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A REVIEW OF BURGELMAN AND GROVE'S CONCEPT OF STRATEGIC DISSONANCE

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Abstract

Strategic dissonance, a concept central to the field of strategic management, encapsulates the inherent challenges organizations face in maintaining alignment between their intended strategies and the actual execution of those strategies. This phenomenon arises from dynamic interactions between external environmental changes and internal organizational dynamics, often resulting in a divergence between strategic aspirations and realized outcomes. This abstract explores the key dimensions of strategic dissonance, including the tension between intentions and actions, the impact of environmental shifts, the influence of organizational inertia, and the necessity for continual learning and adaptation. Addressing strategic dissonance requires organizations to navigate a complex landscape, embracing flexibility, responsiveness, and a proactive approach to strategy execution. The ability to recognize and reconcile strategic dissonance is integral to organizational agility and sustained competitiveness in a rapidly evolving business environment. This article review serves as a foundation for further exploration and analysis of the multifaceted nature of strategic dissonance and its implications for strategic management.

1. Introduction

The seminal paper of Burgelman and Grove published in the California Management Review in 1996 has sparked important debates over its relevance and applicability in the modern corporate landscape of the twenty-first century (Boone, et. al., 2019). Given that this article was published thirty years ago, I questioned whether it still holds inherent value, considering the environmental shocks discussed by Mayer (1982), the rapid technological advancements (Phillips, 2021), and the recent Covid-19 pandemic (Amoah, 2020). Nonetheless, the notion of strategic dissonance and its critical turning point continue to be significant and need examination due to the influence exerted by consumers, the effectiveness of innovation (McGrath, 2019), and the potential of alternative technologies (Lei and Slocum, 2009) to shape the future of enterprises. It is unavoidable for organizations to experience the phenomenon of creative destruction (Schumpeter, 1943), as shown by Nokia's failure to adapt to significant technological and consumer developments (Brahma, 2015). Here, I shall start the critique of this journal. This journal review is categorized into four distinct areas. To begin with, I will provide a concise overview of the content and structure of the article. Furthermore, an assessment will be conducted on the literature included within this publication, considering any constraints or restrictions. Furthermore, the theory of strategic dissonance and SIP

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(Strategic Inflection Point) will be rigorously evaluated by comparing it with other pertinent theories in the field of management. Furthermore, these literary works will be systematically combined, with an assessment of their practicality in contemporary corporate operations.

2. An outline of Strategic Dissonance and its Inflection Point

This review thorough examines the notion of "Strategic Dissonance". In the Oxford Dictionary, the word "review" refers to a formal examination or assessment of an item or work within a certain discipline. Therefore, I suggest that the examination of this work should concentrate on (1) the initiation of strategic dissonance, (2) the origins of strategic dissonance, and (3) methods of handling strategic dissonance.

Strategic dissonance originates from subtle indications (McGrath, 2019) that may finally manifest as a Strategic Inflection Point (SIP) within an organization. This essay used a vivid comparison to depict the subtle indication that states " ...when spring arrives, the outer edges experience the first thaw..." (page 11 of Burgelman and Grove). Burgelman and Grove (1996) highlighted the need of senior management in strategically recognizing and addressing strategic dissonance, identifying its turning point, comprehending the evolving strategic environment, addressing divergence, and formulating new strategic objectives.

Burgelman and Grove (1996) introduced a comprehensive analysis framework (page 12 of Burgelman and Grove) that combines Porter's competitive analysis and Burgelman's Process Theory. This framework aids top-level executives in identifying any indications of strategic dissonance within an organization and determining if the dissonance is strategic in nature. Both Porter (1979) and Burgelman (1994) recognized that external forces and the changing character of the environment might cause strategic dissonance in organizations.

