’s (2009) senior managers at Alessi are all involved in enacting routines related to operational and dynamic capabilities, respectively. The mode of enactment (“spontaneous re-engineering” and “mindful improvisation,” respectively) is shaped by the moral background that instills certain habits (in this case being responsive and responsible), influenced by the internal goods and the standards of excellence of the core practices in which the respective routines are embedded. One might wonder what the moral dimension of a mode of routines enactment is. Where is morality in, say, “spontaneous re-engineering”? From a virtue ethics perspective, the performance of any role and the enactment of any routine are shot through with a particular *ethos*, expressive of character (Seijts et al., 2015: 66)—how one should treat others and respond to situations (Benner, 2004: 195; Sayer, 2011: 144; Spinoza et al., 1997: 20–22). Moreover, in contrast with other moral philosophies, such as utilitarianism and Kantianism (Chappell, 2009), virtue ethics is not about suggesting optimizing formulae or universal rules concerning what is the right thing to do, but becoming a certain sort of person—“the sort of person who lives a life expressive of the virtues” (McAleer, 2008: 49). *How*, therefore, a technician is disposed to respond to the problems he routinely handles depends fundamentally on the organizational character that has developed over time.

A virtue ethics perspective on strategy-as-practice research brings to light the moral dimension that underlies organizational practices, from the most mundane (e.g. assessing the likely damage in student halls of residence; Feldman, 2000) to the most consequential, such as a government’s practices of decision-making to invade a foreign country (Chilcot, 2016), with lots of cases in between. For example, Anteby’s (2013) rich ethnographic study shows how “vocal silence”—namely, “a routine that requires significant decision making on the part of those involved with little guidance

from higher authorities in a context rich in normative signs” (p. 127)—is constructed symbolically, discursively, and materially. In his study of Harvard Business School, he found that morals are transmitted not so much by writing them into routines as emerging from routinized action, in which “ideals” (Feldman, 2000: 620) are left unspecified. Gioia (1992) has insightfully narrated his personal experience of being once a recall coordinator at Ford and how, despite his strong personal values, he found that the internal goods of his core practice (i.e. concern with safety) were normalized (i.e. quasi-neutralized) by the competitive institution, which was primarily concerned with efficiency. Although he accounts for this in terms of the organizational scripts for normalizing behavior, a practice perspective informed by virtue ethics can shed further light by showing how normalization is accomplished: the resources and tools available through which practitioners, acting in particular contexts, routinely carry out their tasks, leading to a main preoccupation with technical operations at the expense of the value-laden ends (and the associated internal goods) of their core practice and to emotional disengagement from vigorously pursuing those internal goods. Similarly, Ewing (2017) provides evidence of how the excessive preoccupation of senior management with the competitive institution of Volkswagen created conditions for impossible sales targets and, subsequently, fraud.

Strategy-as-practice informed by virtue ethics can illuminate organizational decision-making concerning highly morally charged matters, be they environmental disputes, corporate misconduct, discrimination at work, organizational accidents, and so on (Crossan et al., 2013). Thus, strategy-as-practice research informed by virtue ethics may reveal the value-laden character of decision-making practices, the praxis that discloses what counts as good action for particular practitioners in a certain context, and the mode of enacting a practice that reflects processes of habituation and the associated virtues (or vices; e.g. see Tsoukas’ (2010) analysis of the decision-making practices that led to the torturing of prisoners at the Abu Ghraib prison in Iraq). For example, the Shell versus Greenpeace environmental dispute in 1995 over the disposal of a disused oil platform in the North Sea (Tsoukas, 1999), brought to light, in Shell’s subsequent admission, the hitherto “technocratic” practices of making relevant decisions at Shell UK (Shell, 2008) and their limits in eliciting stakeholders’ legitimacy. Thus, a long-held technocratic practice of decision-making may be unpacked to explore the following: the value-laden ends and tacit morals practitioners take for granted, the praxis that reveals the-right-thing-to-do through making use of particular resources and tools, in particular contexts, and the habituation process through which the formation of a distinctive organizational character had made it possible for practitioners to enact their technocratic practice in a particular mode.

