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How to Bridge Peripheral and Central Strategy-Making Routines in Decentralized Corporations through Alignment Practices

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Abstract

Multi-business firms increasingly decentralize their business to operate flexibly but are simultaneously challenged to create synergies through corporate-level strategies when facing trends such as digitization or globalization. To manage this tradeoff, they initiate integrative strategy projects which integrate practitioners from business units and headquarter in mutual strategy teams to pool dispersed knowledge and ease corporate-wide strategy implementation. However, rooted in disparate contexts, individuals from the periphery and the center lack a shared understanding of strategy and approach strategy-making differently. This study examines which practices peripheral and central actors develop to align their strategy-making routines and to establish a shared understanding of strategy. Findings are generated inductively and through grounded theory based on strategy-as-practice research and comparative case study methodology, including four in-depth cases within a multi-business firm. The results indicate that peripherally and centrally situated practitioners engage in four specific alignment practices: C*onverging*, *committing*, *sharing* and *interacting* practice. These are developed non-deliberately over time by peripheral and central practitioners alike. Identifying and coining alignment practices extends the scarce micro-level strategy-as-practice research and further contributes to a better practical understanding of how diverse actors within integrative strategy teams of multi-business firms align their understanding to effectively engage in strategy-making.

1. Introduction

Strategic challenges for companies emerge increasingly faster due to new technologies and disruptive entrants in established markets (Teece, 2010). To stay competitive, incumbents are bound to reach what Burgelman and Grove have coined the "strategic inflection point" (1996, p. 11), a point in time at which a company realizes that changing market conditions will render failure imminent if existing strategies are not adapted. TransCo, a large and diversified multi-national corporation primarily operating in railway transportation, has reached its strategic inflection point when it recognized that new entrants (e.g. startups offering cheap remote bus transportation) and new technologies (e.g. autonomous driving) will disrupt traditional business models of train transportation. To counter these challenges, TransCo has introduced four strategic projects which are designed to derive innovative corporate-level strategies. Each project has unique strategic goals such as (I) digitization of business models, (II) internationalization of business, (III) implementation of autonomous train operations, and (IV) development of a smart city strategy. These projects consist of interdisciplinary teams which are staffed both from the corporate headquarter as well as from those business units that are crucial for the effective development of these strategies. Business unit personnel contributes operational as well as market-related knowledge and eventually facilitates the implementation of these strategies into the firm's operation (Mack & Szulanski, 2017). This is in line with the concept of integrative strategy-making within multi-business firms which is understood as "the simultaneous emphasis on the decentralized strategy-making modes and strategic planning processes" (Andersen, 2004,

p. 1276). It aims at increasing the participation of different units and hierarchical levels to include a variety of operational and market knowledge and simultaneously enables effective, firm-wide strategy-making (Andersen, 2004; Mintzberg & Waters, 1985).

Existing studies, however, have shown that actors from the peripheral business units engage differently in strategy-making than those from the central headquarter. For example, Chia and Holt (2006) argue that peripheral actors often only unknowingly participate in strategic issues in their daily operational work. Only in retrospect are their actions regarded as strategic when they realize that they contributed to decentral and emergent strategic initiatives. In contrast, individuals from the central headquarter deliberately formulate strategies and knowingly engage in strategy-making. Similarly, Regnér (2003) found that peripheral actors rely on different approaches of strategy-making than central actors. Individuals in the periphery are externally oriented and rely on inductive, explorative, and hands-on activities, whereas actors in the center engage in deductive activities and aim to exploit existing strategies and resources. In line with the concept of integrative strategy-making, Paroutis and Pettigrew (2007) recommend that strategic teams should simultaneously engage in both forms of explorative and exploitative activity to counter new strategic challenges while at the same time maintaining existing capabilities (Andersen, 2004).

However, in order to benefit from integrating these two distinct approaches, effective alignment is required. If not effectively aligned, integrating staff from both the periphery and the center within a mutual and integrative strategy-making team induces tensions between actors resulting from integration problems (Ketokivi & Castañer, 2004). These are caused by the dissimilarity of peripheral and central approaches towards strategy-making (Regnér, 2003). Inductive and externally oriented strategy-making activities from the periphery stand in sharp contrast to the deductive and internally oriented approach of the center. Further, position bias shapes the identity of actors and thus influences the different activities and contributions of participating actors within integrative strategy-making (Ketokivi & Castañer, 2004). Accordingly, in his empirical study Regnér (2003) finds that "dissimilar strategy and knowledge assimilation activities in the periphery and center, rooted in disparate managerial contexts, resulted [...] in continuous tension and conflicts over time" (p. 74). The lack of a shared understanding of how to develop and implement strategy evokes these tensions between central and peripheral actors (Jarzabkowski & Spee, 2009).

Even though tensions, at least to a certain extent, can foster new ideas for strategy-making (Mack & Szulanski, 2017), conflicts within integrative strategy teams impede team functioning (Montoya-Weiss et al., 2001). Similarly, extant research found that effectively integrating diverse strategic actors is associated with more productive outcomes (Laine & Vaara, 2015; Song, 2006). It follows that alignment, which is understood as the creation of a shared understanding of strategy-making between peripheral and central actors, is crucial for effective strategy-making in integrative strategy teams and therefore requires scholarly attention. Alignment is achieved by developing shared practices which mediate between actors and integrate different interests and perspectives (Jarzabkowski & Balogun, 2009).

However, it remains unclear what practices contribute to alignment and how they are developed. While existing research has acknowledged tensions resulting from different strategy-making approaches, there is little research on how individual actors from the periphery and the center align these activities. Paroutis and Pettigrew (2007) have laid the foundation by examining what kind of practices different strategic teams from either the center or the periphery engage in and how these teams interact. However, their findings concern only aggregated actors and apply to the praxis of strategy teams at the meso-level (Jarzabkowski & Spee, 2009). This study, however, aims to examine how individuals from the periphery and the center align their different strategy-making routines within mutual and integrative strategy teams of a multi-business firm on the micro-level.

For this purpose, this study draws on the strategy-as-practice (SAP) lens which focuses on "strategy-making as it occurs through the actions, interaction, and negotiations of multiple actors" (Jarzabkowski & Balogun, 2009, p. 1256), hence focusing on strategists' activities and practices (Whittington, 2003, 2006; Paroutis & Pettigrew, 2007). SAP examines "how strategy-making is enabled and constrained by prevailing organizational and societal practices" (Vaara & Whittington, 2012, p. 285). Practices, which are understood as "routinized type of behavior which consist of different elements interconnected to one another" (Reckwitz, 2002, p. 249), thus need to be at the center of attention when studying how individuals align strategy-making. Accordingly, aligning strategy-making routines is dependent on the development of what this study coins *alignment practices*. Drawing on a practice lens, alignment practices are here defined as routinized and interconnected activities aligning distinct central and peripheral strategy-making. They are mutual practices which are necessary for both peripheral and central

individuals to establish shared routines of strategy-making. Therefore, this study examines the following research question: *What do peripherally and centrally situated actors with different strategy-making routines do to overcome these differences when formulating corporate strategy?*

This study thus fills an evident research gap by identifying alignment practices developed by actors from the periphery and the center, hence answering recent calls for empirical fine-grain research on the interaction of individuals with different strategy backgrounds (Jarzabkowski & Balogun, 2007; Vaara and Whittington, 2012). It contributes to SAP research by adding the concept of alignment practices to existing studies on practices in strategic management. Furthermore, by examining this issue on the level of individual actors, it extends the scarce SAP research on micro-level strategy-making practices (Jarzabkowski & Spee, 2009). It also entails several practical implications, as it enables multi-business firms to understand how peripheral and central actors derive a shared understanding of strategy, thus facilitating effective strategy-making within integrative strategy teams.

To study the proposed research question, TransCo's four strategic projects offer a unique and unprecedented means to shed light on integrative strategy-making between individuals staffed from the center and the periphery and to examine through which practices strategic actors align strategy-making. It will be examined in the form of an in-depth and comparative case methodology while approaching the topic inductively. Data was collected by means of 16 interviews and combined with secondary data in the form of documentary evidence. Drawing on grounded theory, this data was used to generate insights on practices of strategy-making alignment. This study is divided into multiple parts. First, reviewing the concept of integrative strategy-making will provide insights on the motivation behind the concept of strategic projects which enables emergent strategy issues to be incorporated into the central strategy process by fostering participation of peripheral actors. Existing literature on practices within strategy-making of multi-business firms will be reviewed, including the central concept of peripheral and central strategy-making (Regnér, 2003) as well as the tensions resulting from these distinct approaches. SAP research and its prominent framework of *praxis*, *practices*, and *practitioners*, which constitutes the underlying theoretical foundation of this study, will be examined in detail. Secondly, the methodology of this study will be outlined. After providing information on TransCo and its strategic projects, a detailed and transparent

account of research design, data collection, and data analysis will be given. Thirdly, after delving into the methodology, research findings will be thoroughly presented before implications and limitations will eventually be discussed.

2. Theoretical Foundation

In the following, the theoretical foundation, on which alignment practices build, will be outlined. As this study examines alignment practices within integrative strategy-projects of a multi-business firm, extant findings on strategy-making in multi-business firms and the concept of integrative strategy projects will be discussed. Further, peripheral and central strategy-making routines will be distinguished in detail and the tensions – occurring from integrating these dissimilar approaches – will be discussed.

2.1. Strategy-Making in Multi-Business Firms

The concept of strategy-making comprises the formulation and implementation of strategies (Mirabeau & Maguire, 2014). However, rational models of strategy-making have assumed that the former is a prerequisite for the latter (Bower & Gilbert, 2005; Huff & Reger, 1987). These models imply that strategic actors are able to evaluate and consider all alternatives and consequences of their decisions as well as to choose the most valuable alternative (Hart 1992). Exemplary, Porter (1996) argues that strategy "means deliberately choosing a different set of activities to deliver a unique mix of value" (p. 64). Thus, the rational approach is often considered to be identical with the concept of strategic planning processes which are defined as "organizational activities that systematically discuss mission and goals, explore the competitive environment, analyze strategic alternatives, and coordinate actions of implementation across the entire organization" (Andersen, 2004, p. 1275). These activities traditionally lie in the responsibility of top-managers, therefore neglecting other actors involved in strategy-making (Vaara & Whittington, 2012).

Contrary to this rational approach, Mintzberg (1973) argues that strategists merely have bounded rationality and that strategic planning only partly constitutes strategy-making. Accordingly, he introduced the concept of adaptive strategy-making which is characterized by emergent strategic initiatives from the lower levels of corporations. Defined as "a pattern in action that is realized despite or in the absence of intentions" (Mintzberg & Waters, 1985, p. 257), emergent strategies are understood as decentralized strategy activities emerging from the grassroots of organizations in response to changes

in a dynamic environment (Andersen, 2014; Mirabeau & Maguire, 2014). A large number of studies have since highlighted the existence and importance of emergent strategic initiatives (Bower & Gilbert, 2005; Burgelman, 1983; Noda & Bower, 1996). The acknowledgement of initiatives from the lower levels of organizations simultaneously expands the scope of relevant actors within strategy-making beyond the initial focus of the rational approach on top-managers. Accordingly, Andersen (2004) defines decentralized strategy-making as "a decision structure that allows important strategic influences to emerge from managers at lower hierarchical levels in the organization" (p. 1274). For example, in a decentralized firm with multi-business structures, these emerging influences may stem from business units.

Based on the acknowledgement of both intended and unintended strategy, the widely-adapted concept of both emergent and planned strategies within strategy-making has been established (Mintzberg & Waters, 1985). Enhanced by the trend towards more decentralization within firms (Chandler, 1991), effectively integrating top-down strategy formulation and bottom-up strategy initiatives has become a major challenge, particularly for large diversified firms (Regnér, 2003). These multi-business firms are defined as organizations simultaneously operating in two or more markets through separate business units while being supervised by an overarching headquarter (Greve, 2003), hence entailing various organizational hierarchies and local communities (Paroutis & Pettigrew, 2007). This development has laid ground for numerous studies focusing on integrative strategy-making within multi-business firms (Wolf & Floyd, 2017).