Burgelman and Grove investigated the possible reasons for strategic dissonance and discovered three significant factors that contribute to it (page 14-15 of Burgelman and Grove). Firstly, there is a tendency for an organization to resist change or remain stagnant after achieving success. This is shown by the situation where INTEL's DRAM business (Dynamic Random Access Memory) was surpassed by the Japanese. Rumelt (1995) provides another example that corresponds to the situation of organizational inertia after success. The instance is as follows:

> Senior management understood the nature of productivity gap by 1979 yet despite joint venture with Toyota in which world-class method were used…. Once the world leader in automobile production efficiency, General Motor (GM) was eclipsed by leading Japanese manufacturers…. The challenge of General Motors is their company's own inertia…Many GM plants became less productive, while Chrysler and Ford made broad significant gains.

While Rumelt's work in 1994 did not explicitly use the terms 'strategic dissonance' or 'inflection point', it is evident that both INTEL and GM's situations align with this concept. Specifically, organizational inertia is the root cause of strategic dissonance. In addition, Intel's robust technical capabilities also contribute to the presence of strategic dissonance. The advancement of technology inside Intel resulted in the organization pursuing new business prospects via the development of EPROMS (Erasable Programmable Read Only Memories) and microprocessors, which eventually

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posed competition to Intel's main DRAM business. Furthermore, there was a lack of proactive decision-making in corporate strategy, resulting from the delayed response of senior management, who were strongly attached to the organization's past achievements. This inertia was a result of distorted perspective, namely denial stemming from hubris (Rumelt, 1994), which was an excessive pride in past achievements. This created obstacles to organizational learning, like the problem that occurred at Dell in 1985 with its DRAM (page 15 of Burgelman and Grove). This article addressed the concept of denial within the context of managing strategic dissonance, specifically on page 19 of Burgelman’s work. Thirdly, independent strategic actions by the middle management caused deviation from the official strategy. Burgelman and Grove (1996) argued that though some actions by the middle managers were helpful, there is impending risk of such divergence, for instance, the unanticipated success of the i860 RISC chip caused dilemma for top management of Intel.

In order to effectively handle strategic dissonance, Burgelman and Grove suggested the practice of closely monitoring and identifying the actions and conduct of rivals. Upon identifying risks from rivals, it is essential for senior management to recognize and establish the company's new strategic objective. The authors strongly recommend obtaining real-time insights from middle-level management prior to implementing any strategic initiatives, since this information is essential for defining the necessary strategic measures to manage the SIPs. Phillips, Hwang, and Limprayoon (2016) provided evidence to support the notion that middle managers, due to their proximity to an organization's activities, possess valuable knowledge on market trends and customer demands. The judgments and actions of middle line managers are crucial in the process of redefining business strategy and core competencies (Phillips, et. al., 2016). Following that, the authors strongly advised the top management to use available resources to effectively handle the SIPs, rather than only providing verbal support. This is crucial as relying solely on empty promises may result in procrastination and delay in taking necessary actions, perhaps pushing them off to a later time. Finally, Burgelman and Grove determined that an organization must use "constructive confrontation" methods and foster a strong adaptive learning culture among both top and bottom management to ensure long-term viability.

3. Unpacking the process: A Methodological overview and weaknesses

The article by Burgelman and Grove (1996) on Strategic Dissonance is a conceptual study that introduces a hypothesis on strategic dissonance. Burgelman now holds the position of Professor at Stanford University, specializing in the field of Strategic Management. In contrast, Grove served as the CEO of Intel until 1997. The writers of this article undertook comprehensive investigations on the operational aspects of Intel, spanning from the 1970s to the early 1990s. The authors conducted rigorous analyses of Intel and examined key principles of strategic dissonance and its inflection moment. Both writers conducted a thorough evaluation of the company operations and rivals, providing a critical analysis and analytical examination of strategic inflection point and dissonance. Grove has examined the notion of a strategic inflection moment in his book titled 'Only the Paranoid Survive' (1988). This paper on Strategic Dissonance further reinforced the credibility of the thesis introduced by Grove.

