**Pre-assignment for Friday September 18th: Sensemaking in strategy**

This session provides a *sensemaking* perspective to strategy. Sensemaking represents a social-psychological approach to organizations and organizing, examining how individuals, teams, and companies recursively (1) observe, (2) interpret, and (3) create (‘enact’) their environments. The sensemaking perspective is founded on the observation that organizations and their environments are too ambiguous, complex, and fluid to be observed and described in one “truthful” way.

Once we give up on the idea that managers might even possibly form an “accurate” understanding of their environment, the focus of strategy formation should shift from avoiding cognitive biases towards instead creating richer, more productive and perhaps more pluralistic understandings. By studying the processes through which strategists perceive their environment, formulate shared understandings, and react to their own interpretations, we can hopefully create a more realistic and useful view of strategy processes.

The readings for the session consist of two theoretical articles and a small case study. While the readings are fairly old, they provide useful perspectives on the ways in which leaders try to cope with their external environment and internal political processes. The session will look into more contemporary examples.

Readings:

1. Porac, J. F., Thomas, H., & Baden‐Fuller, C. 1989. Competitive groups as cognitive communities: The case of Scottish knitwear manufacturers. *Journal of Management studies*, *26*(4), 397-416.
2. Jalonen, K., Schildt, H., & Vaara, E. 2018. Strategic concepts as micro‐level tools in strategic sensemaking. *Strategic Management Journal*, *39*(10), 2794-2826.
3. Sheffi, Y. 2005. “The Tug-of-War.” Harvard Business Review, September 2005 issue. *(Reading the expert commentaries is optional but recommended.)*

Please answer the following two questions. Answers should be 300-500 words each.

**Question 1**: Consider the sensemaking processes described in the context of Scottish knitwear firms and the Bay City. How might the strategic sensemaking lead to suboptimal strategies according to these studies, and what could leaders do to counter these forces?

**Question 2**: Consider the “Tug-of-War” article. How and why do different actors make sense of the company’s situation in different ways? In what ways might the leadership try to improve the sensemaking at individual and organizational levels?