2.2. Integrative Strategy-Making

Integrative strategy-making is defined as "the simultaneous emphasis on the decentralized strategy-making modes and strategic planning processes" (Andersen, 2004, p. 1276; Hart, 1992; Ketokivi & Castañer, 2004). Simultaneous consideration of both approaches reconciles the debate whether strategic planning from headquarter or decentralized strategy-making from business units is more valuable in effective strategy-making (Andersen, 2004). Within integrative strategy-making, Andersen (2004) distinguishes two major forms of integration: *Participation* in strategy-making and *decentralized decision autonomy*. These characteristics differ particularly in the location of actual strategy-making activities. While distributed autonomy of lower-level managers enables autonomous decision making at the edges of organizations (Burgelman, 1983), participation in strategy-making integrates different stakeholders into the central strategy

process (Andersen, 2004). In this study, participation is understood as activities that enable connections between individuals over time (Mack & Szulanski, 2017). The concept of participation in strategy-making is hence particularly relevant to this research, as TransCo's strategic projects, which are located at the center of the organization, build the focal context of this research.

In these strategic projects, participation – and therefore integrative strategy-making – takes the form of personnel transfer from business unit employees to the corporate center (Ketokivi & Castañer, 2004). As evident in the concept of participation within integrative strategy initiatives, operational workers or lower-level employees are increasingly recognized as key factors to effective strategy-making as they contribute to organizational knowledge creation and realistic strategy formulation (Floyd & Wooldridge, 2000). Participation is associated with a more market-based perspective and thus adds further organizational viewpoints to the formation of strategy (Andersen, 2004). Peripheral participants' proximity to markets and to operational business activities is associated with higher quality in decision making by enabling immediate reactions to market changes (Denison 1990; Noda & Bower, 1996). Furthermore, participation is associated with higher commitment to common goals which in turn facilitates implementation and integration of strategies (Jarzabkowski & Balogun, 2009; Ketokivi & Castañer, 2004), while a lack of participation leads to dissatisfaction among excluded actors (Mantere & Vaara, 2008) and hinders strategy implementation (Mintzberg, 1994).

However, research on the positive influence of participation on firm performance remains ambiguous (Andersen, 2004; Hart & Banbury, 1994). Andersen (2004) offers an explanation by arguing that integrative strategy-making is more demanding in terms of time and resources in comparison to traditional top-down strategy-making. Participation involves diverse organizational actors who shape the strategy process by contributing different interests and experiences. Mantere and Vaara (2008) summarize that "strategy involves internal tensions around agency and identity" (p. 35), indicating that each actor involved entails a position bias (Ketokivi & Castañer, 2004). Similarly, Regnér (2003) argues that peripherally and centrally situated practitioners draw on different strategy-making routines which will be examined in the following.

2.3. Peripheral versus Central Strategy-Making

In line with SAP's focus on "actions, interaction and negotiations of multiple actors" (Jarzabkowski & Balogun, 2009, p. 1256), Regnér (2003) studies "how [...] managers

create and develop strategy" (p. 57). He argues that actual activities and different actors involved have not received sufficient attention in strategy research and therefore little is known about how different practices and actors actually influence strategy-making. Based on interviews, documents, and observations in four organizations, Regnér (2003) used a longitudinal case study design to find significant differences between central and peripheral contexts on a micro-level. Peripheral practitioners are understood as lower-level managers and employees in business units who are considered to be distant from dominant practices, are characterized by low hierarchical order, and are not necessarily strategic actors per se (Balogun & Best, 2015). In the peripheral context, strategizing activity is described as "externally and exploration oriented, including inductive reasoning or sensemaking" (Regnér, 2003, p. 66). He observed that peripheral actors directed strategic activities towards customers and competitors while gathering strategic knowledge through interaction with external actors or through acquisition of competences. They display a hands-on mentality as they actively build customer relationships, advance technologies and probe new markets (Laine & Vaara, 2015). By doing so, peripherally situated actors rely on directly acquired knowledge from observations or past experiences rather than secondary sources such as reports or market research. Moreover, they tap into trial-and-error methods, informal inquiries, and other inductive methods to explore strategic issues and make sense of them retrospectively (Chia & Holt, 2006; Regnér, 2003; Weick, 1995). In accordance with Mintzberg's emergent strategic initiatives, Regnér (2003) finds that, in the absence of strategic frameworks, peripheral managers make sense of new strategic issues by generating new interpretations and trying to establish those structures in the corporation. In summary, strategy activities are described by four characteristics: *Externally focused*, *exploring new technologies and markets*, *inferences based on observation and experiences*, and *establishing new knowledge structure* (p. 68).

This stands in sharp contrast to strategy activities in the center of firms in which actors from the corporate headquarter, such as corporate strategic planners or senior executives, are involved in strategy-making. These central activities are described through the following four contrasting characteristics: *Industry focused*, *building on current technologies and markets*, *inferences based on historical strategy*, and *emphasizing current knowledge structure* (p. 68). Thus, corporate actors tend to focus on existing industries and on exploitation of given structures, based on the central actors' deductive sensemaking. In contrast to peripheral actors, they rely on formal reports and

other secondary sources as well as on "formal inquiring, models, and algorithms, etc. and build on historical and current technologies and markets" (Regnér, 2003, p. 71), hence emphasizing existing investments and resources within these structures. Activities are based on historical strategy, therefore following a more deductive approach while relying on more established strategy frameworks and interpretations that are tied to current markets and resources.

In summary, Regnér (2003) provides insights on different praxis of strategy-making in multi-business firms. He finds "a twofold character of strategy creation, including fundamental different strategy activities in the periphery and center, reflecting their diverse location and social embeddedness" (p. 57). Strategizing activities in the periphery are based on deductive and explorative reasoning while actors in the center rely on inductive and exploitative practices. Paroutis and Pettigrew (2007) equally draw on general practice theory to study how teams in the periphery and the center rely on different strategy-making behavior, enabled through daily practice. They advance Regnér's work by providing insights on the activities used by central and peripheral teams and examining how these teams interact.

In line with Regnér (2003), Chia and Holt (2006) provide a helpful theoretical framework for distinguishing peripheral and central strategy-making activities by introducing *building* and *dwelling* worldviews. While the building worldview refers to the conventional and deliberate view on strategy, dwelling explains the emergence of non-deliberate strategy through practical coping (Vaara & Whittington, 2012). According to the concept of dwelling, strategic action does not necessarily need to be intentionally strategic but it is rather understood as a mode "in which agent identities and their strategies are simultaneously co-constructed relationally through direct engagement with the world they inhabit; practical actions and relationships precede individual identity and strategic intent" (Chia & Holt, 2006, p. 637). Thus, dwelling is a fundamental condition that precedes deliberate and intentional action (Heidegger, 1962). Building on this logic, it follows that strategy is immanent in everyday activities. Even though the distinction between dwelling and building modes is somewhat theoretical, Chia and Holt (2006) argue that the concept of dwelling can be found in peripheral strategy-making routines, for example when peripherally situated actors unknowingly induce strategic initiatives through their interactions with customers and markets, while the building mode is evident in the deliberate strategy-making routines of the center.

It follows that peripherally and centrally situated practitioners rely on different strategy-making routines and have a dissimilar understanding concerning strategy. Therefore, this study advances the insights provided by Regnér (2003) by examining how peripherally and centrally situated practitioners coordinate and adjust their distinct routines through alignment practices when interacting in integrative strategy-making activities.

2.4. Tensions in Integrative Strategy Projects

Even though they represent opposite strategy activities, both central and peripheral activities are necessary for effective strategic change (Jarzabkowski & Spee, 2009; Paroutis & Pettigrew, 2007; Teece et al., 1997). Involving actors from the business unit level into the corporate strategy-making activities comprises the inclusion of additional perspectives and knowledge (Floyd & Wooldridge, 2000; Noda & Bower, 1996). However, position bias shapes the identity of actors and thus influences how different actors approach strategy-making within integrative strategy projects (Ketokivi & Castañer, 2004). For example, by incorporating market and customer related knowledge, participants from peripheral areas challenge established strategies and the central process of strategy-making (Mantere, 2005). Additionally, these actors contribute own strategic ideas and aim to establish their strategic initiatives within the corporate knowledge base (Mintzberg & Waters, 1985). These dissimilar peripheral and central interests cause conflicts regarding the goal of integrative strategy-making projects. Furthermore, during the interaction of peripherally and centrally situated actors, tensions may emerge due to dissimilar understandings concerning the scope of strategy (Regnér, 2003). Peripheral actors are rooted in business units, thus having a closer proximity to operational business and being required to react to immediate market dynamics. As a result, the peripheral actors adopt a short-term perspective on strategic action. Central actors, however, are detached from immediate operational business and are concerned with long-term trends and developments. Developing a common understanding of strategic scope and goals is therefore central to integrative strategy-making but is exposed to potential tensions (Ketokivi & Castañer, 2004).

Similarly, Chia and Holt (2006) have identified the two different modes of building and dwelling which are evident in the reasoning of actors within peripheral and central contexts, respectively. In line with these modes, Regnér (2003) as well as Paroutis and Pettigrew (2007) have examined the different activities and practices of peripherally and

centrally situated actors. They find that actors from different organizational contexts, such as the periphery and the center, rely on fundamentally different ways of knowledge building, strategy sensemaking, and strategy activities. Combining these contrasting strategy-making approaches within mutual strategic programs induces tensions between actors. For example, Regnér (2003) finds that "dissimilar strategy and knowledge assimilation activities in the periphery and center, rooted in disparate managerial contexts, resulted in considerate discrepancies in strategic reasoning and sensemaking and, in the end, knowledge. This resulted in continuous tension and conflicts over time" (p. 74). Thus, integrating peripheral and central actors results in the emergence of tensions due to a lack of shared strategy-making understanding concerning methodology, tools, as well as strategic goals and scope. Even though tensions can entail positive effects, Song (2006) found that creating a common understanding – through the integration of different goals and perspectives – is related to a positive output. It follows that alignment serves as an integrative conflict-handling mechanism, resolving tensions between central and peripheral routines and enabling cooperative and functioning strategy-making (Montoya-Weiss, 2001). Hence, this study examines which practices enable the alignment of dissimilar strategy-making approaches and establish shared routines of developing strategy. To do so, SAP is a suitable lens as it accounts for human agency and enables to investigate the micro-level alignment practices of peripherally and centrally situated individuals within integrative strategy projects (Mantere & Vaara, 2008).

3. Strategy as Practice

As indicated, SAP provides a research lens on strategy-making which emphasizes the informal practices through which strategies often emerge (Vaara & Whittington, 2012). Therefore, alignment practices within integrative strategy-making – enacted through participation – offer an opportunity to be researched from a practice perspective (Vaara & Whittington, 2012). To identify and analyze alignment practices, SAP will be defined and theoretically elucidated, and an SAP framework will be presented which offers a theoretical foundation for investigating alignment practices.

3.1. Theoretical Foundation

The origins of SAP can be found in social sciences which have experienced a turn towards practice since the 1980s (Vaara & Whittington, 2012). Influenced by the early works of Wittgenstein and Heidegger (1962), the social theory of practices has among others drawn upon philosophers (Foucault & Bouchard, 1980), sociologists (Giddens,

1984) and discourse research (Fairclough, 2003) to emphasize the importance of practices. Foucault and Bouchard (1980) argue that social practices are the foundation of building knowledge and power which in turn constitutes action. Similarly, for Bourdieu (1990), practices – for example shared understandings, procedures and rules – are at the base of social action by linking subjective actors to their environment. Therefore, practice theorists reject methodological individualism which regards individuals as bounded entities separated from social structures (Chia & MacKay, 2007). While doing so, practice theory at the same time distances itself from 'societism' which opposes individualism by focusing on macro-forces and neglecting micro-influences (Whittington, 2006). Instead, practice theory combines both approaches by drawing on relationalism in which individual behavior is regarded as "embedded within a web of social practices" (Vaara & Whittington, 2012, p. 288).