This article provided a critical and analytical assessment of the concept of strategic dissonance and its impact on Intel's operations. Despite the thoroughness of the analytic examination, which discussed the causes and effects of strategic dissonance and provided solutions for its management, Burgelman and Grove's paper lacked formal procedures to back its claims. Formal approaches, such as the Quantitative approach, are more efficient and capable of testing hypotheses, resulting in increased objectivity and accuracy of outcomes (Babbie, 2010). Conversely, the Qualitative method gives researchers access to the participants' viewpoint and a comprehensive understanding of the phenomena being studied (Norman and Lincoln, 2000). The article by Burgelman and Grove does not employ either of these methodologies. If it did, a quantitative approach could offer statistical measurements for the effects of strategic dissonance, while a qualitative approach would uncover the reasons behind the communication gap and disengagement between top and middle management that have led to the divergence of strategic action (page 16 of Burgelman and Grove).

This article on strategic dissonance has a narrow focus, mostly examining the operations of Intel and other multinational high technology businesses like Apple and Hewlett-Packard. The notion of strategic dissonance and its inflection moment is relevant across several industries, including both retail mall companies and the milk industry (McGrath, 2020). Moreover, as this study was a critical analysis written thirty years ago, it failed to account for several transformations in the business landscape, including the advent of online shopping. This shift has significantly disrupted and altered the trajectory of retail enterprises (McGrath, 2020).

In addition, the analytical assessment conducted by Burgelman and Grove may have overlooked some aspects of the literature review, perhaps leading to an inadequate comprehension of their work. For instance, the writers did not provide a literature review to expand upon the issue of inertia in corporate strategy (page 15 of Burgelman and Grove) and the condition of 'denial' that senior management may be locked in (page 19 of Burgelman and Grove). An appropriate article that might enhance readers' understanding of inertia in corporate strategy is "Perceived Corporate Identity / Strategy Dissonance" by He and Balmer (2007). Burgelman and Grove argued for substantial engagement between upper and intermediate management, along with the practice of "constructive confrontation" inside organizations (page 23). However, there is a dearth of literature support to fully comprehend this aspect.

Although Burgelman and Grove's work introduced the notion of Strategic Inflection Point (SIP) and included a diagram depicting the SIP, the authors made the assumption that the curve of the SIP would always take the form of an inverted U shape (page 11 of Burgelman and Grove). However, according to the study by Arin, Minniti, Murtinu, and Spagnola (2022), inflection points may manifest as more than just an inverted U shape. They can also appear as kinks and leaps, which indicate a discontinuity. Due to the possibility of non-linear behavior, including kinks and leaps, inflection points may occur in a gradual or rapid way (Arin, et. al., 2022). As stated by Rita McGrath in her book "Seeing Around Corners":

> “When you look at the true nature of strategic inflection points …. similar to the way in which Hemingway’s character Mike Campbell in The Sun Also Rises responds to being asked how he went bankrupt. ‘Gradually’, he says, ‘then suddenly’.”

In other words, the changes leading up to the inflection point may be gradual and incremental, as various factors come together to create an environment that is ripe for change. However, once the inflection point is reached, the change can happen suddenly and with great force, as the old ways of doing things are quickly swept away and new approaches take hold.

4. Critical review of strategic dissonance and its inflection point

Grove (2008) argued that businesses go through a period of transformation when they reach a critical turning point, yet there is not much significant activity inside the organization. This remark aligns well with the assertion made by McGrath (2019) that "Inflection points may unfold over a surprisingly extended period of time." This article demonstrates that Intel had a decade of prosperity but was ultimately surpassed by Japanese rivals. Similarly, Blockbuster Entertainment enjoyed over a decade of profitable returns before being disrupted by Netflix (McGrath, 2019). Both writers agreed that organizational agility is crucial in reacting to inflection points. However, the challenge lies in precisely identifying these inflection points. Grove (1999, 2008) introduced a unique method for determining the inflection point known as the "silver bullet test," which states:

> If your key competitor is about to change, imagine you have a silver bullet, a single bullet that you can shoot one competitor with. Who are you going to shoot with it? … When that changes and the answer you get to the question is somebody else, that is a good sign that you are passing through a Strategic Inflection Point; because, under a different scenario, the people that represent a threat to you change and that is one of the telltale signs that you are facing a different business scenario.