Furthermore, virtue ethics can inform strategy-as-practice theorizing by shedding further light on managerial agency (see also De Rond and Thietart, 2007; Vaara and Whittington, 2012: 310–311), especially the exercise of judgment as manifested in practical wisdom, which has been increasingly recognized as an important capacity for senior managers (Freeman et al., 2007: 174; Helfat et al., 2007: 53, 56; Priem and Cychota, 2001; Rummelt, 2011: 274; Spender, 2014; Teece, 2014: 331). In particular, we noted earlier that balancing the competing requirements for excellence and success is strategically important for a firm to flourish. This involves the exercise of character virtues and intellectual virtues, especially practical wisdom. Further research may shed light on how competing requirements are managed (Beadle, 2013; Moore, 2012; Moore and Beadle, 2006). To what extent, and in what conditions, is senior management’s orientation to success detrimental to the excellence pursued in the organizational core practices? How is a strong orientation to success shaped by extra-organizational practices, including discursive resources, power structures, and available tools (Hardy and Thomas, 2014; Jarzabkowski and Kaplan, 2015; Moore and Beadle, 2006: 378–380; Vaara, 2010; Whittington, 2006; Wright et al., 2013: 378–380)? Seeing strategic management as an evolving competitive institutional practice, what internal

goods and standards of excellence have come to prevail in it at different points in time, mediated by what discourses and power structures (Kornberger and Clegg, 2011), in what contexts, with what effects? How does self-enclosure interact with the need for hetero-referentiality? Moreover, how and in what ways does the self-enclosure of core practices become an obstacle to the accomplishment of a competitive advantage? What self-commitments do senior managers make to induce core practitioners to depart from, or not yield to, the temptation of, self-interested behavior? To the extent that, as Schwartz and Sharpe (2006: 379) note, practical wisdom is “the master virtue,” how is it exercised, especially through foresight and self-command (Shaver, 2006)? When practical wisdom fails, why does it so, how, and in what conditions? What is the role of hubris (Takaacs Haynes et al., 2015; Tang et al., 2015) as well as of narcissism and power structures (Kets De Vries, 2004; Stein, 2007, 2013) in contributing to such failure?

Moral agency extends beyond virtuous behavior *within* a practice. As seen earlier, in Aristotelian terms, a skilled practitioner is not a mere “producer” but an “actor” aiming to do the right thing. However, doing the right thing is not to merely pursue the goals of one’s practice but to be able to take a distance to question them, if needed (Van Hooft, 2006: 40–41). It is indicative of moral agency, notes MacIntyre (2006: 189), for a skilled practitioner to be able to “acknowledge the authority of evaluative and normative standards that are independent of those embodied in [his/her] own particular social and cultural order [...]” This is especially important for organizations since their compartmentalized-cum-hierarchical structure and the tendency for instrumental-technical reason to dominate in them (Gioia, 1992; Jackall, 1988; Kallinikos, 2004) make it difficult for practitioners to ask what MacIntyre (2011: 12) calls “Aristotelian questions,” such as “What is my role qua human being and not just qua role-player in this or that type of situation?” (MacIntyre, 2011).

Finally, while virtue ethics is a particular perspective in moral philosophy, which, as we have shown, helps frame practice theory in moral terms and, thus, put ethical content into strategy-as-practice theorizing, it is by no means the only one. In behavioral ethics, utilitarian frameworks have been usefully adopted (Bazerman and Gino, 2012; Tenbrunsel and Smith-Crowe, 2008; Trevino et al., 2014), and in business ethics, a deontological approach (inspired by Kantian philosophy) and a Habermasian perspective have generated insights (Bowie, 1999; Scherer and Palazzo, 2007). While we have made an argument for virtue ethics here, other perspectives in moral philosophy must be tried and their implications for strategic management considered (Gilbert, 2001; Hosmer, 1994; Robertson and Crittenden, 2003; Singer, 2010). It is in the nature of moral inquiry that no closure can be achieved, since the primordial ethical question “how should we live?” cannot be conclusively addressed (MacIntyre, 1985). We will refine our understanding of the moral background of strategic management and will develop further strategy-as-practice theorizing by exploring several perspectives on ethics and studying their implications for the making of strategy.

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Note

1. We use the term “moral” (or “ethical”) in a descriptive sense (see Haidt, 2016: 11; also, Haidt, 2001). As Sayer (2011) remarks, “we are ethical beings, not in the sense that we necessarily behave ethically, but that as we grow up we come to evaluate behavior according to some idea of what is good and acceptable” (p. 143).

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