Besides social context and individual behavior, actors form the third pillar of social practice theory. It is important to observe not only the activity itself but also how it is performed, because activity is shaped by actors' practical skills (Vaara & Whittington, 2012). Actors are able to "amend as well as reproduce the stock of practices on which they draw" (Whittington, 2006, p. 615). Overall, these three pillars – practices within social systems, actual human activity, and actors – have been transformed into the widely-adopted framework of practices, praxis, and practitioners within strategy research. This practice turn in strategy research has been evident over the past twenty years in which strategic management research has increasingly focused on activities and practices in strategy-making, mostly labelled as Strategy-as-Practice (Whittington, 2006; Jarzabkowski et al., 2007). In SAP, strategy is defined as "a situated, socially accomplished activity, while strategizing comprises those actions, interactions and negotiations of multiple actors and the situated practices that they draw upon in accomplishing that activity" (Jarzabkowski et al., 2007, p. 7).

Since its beginning, the SAP perspective has received much attention due to its ability to "understand how organizational action is enabled and constrained by prevailing organizational and societal practices" (Vaara & Whittington, 2012, p. 286; Chia & Holt, 2006). By focusing on practices as the unit of analysis, micro-level strategizing activities can be linked to macro-level practices (Seidl & Whittington, 2014). Therefore, SAP is understood as the "activity-based view of strategy that focuses on the detailed processes and practices which constitute the day-to-day activities of organizational life and which

relate to strategic outcomes" (Johnson et al., 2003, p. 3). This definition is in line with the goal and direction of strategy research which Whittington (1996) had in mind when coining the term 'Strategy as Practice' for the first time: H*ow* strategy is made by individual actors should be at the center of attention. Johnson et al. (2003) argue that this micro-perspective of SAP is a logical step in strategy research. Traditional content research has introduced many concepts and frameworks, for example the resource-based view, institutional theory, or Porter's famous frameworks which have advanced strategy research in its early years. But these concepts remain "lifeless" (p. 6) and are unable to do justice to the complexities of strategy. Besides its focus on macro-level phenomena, the content perspective looks at *what* strategies are formulated and implemented. This stands in sharp contrast to both SAP and strategy process research which explore *how* strategy is made and thus open up the black box of strategy by 'humanizing' the field (Chia & MacKay, 2007; Johnson et al., 2003).

But even though SAP shares common features with the process perspective (Jarzabkowski, 2005), it distinguishes itself by focusing on the micro-level activities of strategists, while strategy process research adopts a macro-level perspective (Balogun et al., 2003). Instead of focusing on macro-processes and the organization, SAP emphasizes "people, routines, and situated activities" (Chia & MacKay, 2007, p. 223). By contrast, process research, which focuses on strategic change, strategy formation, and implementation processes, aims at finding patterns of strategic processes at the organizational or market level (Johnson et al., 2003; Whittington, 1996) which is evident in Mintzberg's identification of emergent strategies (1973). Despite the different units of analysis, both strategy streams have common underlying assumptions. For both the SAP and process perspective, social reality is a dynamic and constructed process which is characterized by a duality of structures: Action is shaped by its surrounding structures but in return shape these structures (Jarzabkowski, 2004). A fourth research direction, which shares the micro-perspective with SAP research, is micro-foundation research. However, it focuses on individuals and the relations between them, advocating methodological individualism to explain how macro-phenomena can be explained by characteristics and motivation of individual actors (Felin & Foss, 2005). It thus shares a common understanding with content research by focusing on the static *what* of strategy, contrary to the dynamic perspective of SAP and process research which concentrates on *how* strategy is made. *Table 1* summarizes the focus of SAP and its unique stance on strategy.

Table 1. Differences between Research Orientations in Strategy

	The What of Strategy *Static and Economic Perspective*	The How of Strategy *Dynamic and Sociological Perspectives*
Organizational Level	Strategy Content Research	Strategy Process Research
Individual Level	Strategy Micro-Foundations Research	**Strategy-as-Practice**

Furthermore, contrary to other perspectives, SAP is concerned with a number of different outcomes and distances itself from the mere focus on economic performance. Accordingly, it relies particularly on qualitative methodology, often in-depth analyses of single-firm case studies (Johnson et al., 2003; Vaara & Whittington, 2012). SAP's focus on micro-level practices to identify how strategy is actually made, is evident in the well-established SAP framework of praxis, practices, and practitioners which lays the foundation for the analysis of alignment practices and which will be outlined in the following.

3.2. Praxis, Practices, and Practitioners

Based on SAP's research direction and its underlying assumptions, Whittington (2006) has established the framework of praxis, practices, and practitioners to reconcile different terms into a central and structured concept. In a first step, the concept of practitioners needs to be clarified. In accordance with the sociological foundation of SAP, it is emphasized that practitioners should not be considered as mere individuals but rather as social beings shaped and influenced by skills, culture, and gender, among others (Samra-Fredericks, 2005). This stands in contrast to traditional strategy research focusing on senior executives with decision making power (Whittington, 2006). SAP, however, regards those as strategy practitioners who "do the work of making, shaping, and executing strategies" (Whittington, 2006, p. 619). Following this understanding, SAP considers not only top-level managers but all actors participating in strategy-making (Vaara & Whittington, 2012), for example operational personnel (Grant, 2003), advisers, lawyers, bankers, or scholars (Jarzabkowski & Whittington, 2008). Increasing attention is directed towards practitioners within strategy departments of corporations as these are individuals who shape strategy on a daily basis (Paroutis & Pettigrew, 2007; Vaara & Whittington, 2012). Accordingly, this study's emphasis on alignment practices between central and peripheral actors will advance the field of SAP by giving insights on the practices that are drawn upon by non-executive practitioners.

Furthermore, the framework helps to distinguish the concepts of praxis and practices, where practices are defined as "routinized type of behavior which consists of several elements, interconnected to one another: forms of bodily activities, forms of mental activities, 'things' and their use, a background knowledge in the form of understanding, know-how, states of emotion and motivational knowledge" (Reckwitz, 2002, p. 249). Practices are therefore the tool through which strategy is made (Jarzabkowski & Spee, 2009). Within SAP research, they are understood as a broad and flexible concept because SAP overcomes the rational model and draws on socio-material concepts (Whittington & Vaara, 2012). Similarly, Reckwitz (2002) distinguishes between aspects of practices concerning "body, mind, things, knowledge, discourse, and structure/process" (p. 250). Accordingly, existing SAP research has generated a vast range of studies which, among others, investigated discursive practices (Balogun et al., 2011), role expectations (Mantere, 2008), management practices (Bloom & van Reenen, 2010), meeting routines (Jarzabkowski & Seidl, 2008), knowing (Orlikowski, 2002) or sensemaking (Balogun & Johnson, 2004).

Praxis refers to "actual activity, what people do in practice" (Whittington, 2006, p. 619). For Reckwitz (2002), it is a broader term "to describe the whole of human action" (p. 249). Jarzabkowski and Spee (2009) sharpen this understanding and provide a more dynamic perspective by referring to praxis as "the flow of activity in which strategy is accomplished" (p. 2). Jarzabkowski et al. (2007) summarize this understanding by defining praxis as "the interconnection between the actions of different, dispersed individuals and groups and those socially, politically, and economically embedded institutions within which individuals act and to which they contribute" (p. 9). In other words, practitioners rely on different practices in their praxis, thus indicating an interlinked and reciprocal relationship (Vaara & Whittington, 2012; Whittington, 2006). These activities within praxis primarily include the intra-organizational actions of strategy formulation and implementation. Even though formulating and implementing strategy typically is a complex process and involves many practitioners, it can be segmented into different episodes which include "board meetings, management retreats, consulting interventions, team briefings, presentations, projects and simple talk" (Whittington, 2006, p. 619).

Studies of SAP can be categorized based on their focus on micro-, meso-, or macro-level of praxis and whether practitioners are studied as individuals or as aggregate actors

(Jarzabkowski & Spee, 2009). On a micro-level of praxis, Mantere (2005; 2008) observed how individual actors understand their organizational role and which practices enable them to challenge existing strategy-making, even when these individuals are not directly involved in strategy-making activities. Samra-Fredericks (2003) relied on an ethnomethodological perspective to study the relationship between managers' talk and strategic decisions. Hoon (2007) focused on aggregate actors and meso-level praxis when observing the interaction between managers on different hierarchical levels and how their interaction facilitated the integration of the middle managers' strategic initiatives into the corporate strategy. However, a lack of communication between these actors induces an ineffective corporate-level strategy by promoting localized praxis in business units when implementing strategy (Sminia, 2005).

Accordingly, praxis is a broad term, including both routines and non-routines, considering both formal and informal activities, and recognizing both central and peripheral strategizing activities (Regnér, 2003; Whittington, 2006). This perception of praxis enables this study to preserve a broad understanding of activities which contribute to the praxis of aligning strategy-making practices of peripherally and centrally situated practitioners. By doing so, this study focuses on exploring strategy praxis "at the levels of individuals' [...] experience of a specific episode" (Jarzabkowski & Spee, 2009, p. 6), thus adopting a micro-perspective on practices of individual practitioners.

4. Research Method

Given the limited theory on how individuals develop alignment practices within integrative strategy-making teams, this study relies on an open-ended research design drawing on grounded theory (Eisenhardt, 1989; Glaser & Strauss, 2008). Grounded theory offers systematic methodology to inductively construct theory through the analysis of qualitative data (Corbin & Strauss, 1990). Through thorough and repetitive review of the data collected, concepts or elements become apparent and codes are extracted from the data. These codes can then be grouped into concepts and categories which build the foundation of new theory. Qualitative data was collected by means of semi-structured interviews. This follows Gidden's (1984) understanding that practitioners are knowledgeable and are therefore able to fully reflect on their actions.

Furthermore, this study adopts a practice lens which places situated and recurrent actions in the center of attention, thus focusing on everyday activities as the unit of analysis (Feldman & Orlikowski, 2011). This approach requires deep involvement in the

field to establish a profound and detailed understanding of the actions of individuals (Kaplan & Orlikowski, 2013). Therefore, this study examines alignment practices within a single firm based on an in-depth case study methodology. By relying on case studies and drawing on grounded theory as well as SAP, it aims at exploring by means of which practices central and peripheral actors align their disparate strategy-making routines on the micro-level. Furthermore, collecting information about strategic practices is a sensitive issue and therefore disqualifies a survey-based methodology (Regnér, 2003).

Within a single multi-business firm, four comparative case studies are conducted to obtain granularity of detail and to ensure validity of theory generation. The cases are based on TransCo's four strategy projects to counter strategic challenges. Drawing on multiple cases enables the iteration of an in-depth analysis within each case but also allows for a comparison across cases while linking the research insights to the existing literature. This study's research question – *What do peripherally and centrally situated actors with different strategy-making routines do to overcome these differences when formulating corporate strategy?* – was developed over time through iteration and linkage of practical evidence and existing research (Eisenhardt, 1989).

4.1. Research Setting

This study is set within TransCo, a large and diversified multi-business firm operating in the railway transportation industry which is exposed to increasingly competitive dynamics. Despite some of its business units operating in foreign countries, this research regards TransCo above all as a multi-business firm and not necessarily as a multi-national corporation because its foreign subsidiaries are not participating in TransCo's strategy projects as they are executed on national level. TransCo is characterized by a decentralized organizational structure as it holds nine business units that operate in various industries, ranging from train logistics and passenger transportation to energy production. The corporate headquarter remains responsible for corporate overhead functions such as firm-wide strategy, IT, human resources, and governance. Each business unit has its own management board and operates as a profit center, thus being mostly independent from the corporate headquarter. Additionally, each business unit has its own divisional strategy section in order to respond to immediate and short-term challenges and to add a strategic perspective to the operational business. However, among each other, business units have varying degrees of overlapping strategic issues. For example, while TransCo's energy business shares only few strategic goals

with the train logistics business unit, the latter is closely related to the freight transport business unit. These related business units are situated within a common department, in this case within the logistics department which is represented by a mutual senior manager in the management board. However, some strategic challenges, for example the implementation of digital business models, needs to be addressed on a corporate level. As a result, TransCo's top management has identified the need to establish strategic synergies not only between related business units within departments but also across all business units. Hence, the concept of strategy projects has substituted large parts of the traditional strategy process – developing a strategic vision, formulating strategic goals, delegating their implementation to the business units, and eventually measuring and monitoring the implementation – to develop effective and overarching strategies, to increase participation and thus to facilitate strategy implementation. This has been initiated in response to increasing competitive pressure from new market entrants and changing customer preferences.