McGrath agreed with Grove's position. However, McGrath (2019) devised her own method for identifying the inflection moment by observing the several stages of the inflection point, including hype, dismissive, emergence, and maturity. Given the absence of a framework or model that can reliably identify the inflection point, Grove's technique would be a more practical approach to verify the individual or entity that serves as the inflection point for the organization.

The Resource-Based View (RBV) is a concept that describes the conditions under which an organization's resources may provide it with a competitive advantage over a long period of time. According to Barney (1991) and Wernerfelt (1984), for resources to provide such an advantage, they must possess the VRIN qualities, which means they must be valuable, rare, inimitable, and non-substitutable. Burgelman and Grove's study highlights Intel's decade-long success over its DRAM competitors, which may be attributed to the unique and valuable VRIN resources possessed by Intel. Intel faced strategic dissonance as the Japanese aggressively targeted the market. As a result, Intel encountered a strategic inflection point and had to abandon the DRAM industry. In this case, Intel recognized that their resources no longer had the VRIN impact, as the management reported following their return from Japan, stating that "...something had changed; it was now different... the competitive dynamics, the winning strategy, and the key technological competences in DRAM had undergone fundamental changes" (page 10-11 of Burgelman and Grove). The instance of Intel exemplifies the criticism directed at the Resource-Based View (RBV) as being conceptually ambiguous and tautological, as argued by Priem and Butler (2000). Furthermore, it is suggested that

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RBV is inadequate in maintaining a competitive edge in dynamic marketplaces, as highlighted by Eisenhardt and Martin (2000). The magical benefits of RBV have diminished in the dynamic market, while Intel's management are faced with the external problem of competition from Japanese manufacturers, as well as internal obstacles such as the dilemma in strategic choices (page 9 of Burgelman and Grove). The Japanese organization's 'invasion' caused discord and weakened the power of RBV.

Burgelman and Grove's essay lacks any guidance on navigating the inflection moment resulting from competition. However, other theorists such as Eisenhardt and Martin (2000) recognized this point later. They defined Dynamic Capabilities (DC) as the "invisible hands" that aided Intel in navigating through turbulent times. DC, as defined by Teece et al. (1997), pertains to an organization's capacity to effectively incorporate, construct, and adapt internal and external capabilities and resources to respond to a swiftly changing environment. During a time of conflict and in response to the Systematic Innovation Process (SIP), Intel reorganized its assets (Burgelman, 1994, 1996), analyzed real-time data (Eisenhardt and Martin, 2000) (page 9 of Burgelman and Grove), engaged in extensive communication (Eisenhardt, 1989) (such as intense debates, page 19 of Burgelman and Grove), and implemented strategic choices (page 9 of Burgelman and Grove). These strategies, which are part of DC's processes, were successfully implemented at Intel during a critical era of change. They have now become the new value-creating strategies that enabled Intel to thrive throughout turbulent times. The tactics that create value are sometimes referred to as "Best Practices" (Eisenhardt and Martin, 2000), a concept that was not originally considered by Burgelman and Grove in this paper. The subject of DC was not included in the work of Grove and Burgelman at that time, since they were not aware of the contemporary management ideas referred to as "Best Practices". Essentially, Intel used the concept of dynamic capabilities (DC) to enhance the resource-based view (RBV) and propel the organization to a much higher level, ultimately leading to its transformation into a prominent microprocessor firm.

5. Is Strategic dissonance still relevant today?

Given the article's age of over thirty years, I think the writers neglected to include significant events that occurred after its publication. I anticipate that there will be an increase in environmental shocks (Mayer, 1982), and Porter's Five Forces framework for gaining a competitive edge is no longer an infallible solution for dealing with the volatile economic environment, especially when faced with disruptions originating from the environment itself, such as the Covid-19 pandemic. Hence, the curve denoting the point of change and the discord between strategies, as discussed by Burgelman and Grove in this article, no longer accurately portrays the situation in the technology business, as well as all other industries, after the Covid-19 pandemic. The topic of climate change is urgent, and future research efforts should focus on conducting thorough studies across several aspects of the issues posed by climate change and its repercussions. This should include not just specific sectors but also the whole management of organizations.

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