TOWARDS A COGNITIVE THEORY OF CONFIGURATIONS

The burgeoning literature on typologies, taxonomies, archetypes, configurations, and strategic groups stands testimony to the centrality of configurational approaches to organization theory. Yet, configurational analysis (and theory) holds the reputation of being a pseudoteory. This accusation is not surprising to many researchers as configurations are a “fuzzy” phenomenon. Configurations present the frustrating challenge of being hard to describe, define, or identify consistently. Perfectly legitimate questions that emerge in the literature are (1) what are configurations, (2) is there a theory of configurations or are configurations a conceptual level of analysis operationalized by researchers to simplify organizational phenomenon, and (3) are configurations irrelevant to practice as they are statistical artifacts?

The brief agenda on the utility of configurations is problematic for three reasons. First, it remains too fuzzy to be useful as a viable theory, construct, or level of analysis. Second, if configurational analysis is unstable in its current form, a valid question for research is why do we need it? And finally, in its current form configuration theory is distant from practice as it relies on researcher interpretation of events but fails to consider whether managers understand the industry in a similar fashion. To address these concerns, this paper draws upon the empiricist tradition of strategic groups which is a powerful operationalization of configuration theory.

The paper is organized in three sections. The first section of the paper explains how strategic groups are here to stay due to our bounded rationality. It then argues how groupings of organizations present a stable phenomenon of organizational life. Finally, it elucidates that strategic groups provide an ideal microseism to study performance variation both within and across groups. The second section advocates status and competitive position as two central constructs to the theory. Status is the accorded position of privilege a firm derives by its group-membership in the industry. Such status is perceived by actors. Competitive positioning is defined as the positioning of a firm as a core, peripheral, or secondary firm within its group. A firm is limited by its status but can influence its position. And finally, the paper concludes by proposing how configuration theory has taken a cognitive and a strategic turn in the field of strategy. A cognitive strategic groups perspective focuses on how social actors – the top managers of firms – collectively partition the industry into groups. This perspective is proposed as a particularly exciting and relevant area of research that needs further theoretical development in organization theory.