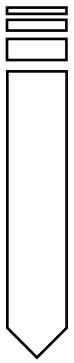
4.1.1. TransCo and Its Strategy Process

The annual strategy process starts by identifying these trends and developments over the course of a year. This is done by the corporate strategy department while supported by business unit insights. As indicated before, peripheral business units have closer proximity to customer and markets and therefore accumulate knowledge on market and customer trends. This knowledge is provided to the corporate strategy division within specific workshops. Trends are then clustered and evaluated based on their relevance for the firm. In close consultation with TransCo's top management and few relevant middle managers, the head of corporate strategy decides in cooperation with the management board which developments and challenges need to be countered strategically. The level of strategic action is also incorporated into these decisions. For example, an energy-related issue that needs immediate strategic action is only processed on the level of the energy business unit which shares few commonalities with other units. In contrast, there are strategic issues concerning multiple business units which need to be dealt with in the same department. The highest level of strategic projects is set on a corporate level and therefore spans across business units that are not situated within the same department. Furthermore, these corporate-level programs require the involvement of the corporate headquarter as they have high relevance for the firm in terms of future strategic direction. In summary, there are unit-level projects, department-level projects, and corporate-level

projects. This study focuses on corporate-level strategy projects because these are the only ones based on the interaction between central and peripheral actors from corporate strategy and business units, respectively.

While the responsibility of lower-level projects is delegated to departments or business units, corporate-level strategy projects are led by the corporate strategy division. As these strategy projects have far-reaching implications for the firm, business units are selected to participate based on their relevance to successful strategy making within the project. Apart from contributing their knowledge, corporate-level strategy projects are of particular importance to the future development of these business units. Depending on the objective of the strategy program, different business unit personnel from diverse backgrounds is included such as operations, human resources, marketing, consulting, strategy, or IT. Overall, the projects are kept small, ranging from eight to seventeen employees per project, to ensure agile strategy-making. Between two and four of the participants per project were staffed from the center, particularly from the corporate strategy division. The remaining participants stem from the periphery. How the employees were chosen differs in each project and will be discussed later. *Figure 1* provides an overview of TransCo's strategy process.

Figure 1. Annual Strategy Process of TransCo



Strategy Process Activity	Involved Practitioners
Identification of major trends; Screening of relevant and immediate trends	Corporate strategy team in cooperation with strategy teams of business units
Decision on strategy projects: goal, level, staffing, structure	Corporate strategy manager in cooperation with management board
Launch and execution of strategy projects on three different firm-levels	Corporate-level strategy project: Employees from central functions of headquarter, particularly from corporate strategy, and employees from relevant business units
Presentation of results to top-management; decision on further procedure	Management board in cooperation with strategy project leaders

Over the course of six months, these interdisciplinary teams, staffed from the center and periphery, work together to develop and implement corporate-level strategies within the firm. The teams are led by one or two team leaders with one leader coming from the corporate strategy division and another optional leader coming from one of the business units involved. Due to their importance for the future strategic direction of the entire firm, one member of the management board is assigned to each corporate strategy project,

acting as a mentor of the project and ensuring that the project receives management attention. Over the course of six months, the teams of the strategy projects regularly engage with this top-manager in so called *sprints* to discuss ongoing results and further procedures. At the end of this period, a fully formulated strategy is presented to the management board which decides on how to proceed with the project and how to further implement the strategy. The outcomes of these decisions vary among the projects. While some are extended in terms of their initial structure or a second phase is initiated, others are stopped or implementation is delegated to business units. By means of these final decisions, the annual strategy process is completed. Simultaneous to the strategy projects, the corporate strategy department continuously monitors future trends and developments which are then again evaluated based on their relevance to the firm, hence leading to a new set of strategy projects.

4.1.2. Corporate-Level Strategy Projects

As indicated, structure, staffing and procedure vary among projects according to their strategic goals. In October 2016, TransCo's management board has established four corporate-level strategy projects which build the foundation for the comparative case studies of this study. The first focal strategy project is termed CityPro which aims at formulating and implementing a smart city strategy. Its goal is to improve logistics and transportation within cities by means of new technologies. To do so, peripheral personnel from TransCo's railway station business unit, which is responsible for all services offered to customers at train stations, is recruited to participate in CityPro. This includes strategists from the railway station business unit as well as more operational employees. Additionally, personnel from other business units such as customer transportation and freight transport is involved. These actors engage with actors from corporate strategy, IT, and inhouse consulting in strategy-making to develop and implement effective digital strategies within cities. This includes strategic issues such as emission-free parcel delivery, smart lockers in train stations, and rental of cargo bikes.

InterPro is established to develop a corporate-wide internationalization strategy. Prior to InterPro, different business units or subsidiaries have developed their own and independent international business, resulting in similar and misaligned bids on same tenders. This inefficiency is addressed by InterPro which aims at setting up a new organizational unit which bundles the international endeavors of TransCo's decentralized business units and further expands the firm's international performance. This newly

established unit follows an asset-light strategy, meaning that it advices governments on how to build innovative railway systems and assists in planning and operating railway traffic. To strategically develop this new unit, personnel of all internationally operating business units are needed. Thus, employees of the customer transportation business unit as well as TransCo's externally oriented consulting unit participate in InterPro, in cooperation with actors from the center, such as corporate strategists.

The third strategy project, named AutoPro, differs in many respects. Its goal is not the development of new business models but rather a strategic approach to the automatization of TransCo's core business. As many business units are based on railway operations, it lies at the heart of the firm and is responsible for a great amount of the firm's revenues. To improve the efficiency of operating trains, AutoPro is initiated to implement self-driving trains. While saving costs from manually operating trains, it also contributes to more efficient, reliable, and faster railway traffic. AutoPro aims at identifying a suitable technology to lay ground to the automatization of train operations and developing strategies to implement and execute this major change of core business. Due to its technical nature and its importance for the core business, many different operational employees from several business units, such as rail infrastructure or customer transportation, are involved. In terms of central actors, corporate strategists as well as corporate technical experts take part in AutoPro.

TransCo's digitization strategy – DigiPro – is also subject to unique goals and staffing. It serves as groundwork for the digitization of the firm by forecasting the revenue losses that occur if the firm does not react to digital changes in markets and customer demand. After identifying the immediate need to digitize, it further examines how TransCo may benefit from digitization instead of losing revenue and which technologies hence need to be utilized to enhance firm performance. Existing innovation projects that are distributed throughout TransCo's decentralized firm structure are identified and registered in an innovation ecosystem to profit from synergies and reduce overlaps among these projects. Due to this overarching strategic theme, all business units are required to participate. However, as this would inflate the number of participants and contradict the concept of agile strategy-making within small teams, only few business units are represented by employees. Instead, the project is largely staffed from the corporate strategy division and TransCo's digitization division. These central actors establish

frequent communication with the peripheral strategists of TransCo's business units to receive valuable input from the periphery.

Table 2 provides an overview of TransCo's four strategy projects during 2016 and 2017, its strategic goals, the participants involved as well as their origin within the firm. Evidently, all strategy projects are diverse in terms of their goals and staffing but share the common characteristic of integrating actors from the periphery and the center.

Table 2. Overview of TransCo's Integrative Strategy Projects

Project	Objective	Involved Practitioners	
		Headquarter (Center)	*Business Units (Periphery)*
CityPro	Developing smart cities solutions across different business units	4 corporate strategists	6 from train station BU (strategy; operations) 4 from freight transport BU (inner-city delivery) 3 from passenger transportation BU (marketing; customer service)
InterPro	Establishing a new organizational unit to bundle international activities	3 corporate strategists	4 inhouse-consultants 4 passenger transportation BU (international sales) 2 from freight transport BU (international sales)
AutoPro	Modernizing the core business by implementing autonomous train operations	2 corporate strategists	2 from infrastructure BU (procurement; IT) 5 from passenger transportation BU (operations; procurement)
DigiPro	Identifying risks and opportunities from digitization	4 corporate strategists 5 from digitization team 3 from IT	2 from passenger transportation BU (marketing)

4.2. Data Collection

In sum, data was collected through 16 semi-structured interviews with participants from TransCo's four strategy projects. For each project, four individuals were interviewed, two of them originating from the corporate center and two from the periphery. Therefore, all strategy projects of TransCo's annual strategy process as well as participants from center and periphery are equally represented. The interviewees were randomly sampled from strategy projects, merely excluding team leaders as they are not directly exposed to alignment activities due to their higher hierarchical status. The total number of potential participants is 53, thus the interviewees account for approximately 30 percent of all participants. Of the 16 interviewees, seven were female and nine were male.

All interviews followed the same semi-structured guideline, containing an identical set of questions at the beginning of each interview. It was based on the idea of a story-telling approach (Mantere, 2008) which encourages participants to freely recapitulate on

their experiences and activities from the strategy project. Questions were formulated openly to ensure an inductive approach in line with grounded theory. This question design further enables them to unrestrictedly interpret the questions and put emphasis on topics they consider important. The semi-structured guideline centered around the following issues:

- The perceived understanding of strategy (for instance 'What does strategy mean to you?')
- The perceived strategic activities prior to the strategy project (for instance 'How did you participate in TransCo's strategic process prior to joining a strategy project?')
- The participant's first perception of the project and the reasons for the interviewee's decision to participate in it (for instance, 'Why did you choose to participate in a strategy project and why did you choose this particular project?')
- The balancing act between everyday tasks and the work within the strategy project (for instance, 'How did you manage to arrange your daily work with project participation?')
- The interviewee's activities and practices within the project (for instance, 'Please describe your daily work when working in the strategy project' and 'What were the activities you engaged in?')
- The differences in peripheral and central actors concerning strategy-making (for instance 'How did your understanding of strategy differ from other project members?' and 'What differences were evident in the approaches towards strategy-making between members of the project?')
- The tensions arising from peripheral and central discrepancies (for instance, 'What tensions occurred within the mutual strategy-making activities'?)
- Most importantly, the resolution of tensions and the activities that contributed to it (for instance, 'How were these tensions resolved?', 'What practices facilitated the alignment of strategy-making?' and 'What factors and activities contributed to the alignment of strategy-making?')

Encouraging the interviewees to freely reflect on the interactions within strategy project has enabled this research to detect informal and emergent practices that aligned different views on strategy (Mantere, 2005; Whittington, 2003). The interviews ranged from 34 to 63 minutes with an average of 47 minutes per interview. After obtaining approval, the interviews were tape recorded and subsequently transcribed verbatim.

Moreover, additional data was collected in form of documentary evidence of TransCo's strategy process and the structure of strategy projects as well as of goals and staffing of each project. This included company presentations, internal strategy documents, annual reports, and memos which provided a pre-understanding of the context and helped to prepare for the interviews with TransCo's strategy project participants. Therefore, this study adopts triangulation by using multiple methods of data collection, enabling an iterative approach of data analysis (Dul & Hak, 2007; Yin, 2009).

4.3. Data Analysis

The analysis was based on an inductive research design, as evident in the continuous exploratory iteration between data, theory, and relevant literature while always remaining alert to emerging concepts (Eisenhardt, 1989; Orlikowski, 2002). Theoretical propositions were not formulated prior to collecting and analyzing the data but were inductively generated through within-case and cross-case analysis of interviews and documentary data. In the first phase, based on documents and interviews, case descriptions were developed for each of the four strategy projects to reveal internal events, activities, and structures. To ensure validity of these case descriptions, one participant of each strategy project reviewed the respective strategy project description (Yin, 2009). While reflecting on the process of the projects, a pattern of tensions around the issue of strategy-making activities between members in each of the four projects became visible. These tensions were in line with the findings in literature from integrating peripheral and central strategy-making routines (Regnér, 2003). Furthermore, it was evident that these tensions were resolved over the course of the projects. For that reason, this study focuses on how strategic actors align strategy-making routines. By iterating with the existing literature, a theoretical approach was sought to structure the analysis. This study's theoretical foundation is based on SAP theory which uses a practice lens to put actors and their activities into the focus of attention (Whittington, 2006). In a second phase, while drawing on inductive qualitative techniques (Corbin & Strauss, 1990) and SAP theory, several stages of coding were performed while simultaneously referring to existing literature. MAXQDA software was used to systematically and progressively code the data.

In a first stage of coding, an inductive approach was used to identify the actors' activities within the strategy projects while simultaneously drawing on SAP theory. In line with this study's understanding of practices, routinized activities of individual

strategic actors were identified. This included the use of materials, discursive activities, and other routines. Here, it became evident that peripheral and central actors within TransCo's strategy projects initially relied on distinct strategy-making routines but that these sets of activities converged over time, indicating that certain activities enable the alignment of distinct strategy-making routines. Hence, in a second stage of coding, strategy-making activities were linked to those activities that enable the alignment of routines over time. Accordingly, alignment activities, which help to align the different peripheral and central strategy-making routines, were determined. Patterns were identified by comparing across data samples. In a final step and as the coding progressed, these activities were then grouped into different categories to identify superordinate alignment practices (Corbin & Strauss, 1990). Thus, the categories of alignment practices are aggregated activities conducted by individual actors in the strategy project to align the differences between peripherally and centrally situated strategy-making routines.

To ensure reliability of data analysis, a second coder familiar with the topic of strategy-making in multi-business corporations, coded samples of four interviews from each of TransCo's strategy projects, accounting for 25 percent of 16 total interviews. Within these samples, the intercoder reproduced the last two analysis steps by identifying the activities which align strategy-making of the different actors and by subsequently clustering them into categories of alignment practices. To be able to do so, the coder was introduced to the topic and trained for thirty minutes prior to coding the sample. To measure the consistency, Cohen's kappa coefficient was selected as it is among the mostly adopted consistency measures in management research, accounting not only for percent agreement but also for chance agreement (Lombard et al., 2002). For each particular alignment practice, Cohen's kappa values were: *Committing practice*: 0.78; *Converging practice*: 0.91; *Sharing practice*: 0.85; *Interacting practice*: 0.81. These values indicate a high coding reliability, thus ensuring that an independent coder makes similar coding decisions when evaluating the data (Lombard set al., 2002). In summary, this study draws on data triangulation, participant validation, and intercoder reliability to provide high accountability and reliability of data analysis.

5. Results

Drawing on SAP theory and carefully coding the data derived from interviews and documentary evidence, the findings will be outlined in the following section. This includes the description of alignment activities that have been identified within TransCo's

four integrative strategy projects. Additionally, it will be analyzed how these activities were developed and eventually displayed how they were grouped into categories of alignment practices.

5.1. Alignment Activities within Strategy Projects

As discussed earlier, this study adopts a broad perspective on the activities that constitute the practices of strategy-making. Diverse social, material, physical, or discursive routines are regarded as activities that help to create a common understanding of strategy. Resulting from thorough cross-case analysis, these activities will be outlined in the following within TransCo's four integrative strategy projects.

5.1.1. Smart City Project

As described earlier, CityPro was initiated in response to increasing competitive pressure and new technological opportunities. As one project member noted:

> *We already took notice of the urbanization trend and all the challenges that come with it, such as traffic increase, environmental issues, noises etc. [...] As a mobility provider within cities, we already contribute to counter these challenges but we questioned ourselves whether that is enough. Because we saw that new, innovative solutions exist which are highly demanded and increasingly provided by other players in the market, but not yet by us.*

Apart from developing new city solutions, TransCo also needed to approach customers – which in this case are city municipalities – in a centralized manner to be regarded as an important player by city officials. Prior to the project, city municipalities had only been contacted individually by TransCo's decentralized and independent business units, as one central member states:

> *We need to address the needs of cities in a more concentrated and bundled way. Today, the railway station business unit talks to city administrations, the regional train business unit does the exact same thing… and sometimes that does not even fit and it is generally a very decentral mindset. And to understand city municipalities as a customer and to offer them a central solution offers us many advantages… funding advantage, but also that we can make use of our assets and that we know what is going on, kind of acting like a key account.*

To involve these business units into a mutual project, CityPro needed to be staffed from those business units, which were already in contact with municipalities, which depended on inner-city solutions, or which saw profitable new business opportunities. Additionally, central actors needed to be included. As one central member explained:

> *From corporate strategy, we included members of the trend team who have dealt with the topic of urbanization and other trends before, and we included colleagues from the market intelligence team who have already conducted different analyses concerning market and competitors in inner-city mobility. […] It made sense to staff interdisciplinary because you need people who are good at project management, people who know the market, people who know the trends and their implications.*

Because the project has been initiated from the corporate center – although partially on behalf of business units – finding the right peripheral participants turned out to be more difficult, as one central member of CityPro observed:

> *There were two modes to find the right people. One mode was to approach people directly because we knew that essential competences were missing and the other was to find motivated people by publishing information about the project where people from across all business units could apply. [...] Apart from motivation and competences, we also searched for people who are visionary to develop an entirely new city strategy with innovative business models.*

For CityPro, finding participants from the periphery through internal platforms helped to reduce tensions. In line with Andersen (2004), voluntary participation enabled mutual commitment and therefore aligned strategy work between actors, according to a peripheral participant who originally joined from an operational position within the freight transport business unit:

> *Within my daily work, I manage logistical processes within cities, for example last-mile delivery. When I heard of the project, I immediately found it interesting to participate because I think there is so much to improve within cities, particularly with new technology [...] It's good to have a common goal, even though we have different backgrounds.*

This statement also indicates that not only voluntary participation of employees encourages mutual commitment but that the clarification of goals was necessary for

converging different interests. Continuously communicating the project's objectives helped to align goals and thus left less room for tensions. For example, a peripheral member of CityPro briefly stated: "We knew in advance what the project is exactly about and that eases it up because you would focus on how to get there." Communicating a clear goal within a team helped to align individuals by reducing tensions occurring from different goals. This is line with Ketokivi and Castañer (2004) who argue that "communication of goals may thus have an important role in organizational integration, helping to reduce subgoal pursuit" (p. 339) and that inconsistency of goals is associated with insufficient coordination and communication which is crucial for effective alignment (Laine & Vaara, 2015).

As implied by Chia and Holt (2006), peripheral actors within CityPro have not considered their own routinized activities as *strategic* per se. Only in retrospect did they make sense of their actions as strategically significant. Exemplary is the statement of a peripheral member of CityPro: "[T]his is the first time I work strategically". Evidently, he only now considered his actions as *strategic* because his actions were part of a *strategy* project. Meetings and discussions were therefore crucial to develop a common understanding of the project's strategic goal and how it was approached. Similar to the findings of Vaara and Whittington (2012), this was particularly vital when something as tacit as the understanding of strategic behavior was at the center of discussion. In line with Jarzabkowski and Seidl (2008), exchanging different views on further procedures shed light on each individual opinion and enabled actors to establish a common understanding within CityPro. A central participant from the corporate strategy department noted:

> *At that day we had three meetings. I wanted to do research first, see what [name of competitor] did or had done. [Name of peripheral actor] wanted to just call [business unit] and get further people to join us in doing a pilot project.*

Overall, within CityPro three activities have been observed which helped align peripheral and central actors towards a common strategy: *Participating voluntarily*, *clarifying goals*, and *discussing the course of action*. These activities were not mutually exclusive to CityPro but have similarly been observed in TransCo's other projects.

5.1.2. Internationalization Project

Within InterPro, the necessity of converging strategic issues was particularly evident. In order to align different understandings of strategy, it was crucial to bring the strategy scope to a common denominator and develop shared tools and methods. The scope of strategy is understood as the level at which the strategy is formulated and what sub-strategies are included (Grant, 2010). For example, a central member recalled a management meeting: "And again, we had to change the scope. The human resource concept was too detailed but the bid forecasts on future projects were not detailed enough." Not only did top executives have different requirements on how to define the strategy's scope but also within InterPro did peripheral and central members have dissimilar interests on what parts should be included and how to set priorities, as one peripheral member observed:

> *It was too much talk sometimes… We wanted to have this very well-defined strategic plan, but actually… I mean, why don't we just focus on the foundation of the new business unit and then think it through again. Sometimes things will just become obsolete or impossible to implement.*

Similarly, Regnér (2003) distinguished between peripheral and central sensemaking, where peripheral sensemaking is directed at generating new strategy interpretations and central sensemaking is based on existing interpretation patterns and structures. While peripheral actors rely on inductive strategy-making, central actors follow a deductive approach, hence leading to different notions of how to define the strategy scope. This was also evident within InterPro, as indicated by this central member's statement:

> *You have to be careful. There are different international business units involved, different stakeholders, we need permission of the work council... And it had been tried before. We needed to look at what had been done wrong before anything else.*

Thus, aligning and defining the scope was crucial for the overall alignment of strategy-making. Apart from content, strategy scope also referred to the time horizon underlying the strategic perspective, as one central member of the corporate strategy department observed:

> *What is generally different between us and them [business unit employees], is that we have a completely different focus. Even if they think strategically, they think about, maybe the next five years, ten at the maximum… That is because they cannot*

detach from an operational perspective, they always have the actual business in mind. And often business for them is only within their own business unit… But what we do… We sometimes think about the next fifteen, twenty years, we think about megatrends and long-term developments and we think across all business units, we think about advancing and developing the entire firm. We don't have any concerns developing a strategy which entails… for example the liquidation of a business unit, if we think that their business model will become obsolete… And strategists within that business unit could never do that, they would only think about how to improve and how to save the business because they don't see the bigger picture and what makes sense for the firm as a whole.

This again indicates the fundamental differences in perspective and scope between peripheral and central actors, with the former having a short-term business unit perspective and the latter applying a long-term and holistic perspective on strategy. Aligning this scope and determining the perspective and time horizon was crucial for effective and integrative strategy-making, as indicated by a peripheral actor from an operational background: "I mean the goal was somehow predefined by management objectives. But above anything else, we needed to understand what this even means and how deep we want to go." Only by doing that, tensions could be resolved which would have otherwise occurred in the course of the project due to a dissimilar perspective of the strategy's scope.

This also applied to the development of common tools and methods. Orlikowski (2002) argues that "plans, methodologies, tools […] facilitate coordination by reducing uncertainty" (p. 262). He finds that this is particularly important for actors who rely on different sensemaking and action mechanisms. Within InterPro, strategy-making methodology was aligned by the usage of common tools. Trello, a project management software to coordinate content, meetings and responsibilities, was used to reduce uncertainty, as indicated by this peripheral participant's statement:

The first thing I did every morning and every evening was to check Trello, checking off my accomplishments and looking what needs to be done next… It was in everyone's interest to update it to have an overview.

Similarly, another participant observed: "If I missed a meeting due to other business I had, I would just check Trello to see what needs to be done." While Trello was used to coordinate tasks and give each person involved an overview on how strategy development

is approached, tools were also used to integrate and align the actual strategy-work. Within InterPro, the management software Eidos was used to digitally develop scenarios:

> *Our scenario analysis was somehow predefined by the software we used […] We looked at what trends influence our objective over time. We evaluated these trends and rated them according to their perceived probability. We then looked at how these trends influence each other and then grouped similar trends into clusters which were the basis for different scenarios.*

Accordingly, developing and using common tools helped to align the actual work of strategy development. Less tensions occur and dissimilar approaches are converged if further steps are already made transparent by means of predefined methodology. Overall, two alignment activities became particularly evident within InterPro: *Aligning scope* and *developing a common methodology*.

5.1.3. Autonomous Driving Project

Within AutoPro, two particular sharing activities became evident which contributed to mutual and collaborative strategy-making. In line with Regnér (2003), who observed that tensions occur due to peripheral and central actors' dissimilar "knowledge assimilation activities" (p. 72), disclosing information and providing access to resources facilitated alignment. They both contributed to resolving tensions by providing a similar knowledge base and creating a common understanding. Firstly, providing access to one's resources enabled actors to draw information from similar sources, as a central AutoPro practitioner explained:

> *I said to [central participant]: If you really want some information on these specifications then you should probably contact [employee in procurement department] … If he can't help you, nobody can.*

As indicated before, peripheral actors were involved to link central strategy-making to operational knowledge. However, instead of collecting necessary information on their own and providing it to the other project members, linking central participants directly to operational experts and other knowledge resources enabled direct information flow and hence rendered the mediation of peripheral actors obsolete, thereby reducing the distance of information flow (Ahuja, 2000). Within AutoPro, over the course of the project, members aligned their information sources, be it externally or internally oriented, and thus reduced knowledge assimilation activities.

Secondly, continuously disclosing information similarly contributed to reducing dissimilar knowledge. This was routinized in constant sharing of current developments and giving updates on the project's progress. For example, AutoPro launched so-called *check-ins* and *check-outs* held on a weekly basis. As many members were bound to travel to the project office from their remote business unit offices, AutoPro's project week started Tuesdays with a check-in of all members. This check-in meeting was designed to discuss upcoming meetings with management, things to be considered, and work packages that need to be tackled next. Similarly, at the end of the project week on Thursday, each member was expected to share information about the current work status as well as unexpected events and developments that emerged throughout the week. Additionally, during the project week, members were encouraged to transparently display the decisions that were made and, more importantly, why they are made, as explained by one central member:

> *[The team leader] emphasized that we should inform the others about what we did at all time. If I was interested in what the others did, I could just walk up to them and they would explain it to me. I think this increased the overall quality because at the end, our [strategy] resulted from the aggregation of all these actions.*

This routinized disclosure of information additionally reduced dissimilar knowledge assimilation because different members could make sense of other people's decisions. The same participant stated: "Over time, I kind of came to understand why he wanted to do the benchmark only after the first phase." Additionally, a number of participants – particular form the periphery – joined the project only after its launch. For them, the major challenge was to understand what had been done in earlier project phases. As one actor recalled:

> *I had only joined the company in January and immediately started to work on [AutoPro]. I started to read all the documents that were on SharePoint but that was hard to grasp without any additional context. [Name of other participant] took her morning off and presented and explained the project's earlier results. It was only then that I really understood what had been done.*

Hence, disclosing information and results with new members additionally helped them to retrospectively understand what had been done earlier, and more importantly, which tools and frameworks were used, thus creating a shared understanding of how to approach strategy-making.

This was accompanied by being physically present throughout the project. As indicated, AutoPro had a physical project office from which all activities were coordinated and executed. Daily presence of all project members helped to align strategy-making activities by creating a common understanding of each other's activities. This is in line with Jarzabkowski and Seidl (2008) who found that physical interaction within meetings can enhance stability. During their daily work apart from strategy projects, central and peripheral members had been organizationally and geographically separated and situated in dissimilar managerial contexts. There had only been scarce interaction, if any, because business units operated as mostly independent subsidiaries with remote physical locations, some of them located far away from the corporate headquarter. Communication had been often pursued only by email or phone, hindering the development of a mutual understanding of other members' problems and activities. In particular, virtual communication via phone or email had made it impossible to establish a common view on tacit strategic issues, as similarly observed by Jarzabkowski and Seidl (2008). Within the mutual project of AutoPro, the close physical interaction helped to align dissimilar strategy-making approaches as stated by a peripheral member:

> *What was really important… was that [we] worked together in a common location. I do not think it would have worked out like it did if we had worked remotely. […] You just develop another kind of… bonding with each other.*

However, another peripheral participant emphasized that meeting on neutral grounds would have enhanced a faster alignment of interests. When asked about potential improvements of the AutoPro, he stated:

> *The project contains at least as many members from different business units as from the headquarter. And I know that everyone comes from all over the country, except corporate strategy which is located at the headquarter, so it makes sense to set up our office at the headquarter. But still… initially it didn't feel fair that we should kind of 'line up' at the headquarter during project week. I mean they could have chosen a neutral office or space [in the same city], not directly next to the corporate strategy rooms. Because it felt as if they were in charge – which was not how the project was initially meant to be.*

This alignment through physical interaction was also enhanced by working in small teams. Similar to CityPro, AutoPro divided its project in smaller sub-teams – all of which were assigned responsibility for a certain issue. Each sub-team was staffed with at least

one central and one peripheral team member. As evident in CityPro, within sub-teams, activities were often distributed according to the individual members' competences and background. Working in teams increased tensions in the beginning but over time helped to develop a common approach towards strategic issues. Exemplary, one peripheral member observed:

> *When making the slides for the [management presentation], the three of us sat together and discussed what should be put on them. While [name of central participant] was always eager to include what [name of top executive] had already said in meetings… [name of central member] thought he knew what [name of top executive] wanted to hear because he knows him… But [other central participant] and I said: … Look, why don't we also include the specifications of [alternative technology] … maybe we can contribute something new.*

AutoPro's participants emphasized that working together in small teams contributed to learning about and from each other. Over time, during the mutual involvement in various tasks and activities, close collaboration established a common understanding and an alignment of a similar approach towards strategy-making activities. The creation of PowerPoint slides, which is essential in strategy-making (Kaplan, 2011), illustrates this development, as noted by a central participant:

> *Initially, I did all the PowerPoint slides. I let the others [peripheral members] make them once, I had to redo them afterwards… No action title, overloaded… just unclear and difficult to read. They just had another way of doing them… or maybe in [technical department within business unit] they do not really work as much with PowerPoint. So I always summarized our team results on slides for management meetings… But in the end, they adopted my design and created their own slides, we eventually just added them together.*

It shows that through close cooperation in small teams, individuals learned effectively from each other and could easily comprehend how they differ in their approaches towards strategy-making and what needed to be altered in order to align them. However, this observation shows that aligning their ways of working required all team members to establish a common understanding of work requirements. The different ways to create and design PowerPoint slides indicate that alignment is not necessarily a middle road that was agreed on by peripheral and central actors. Instead, in this case all team members followed the approach of the central actor because he knew how slides should

be designed for management discussions which in turn set the requirements for AutoPro. Hence, mutual participation of central and peripheral members during meetings, in which requirements were clarified, further contributed to the alignment of strategy-making activities. It enabled the convergence of different expectations and hence built the foundation for cooperation and aligned strategy-making activities. Regarding the regular management sprints with AutoPro's mentor from the management board, a peripheral member noted:

> *I mean… of course it was nice to discuss these ideas with [name of top executive] … But I think for the first time I understood why we did things that way. It's just the way he wants it.*

Overall, over the course of AutoPro, six routinized activities that helped to resolve tensions between peripheral and central actors have became particularly visible: *Providing access to resources*, *disclosing information*, *being physically present*, *meeting on neutral ground*, *working in small teams*, and *participating in management meetings*.

5.1.4. Digitization Project

Within DigiPro, especially activities of commitment and building trust contributed to the alignment of strategy-making. For example, constantly aligning efforts was observed as a critical activity by both central and peripheral actors to create a mutual understanding. DigiPro was largely staffed from two teams, one from the central corporate strategy department and another peripheral digitization team acting as digital natives and experts. Due to this setup, which was opposite to the fragmented staffing of the other teams, a position bias emerged. Dissolving barriers turned out to be more difficult because formal team structures had been imported from the actual departments, and initially position biases and the accompanying tensions could not be resolved. Peripheral and central actors relied on their peers when seeking advice and support, thus avoiding confrontation with opposing routines. As a result, they were not necessarily dependent on aligning their approach to strategy-making with the other part of the team. Hence, tensions occurred particularly between two groups and not only between individuals. These were reinforced by different amounts of effort put into the project. Similar to AutoPro and CityPro, Tuesday until Thursday were scheduled as project days which were designated for project-related work only. However, particularly central actors started to spend time on side projects originating from their actual departments. One peripheral member summarized: "I sometimes had the feeling that we do not have an

equal motivation." Additionally, it was clear from early on that the development of the digitization strategy was a long-term project and needed to be continued after its time as a strategy project. The peripheral digitization team was designated to continue the implementation of the strategy. As a result, members from the center started to slowly fade out even before the project phase officially ended, leaving peripheral members with the majority of work for final and crucial management presentations. This led to additional tensions, not only based on different views on strategy but mostly on misaligned motivation. Hence, constant alignment of efforts was a central activity in reducing disparities between actors as misaligned efforts hindered the effective establishment of a shared understanding.

Another activity identified as contributing to the building of a common identity by showing commitment was socializing between team members. Socializing refers to mutual activities between two or more individuals that are not work-related (Oh et al., 2004). This includes team lunches or other extra-curricular activities. Within DigiPro, members tried to enhance cooperative efforts by initiating regular sports events or having dinner together. A peripheral member recalled it as follows:

> *It was after going to lunch with [central member] … We got along well and thought it could be better for the team if we get people for a team dinner. And it was actually nice and we thought there could be something more regular.*

Hence, not only the socializing activity itself but also its initiation was understood as socializing. It helped to establish connections on a private level which eased tensions that occurred on a professional level. Within DigiPro, team members who have formed a bond were more likely to tolerate each other's dissimilar approaches during strategy work and were eager to align their activities, as a central member observed: "The more time we spent together, the more we grew as a team. […] Of course, the communication improved." Similarly, celebrating milestones and success enabled establishing a common foundation to build trust. These activities indicate that members sacrificed their spare time by engaging in socializing activities to build a common identity and thereby ease alignment.

Additionally, within DigiPro contributing knowledge could be observed as an activity that encouraged alignment between members. It had two different effects on strategy-making within DigiPro. Firstly, actors were not always aware of the competencies and information of their counterparts. Even though peripheral members

were deliberately included in order to contribute market and customer knowledge, particularly central members were concerned about what business unit employees with more operational backgrounds could provide to effective strategy formulation and development, as a central member recounted who was not involved in the project's staffing process: "I mean… when they [business unit employees] first joined in, I was skeptical what they could really contribute." Contributing their knowledge enabled mutual respect between peripheral and central actors, realizing that they could benefit from each other. Secondly, contributing knowledge fostered mutual understanding and alignment of strategy-making. For example, a peripheral actor stated:

> *I told them that I had done something very similar with frequent travelers before which worked out fine. At first, they still wanted to put another two people on it and work out a concept, but I could finally persuade them that we just do it. I mean it's not rocket science.*

This quote indicates that this member gained acceptance for his hands-on approach by contributing his knowledge. As a result, actors overcame tensions resulting from the peripheral hands-on mentality and the central analytical approach. Overall, within DigiPro, three activities were particularly observed which helped to align peripheral and central actors towards a common strategy: *Aligning efforts*, *socializing*, and *exchanging knowledge*.

5.2. Identification of Alignment Practices

The alignment activities are not restricted to the respective strategy project they were identified in but were detected based on a thorough comparative case study methodology. Through constant iteration between interview transcripts, company data, and research, different alignment activities were identified. Drawing on grounded theory, these activities were then grouped into higher order categories, which is referred to in this study as *alignment practices*, consisting of four different practices each entailing an underlying set of alignment activities (*Table 3*).

Table 3. Taxonomy of Alignment Practices

Practice	Activities Comprising Practice
Converging	Aligning scope Developing common methodology Participating in management meetings Clarifying goals Discussing course of action
Committing	Participating voluntarily Aligning efforts Socializing
Sharing	Exchanging knowledge Providing access to resources Disclosing information
Interacting	Being physically present Meeting on neutral ground Working in small teams

Firstly, *converging practices* has been identified as an alignment practice and refers to the routinized activity of integrating the peripheral and central understanding of strategic foundations. *Aligning scope* is important for resolving tensions occurring from dissimilar peripheral and central approaches towards strategy. It includes the convergence of time horizon, organizational level, and the scope of content. Only through continuous discussions and agreement of the scope of strategy is effective alignment between actors from the center and the periphery possible. Similarly, *developing a common methodology* is crucial for aligning the disparity of inductive and deductive strategy-making. It includes the usage of frameworks, methods, and tools, such as software that help to enhance shared routines. Furthermore, *participating in management meetings* refers to the joint participation of peripheral and central actors in management meetings. Particularly in strategy projects, which are set in proximity to the corporate center, it was observed that collective participation leads to a common understanding of management requirements. The disparity of managerial contexts and knowledge assimilation is resolved by gaining a mutual understanding of strategy requirements brought forth by management. Similarly, *clarifying goals* refers to the convergence of strategic and project goals among mutual and peripheral actors. Only through constant communication of goals can participants reduce position bias and align their strategy-making intentions. This builds the foundation for developing a common approach towards reaching project goals. This is closely related to the fifth constituting activity of converging practice, namely *discussing the course of action*. Continuous interaction to converge the project's course of action enables the

alignment of different understandings of strategy as it fosters discussions on how to approach different strategic issues. These discussions are needed in order to identify disparities and to be able to align them.

Secondly, *committing practice* is understood as routinized behavior enabling alignment through mutual commitment to strategy-making. By showing motivation, actors, irrespective of their peripheral or central origin, signal willingness to communicate and cooperate. Accordingly, committing practices entail the alignment activity of *participating voluntarily* which refers to the continuous willingness to participate in integrative strategy-making, thereby signaling motivation and the pursuit of a common goal. Additionally, *aligning efforts* is understood as equalizing the efforts made by peripheral and central actors. Only based on mutual contributions of time and resources do peripheral and central actors start to cooperate effectively. S*ocializing* is understood as the efforts undertaken to create an informal bond between individuals. Similar to the alignment of efforts, socializing activity provides the basis for cooperative behavior throughout the project. Informal bonds increase the commitment of actors to also cooperate on the formal level of strategy-making.

Third, *sharing practice* refers to the mutual contribution of knowledge and resources. It includes providing central actors access to peripheral resources and vice versa. Hence, sharing practice involves *exchanging knowledge*. It is understood as continuous sharing of deeply rooted and strategy-related knowledge. Only if actors transparently add their knowledge to common strategy-making are actors with a different background able to develop a shared understanding. For example, if peripheral actors share their market knowledge, it will enable central actors to align knowledge assimilation and will increasingly enhance common knowledge interpretation activities. Similarly, *providing access to resources* aligns dissimilar knowledge assimilation. Drawing on the same resources reduces tensions as peripheral and central actors are bound to make sense of identical knowledge and work with the same resources, thus reducing the dissimilar external and internal orientation of peripheral and central actors. *Disclosing information* refers to ensuring constant transparency of strategy-making activities. It includes the active and passive display of current decisions, generated content, or lines of thought. It hence enables actors to comprehend and relate to other members' decisions and interpretations of context, thereby reducing tensions resulting from dissimilar inductive and deductive approaches.

Fourthly, *interacting practice* refers to the physical activities enabling effective alignment. The study results show that the physical activities enable a common understanding and a shared approach towards strategy-making. *Being physically present* entails constant physical interaction between peripheral and central participants. Even though some virtual communication is inevitable, this alignment activity refers to the continuous interaction within a joint project office. Physical proximity and closer interaction facilitate effective communication which is necessary for understanding and resolving discrepancies in strategy-making. Meeting physically is reinforced by *meeting on neutral ground*. It was found that particularly peripheral members feel inferior when the project office is set within the central headquarter. A neutral location enables meetings on equal footing and hence fosters the contribution of peripheral impulses to central strategy-making. *Working in small teams* similarly facilitates close communication and enables actors to build an understanding of dissimilar approaches. Close interaction and proximity within small teams further fosters perceived relatedness and reduce the possibility to rely on similar and habitual activities.

5.3. Development of Alignment Practices

After identifying the alignment practices and their constituting activities, it needs to be analyzed how these practices are developed. In line with this study's understanding of practices as routinized behavior consisting of different interconnected activities (Reckwitz, 2002), it is crucial to understand which actors contributed substantially to these practices and how they developed over time. The data analysis shows that the four alignment practices were initiated and performed by both peripheral and central members of the strategy project. Even though it could be assumed that the concept of strategy projects as such integrates both approaches towards strategy-making, it was observed that actual alignment was enabled by specific, mutual practices used by both peripheral and central actors. For example, the convergence of goals, scope, course of action, and methodology was initiated by low-hierarchy project participants to resolve the occurring tensions resulting from the interaction of dissimilar strategy approaches. This observation is in line with the demand of SAP scholars showing that low-level actors are central to the actual practice of strategy-making, thus shifting emphasis from top management towards all actors participating in strategy-making (Vaara & Whittington, 2012; Whittington, 2006). Exemplary is this peripheral actor's statement:

I mean, who am I to argue with [top executive]. He has his ideas of what it looks like and they change every time. But we [strategy project team] are doing the actual work and if we stick together, we can exert some influence.

Moreover, alignment activities, and hence alignment practices, are subject to the emergence of tensions from dissimilar strategy-making. Only due to tensions are strategic actors forced to develop alignment practices in order to pursue effective and integrative strategy-making. In addition to the results from data analysis, this logic indicates that alignment is initiated by actors who would otherwise be subject to tensions. Because project leaders and management are less exposed to tensions due to their higher hierarchical status and less interaction with dissimilar activities, it becomes evident that particularly team members engage in aligning their understanding to resolve tensions:

What improved the overall outcome of [DigiPro] was the interaction between [corporate strategists] and the variety of people with different backgrounds. We all had different perspectives, strengths, and weaknesses. Everything was questioned by everybody but that made the end product so good, once we found the way which everyone agreed on.

Even though this statement indicates that a middle way was found, this was not always the case. Some activities were adopted by peripheral actors without challenging them (e.g. the creation of PowerPoint slides) and some were adopted by central practitioners (e.g. engaging with experts). Overall, alignment practices consist of a variety of activities which had different peculiarities within each project in the case of TransCo. This further indicates that aligning strategy-making was not pursued on purpose but is rather regarded as a necessity to effectively engage in strategy-making as a team. Additionally, it was observed across all cases that practices are developed over time. In accordance with the routinized nature of practices (Jarzabkowski & Spee, 2009), different alignment activities were performed over the course of projects and gradually created a shared understanding of strategy and routinized behavior between peripheral and central practitioners while simultaneously reducing tensions. It becomes evident that engaging in alignment practices does not instantly align strategy-making but that it is a process developing over time. As a central participant summarized: “It was quite an effort to include everyone’s opinions and ideas, which differed quite a bit, and to find out how we want to work as a team. But we got there over time.”

6. Discussion

This study aimed to examine what kind of practices peripheral and central actors develop to align their disparate strategy-making routines within integrative teams and to create a shared understanding of strategy-making. It was set within strategy-as-practice research which assumes that strategy is a situated and socially accomplished activity unfolding over time and focusing on the micro-level of actions, interactions, and negotiations which constitute strategic activity (Johnson et al. 2003; Jarzabkowski et al. 2007). In conformity with this practice lens, the study findings show that peripheral and central actors mutually and gradually engage in a variety of activities that enable strategy-making alignment. These insights were used to develop a taxonomy of alignment practices: C*onverging*, *committing*, *sharing*, and *interacting* practice. Using the SAP framework of practitioners, practices, and praxis, this study shows that alignment practices are drawn upon by peripheral and central practitioners in the praxis of integrative strategy-making.

The effort of peripheral and central actors to align their distinct and conflicting approaches follows the notion of Giddens (1984) who regards individuals as knowledgeable, reflective, and being aware of the context upon which interaction is built (Mantere, 2008, p. 297). In line with Giddens (1984) and based on Regnér's (2003) observation that peripheral and central actors differ in terms of their managerial context, this study finds that integrative strategy projects integrate the two disparate contexts of periphery and center and thus build a new context in which agency takes place. Drawing on the notion that individuals are able to transform contexts through their actions and interactions (Mantere, 2008, p. 297), it follows that peripheral and central actors – through their interactions – can shape the context of their actions. This is done by developing mutual practices and creating a new context of shared understanding between peripheral and central actors. Alignment hence serves as an integrative conflict-handling mechanism (Song, 2006), resolving tensions between dissimilar approaches and enabling cooperative and functioning strategy-making (Montoya-Weiss, 2001).

Assuming that tensions indicate misaligned strategy-making (Paroutis & Pettigrew, 2007), this study finds that alignment is developed over time while tensions gradually decrease. This longitudinal perspective on strategy is encouraged by strategy-as-practice research which is concerned with the actions and interactions between strategic practitioners and how they contribute to actual strategy-making in praxis (Whittington,

2006). Human agency and interaction include reciprocal and multiple activities which requires a perspective that accounts for the changes in strategy-making over time (Vaara & Whittington, 2012). Similarly, practices, providing the foundation of the practice lens, are understood as routinized behavior (Reckwitz, 2002) and thus "unfolding in time" (Tsoukas, 2010, p. 8) through constant execution. This is evident in existing research such as the study of Orlikowski (2002) examining the practices that enable distributed organizing within firms and showing that practices are subject to their routinized nature. It follows that only constant and mutual engagement in alignment practices induces a gradual convergence of strategy-making approaches.

Within the taxonomy of alignment practices, committing practice is identified as routinized behavior enabling alignment through mutual commitment to strategy-making. Irrespective of their peripheral or central origin, individuals signal willingness to communicate and cooperate. So far, existing SAP research has only regarded commitment as beneficial to strategy implementation through the dedication of decentral actors to a common goal (Doz & Kosonen, 2008; Kim & Mauborgne, 1998). However, this study finds that commitment practice goes beyond the one-sided commitment of peripheral actors to a central strategy project as commitment is needed by peripheral and central actors alike to effectively align strategy-making. Only if actors perceive their contribution to strategy-making as equal to their counterparts are they open towards new ideas and willing to provide their knowledge (Mack & Szulanski, 2017). At the same time, voluntary participation plays an important role within committing practice. Even though participation is enforced by the structural design of integrative strategy projects, *voluntary* participation is a crucial activity of commitment practices. The willingness to participate in an integrative strategy project is associated with less integration conflicts because the alignment of disparate strategy activities is at the center of integrative strategy-making and participants thus voluntarily commit to alignment (Laine & Vaara, 2015),

This study further finds that converging practice, which refers to the routinized activity of integrating peripheral and central understandings of strategy, contributes to strategy-making alignment. Among others, it finds that peripheral and central strategy-making requires alignment in terms of scope, goals, and methodology. The necessity of aligning goals is in line with Ketokivi and Castañer (2004) who found that the position bias of central and decentral actors contributes to integration problems. Strategy-making

is shaped by different self-interested strategic practitioners who differ in terms of their perceptions of appropriate strategic goals (Narayanan & Fahey, 1982). By aligning and communicating goals, sub-goal pursuit is reduced and commitment to a common objective is encouraged, thus facilitating integration (Laine & Vaara, 2015). Not only convergence of goals but also the pursuit of shared activities enables the integration of actions, despite different interests and perspectives (Ketokivi & Castañer, 2004). This in line with the finding that converging methodology and tools enables alignment. Drawing on the concept of socio-material practices, which link human activities to material arrangements (Orlikowski, 2016), tools are crucial for the alignment of strategy-making. not only because of their immediate usefulness of e.g. software programs, but also because they provide an identity to the individuals using them (Kaplan, 2011). Agreeing on and using common tools helps to establish a shared routine of strategy-making.

This study finds that actors initiate interacting practice to enable alignment, indicating that physical activity influences whether a common understanding and approach towards strategy is developed. This finding is in line with extant research, particularly on communication. Lovelace et al. (2001) for example found that conflict is more likely to occur in diverse teams but that communication is the most effective means to resolve it. Constant face-to-face interaction enables synchronous communication which is related to effectively managing tensions by facilitating the provision of feedback and conveying subtle meanings between individuals (Montoya-Weiss et al., 2001). Similarly, Jarzabkowski and Seidl (2008) found that meetings can add stability to the interaction of individuals by enhancing constant communication and encouraging discourse. In contrast, virtual teams lack these coordination measures and individuals within virtual teams thus find it difficult to coordinate activities (Montoya-Weiss et al., 2001). As a result, the social mechanism of communication is necessary to align contrasting approaches of central and peripheral actors.

Lastly, this study finds that sharing practice is developed by peripheral and central actors to align their understanding of strategy through mutual contribution of knowledge and information. Brown and Duguid (2001) argue that know-how is embedded within communities but difficult to move across different communities of practice. Similarly, Regnér (2003) found that peripheral and central actors draw on different managerial contexts. Facilitating the sharing of information and knowledge between individuals is therefore inevitable to integrate both contexts. Accordingly, this study finds that through

constant disclosure of information about one's activities, tacit knowledge becomes transparent. Only if actors can recognize the differences in terms of their activities, for example between inductive and deductive approaches, will the alignment of disparate approaches be feasible (Orlikowski, 2002). Similarly, peripheral and central actors differ in terms of their direction of strategy-making, with peripheral actors adopting an external approach towards information collection and central actors being internally oriented (Regnér, 2003). As observed in this study, the activity of providing access to each other's resources and knowledge closes the gap of disparate knowledge assimilation and thus contributes to the gradual alignment of strategy-making.

Hence, alignment practices consist of multiple practices which in turn are based on different sets of activities. Through iterations of coding, activities were grouped into practices according to their purpose: Converging, committing, sharing, and interacting. It follows the understanding that practices consist of *interconnected* activities (Reckwitz, 2002; Jarzabowski & Spee, 2009), indicating that activities influence each other and are not mutually exclusive. In the same sense, practices are variable and combinable depending on their uses (Jarzabkowski & Seidl, 2008). For example, interaction practice is linked to committing practice, because actors committed to a common objective are more likely to engage in collaborative communication instead of contentious communication (Lovelace et al., 2001). Therefore, this study argues that alignment is most effectively achieved when multiple alignment practices are developed simultaneously.

Although it is evident that lower-level practitioners initiate and develop alignment practices to resolve tensions, the question remains whether this is done deliberately or non-deliberately. Similar to the modes of building and dwelling, which have been discussed earlier as they refer to the dissimilar approaches of central and peripheral strategy-making (Chia & Rasche, 2010), it is unclear from a practice perspective whether actors have the deliberate intention of aligning strategy or if they merely unknowingly align strategy-making through these practices. This study finds that alignment practices follow the notion of practical coping which is understood as "responsiveness to circumstances that enable human beings to get around and do what they do" (Chia & Holt, 2006, p. 648). It entails the assumption that actors within integrative strategy initiatives non-deliberately develop alignment practices to cope with tensions and potentially harmful conflicts. Hence, to be able to deliberately formulate and implement strategies,

they non-deliberately align their approaches and establish shared routines of strategy-making. Furthermore, Chia and Holt (2006) argue that "when identity is threatened, when breakdown occurs, that strategists begin to invoke purposeful ideas so as to restore consistency and recover identity and consistency" (p. 649). Therefore, alignment practices do not only enable effective integrative strategy-making but also establish an identity concerning the new strategy-making approach.

7. Conclusion

This study set out to examine what peripherally and centrally situated actors with different strategy-making routines do to overcome these differences when formulating corporate strategy within mutual and integrative strategy projects. Drawing on SAP and comparative case study methodology, this study found that these practitioners develop specific practices which constitute the alignment of strategy-making routines. These alignment practices enable peripheral and central practitioners to establish a common understanding of strategy and enable mutual strategy-making routines within integrative and corporate-level strategy projects. Alignment practices take the form of *converging*, *committing*, *sharing* and *interacting* practice and are based on sets of interconnected alignment activities. Furthermore, they are non-deliberately developed over time by peripheral and central lower-level practitioners alike. The study findings have profound theoretical and practical implications but are also subject to several limitations which serve as starting points for future research.

7.1. Implications

This study has coined and identified the alignment practices developed by peripheral and central actors in integrative strategy-making which establish a shared understanding of how to engage in strategy work. Through the newly developed concept of alignment practice, these findings entail several theoretical and practical contributions.

Firstly, by examining what specific activities alignment in integrative strategy-making is composed of, this study adds the concept of alignment practices to strategy research. Identifying *converging*, *committing*, *sharing* and *interacting* practice provides unique insights into how individuals establish a shared understanding of strategy-making. Through mutual engagement in these activities, peripheral and central actors foster communication, mutual commitment, and sharing of resources and information. Previous work on the integration of peripheral and central actors has emphasized the tensions

resulting from disparate strategy-making but has overlooked how tensions are reduced through alignment activities (Paroutis & Pettigrew, 2007; Regnér, 2003). The findings of this study fill this evident gap.

Secondly, the findings show that lower-level practitioners proactively shape and engage in alignment activities over time. Accordingly, alignment practices are developed by team members and not initiated by team leaders or executives. This is in line with SAP's focus beyond executives and managers and its consideration of all actors involved in the actual process of making strategy (Whittington, 2006). However, literature on participation of lower-level individuals in strategy-making is scarce and it is mostly actions and practices of managers that are emphasized due to their decision-making power within firms (Vaara & Whittington, 2012). Showing that peripheral and central approaches require alignment indicates that strategy not only consists of strategic decisions by top-management but that the underlying practices of team members build the foundation strategy-making (Balogun & Johnson, 2004; Jarzabkowski, 2008; Mantere & Vaara, 2008). This study thus extends the small amount of SAP literature focusing on lower-level practitioners and their activities and interactions.

Thirdly, this study answers recent calls of SAP scholars to extend the scarce research on micro-level strategy-making (Jarzabkowski & Spee, 2009). Over the past twenty years, SAP literature has gained increasing significance in the research field of strategic management and contributions are still growing due to its unique stance on strategy. Drawing on social theory, it provides scholars with a lens to examine actions and interactions of relevant actors on the micro-level (Vaara & Whittington, 2012). However, existing SAP research has largely focused on aggregate actors and on meso-level praxis but has neglected how strategy is actually done on the micro-level by individual practitioners (Jarzabkowski & Spee, 2009). Accordingly, Paroutis and Pettigrew (2007) as well as Regnér (2003), who provided insights on the tensions and interactions between peripheral and central teams, have focused on teams as aggregated actors and on the meso-level of praxis by examining how tensions between teams influence firm performance. This study has not investigated how aligned strategy-making contributes to firm performance but has solely focused on how individual actors from diverse contexts interact to establish a shared understanding of strategy. It thus contributes to the scarce SAP research on micro-praxis and individual practitioners (Mantere, 2005, 2008; Samra-Fredericks, 2003, 2005).

Fourthly, examining how peripheral and central practitioners enable alignment within mutual strategy teams has direct implications for integrative strategy research. So far, integrative strategy mechanisms have been examined from a process perspective focusing on the effect of participation by decentralized actors in central strategy activities (Ketokivi & Castañer, 2004; Laine & Vaara, 2015; Mantere & Vaara, 2008). This study goes beyond the concept of participation by showing that participation not automatically enables effective integrative strategy-making if alignment is lacking. Identifying four specific alignment practices extends the narrow focus of existing research on how to integrate diverse actors. Regarding the concept of integrative strategy-making, this study shows that attention should not only be put on how integration is approached structurally but also on what happens inside integrative strategy-teams on the micro-level and from a practice lens. This study thus contributes to the scarce empirical research which links SAP research and literature on integrative strategy-making (Mack & Szulanski, 2017).

Identifying alignment practices also entails several practical implications. Multi-business firms increasingly establish decentralized structures by setting up independent business units that operate more flexibly in markets (Andersen, 2004). Simultaneously, firms face the need to establish corporate-level strategies to create synergies when countering trends like digitization or internationalization of business affecting more than single business units. Therefore, multi-business firms increasingly launch integrative strategy initiatives which bring together decentral and central actors within a mutual strategy project (Laine & Vaara, 2015). Even though theoretical works describing how an integrative strategy project ought to be structured exist, empirical insights on the actual practices that enable strategy-making are lacking. Knowing what practices and activities peripheral and central actors resort to in order to build a common understanding of strategy-making is crucial not only for TransCo's managers but also for managers of multi-business firms in general.

Understanding that peripheral and central actors engage in converging, committing, sharing, and interacting practice to build a shared understanding of strategy-making enables managers to facilitate these alignment practices. For example, knowing that participation in management meetings converges the practitioners' understanding of project requirements and goals enables managers to deliberately include diverse actors in meetings. Thus, knowledge on these practices can be used by managers to guide strategy teams effectively by reducing tensions and benefitting from peripheral and central

strategy-making. Providing insights on alignment practices can hence increase the use of effective integrative strategy-making teams which can in turn help multi-business firms to facilitate company-wide strategy implementation and the incorporation of emergent strategies from business units into the central strategy process. Moreover, SAP theory emphasizes the importance of lower-level strategic actors for strategy-making and not only of managers and executives (Vaara & Whittington, 2012). Accordingly, this study not only provides practical implications for managers but also for strategic practitioners as it helps them to introduce alignment practices to create shared routines when doing strategy.

7.2. Limitations and Future Research

The qualitative case study approach is associated with several methodological limitations. These include a potential researcher subjectivity and a lack of predefined methodology (Gerring, 2007; Yin, 2009). These limitations were mitigated in several ways. Firstly, researcher bias was reduced by relying on openly formulated questions within interviews to avoid influencing the interviewees. Secondly, the interviewees were subsequently asked to validate the case descriptions to ensure a valid reproduction of interviews. Moreover, transcripts of their interviews were made available to all interviewees. Thirdly, subjectivity in the course of coding was reduced by intercoder reliability testing which showed strong conformity with the initial coding results. Furthermore, a potential lack of predefined methodology was countered by relying on grounded theory which follows a detailed and thorough procedure of generating theory (Corbin & Strauss, 1990). Setting out to inductively explore the issue of alignment practices, the qualitative case study methodology enabled this study to approach this tacit matter in an empirically rich, holistic, and nuanced manner (Eckstein, 1975). Future research could draw on the study findings to quantitatively validate the results.

Moreover, this study approaches the issues of alignment practices using evidence from a single company. Even though validity is increased through comparative case studies, research within further multi-business companies might provide additional insights on the development of alignment practices. Similarly, research across different industries or nations could increase the generalizability of results. This study concentrated on a single company because it aimed at understanding the concept of alignment and generating in-depth theory. However, building on the findings of this study, future research may increase generalizability and validity of results by investigating a larger and

more diversified sample. Additionally, ethnographic data, which was unavailable to this study, could be used to validate or extend this study findings.

Additionally, the identification and investigation of alignment practices opens several research directions for future works. This study finds that peripheral and central practitioners engage in alignment practices to develop a common understanding of strategy. However, not only dispersed employees within firms have different views on strategy-making but also other actors such as consultants or middle managers who act as mediators between central top-management and peripheral business units. Hence, further studies should extend the concept of alignment practices to other types of practitioners. On top of that, this study is limited to examining which practices are developed and how they are developed but does not investigate how alignment practices are interconnected and whether they influence one another. For example, does the practice of converging require the practice of sharing? Further research should focus on extending the existing taxonomy by examining the interconnectedness between alignment practices.

This study found that alignment does not always create a middle way of approaching strategy-making but that in some instances peripheral actors adopt central approaches, and vice versa. Insights on the nature of a newly aligned and shared understanding of strategy-making could contribute significantly to SAP research. Thus, additional research is required to examine what factors influence these dynamics. For instance, are there certain individual or structural factors that facilitate alignment? Lastly, future research should extend the concept of alignment practice by using a meso-level approach. Hence, by studying how alignment practices influence team performance or strategic outcomes, the impact and significance of alignment for firms could be further elucidated.

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