Roland Deiser

Postconventional Strategic Management - Criteria for the Postmodern Organization
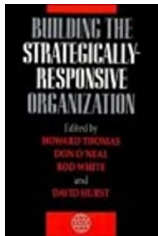
1   INTRODUCTION

In one of his recent articles, Igor Ansoff embarks on a journey through the historical development of the strategic management discipline (Ansoff 1991). He analyzes the history of prevailing "schools of thought" and links them with the phenomena of environmental "speed" and "turbulence". In a nutshell, Ansoff's historical reconstruction can be interpreted as the steady decrease in importance and usefulness of the traditional "technocratic" paradigm.

Indeed, in a relatively stable and predictable environment, it is possible to plan for the long-term by extrapolating trends and adjusting ones organization accordingly. As long as the environment behaves in a "rational" way, it makes sense to develop technical tools for the purpose of handling it effectively. However, during past decades, mainly due to the dynamics of technological development, environmental "speed" has continuously increased. Phenomena of discontinuity and surprise have become an everyday ingredient of a firm's strategic challenge (Peters, 1989). At the same time, the strong belief in the predictability, controllability, and malleability of the world has turned out to be a myth and an ideology (Habermas, 1968), and is eroding fast.

The belief that nature and society can be instrumentally managed is weakening for several reasons. First of all, we begin to realize that we are not able to predict even a fraction of all internal and external consequences of managerial decisions, even using the most elaborate information-processing tools. On the contrary; the overwhelming amount of information that is available today demands intuitive, rather than rational, criteria of selection (Etzioni 1990). Secondly, the technical-instrumental paradigm *as such* has turned out to be incapable of coping with complex economical, social, and ecological system dynamics (Capra, 1982). Increasingly, in the world of global business, issues beyond the immediate context of "the industry" must be taken into account. Apart from Porter's five competitive forces (Porter, 1981), the impact of organizational actions on regional and global ecological, social, and political systems has become not only a question of ethics but also a key question for long-

term corporate survival. Facing this challenge, strategic management becomes a complex, systemic task that is no longer solvable through mechanistic "figure-management" alone.

The traditional technocratic planning approach, with its relatively static and mechanistic view of the world, must be given up, at least to a certain extent, in favour of a paradigm that is better capable of dealing with phenomena of dynamics and ongoing change. Paradigms like system theory, interactionism, and constructivism possess more power when it comes to addressing the emerging needs of managing complexity and unpredictability. The following arguments are grounded in these theory systems.

2   THE INTERACTING ORGANIZATION

Today, organizations striving for "success" have to conceive themselves as ever-changing, ever-learning systems, reacting with creative, successful, and valuable real time responses to their changing arena. In so doing, they become permanently involved in *interaction processes* with environmental systems crucial to their own survival. Most of these systems are other organizations, like customers, suppliers, competitors, shareholders, unions, or public institutions facing similar challenges navigating through rapid change and uncertainty. The entirety of all interactions of a firm make up the strategic process, which is the engine and the media that shapes both the firm and its environment.

It is important to keep in mind that the system of each organization is composed of numerous subsystems, following the rational of functions, geography, and/or distinctive product/market combinations. These subsystems are organized by differentiated structures and linked by managerial systems and mechanisms. They develop specific cultures and particular perceptions of the world according to the peculiarities of their tasks, leading inevitably to contradictions and tension.

In order to adapt the firm as closely as possible to different technologies, markets, or functions, organizational design must provide an optimal differentiation of subsystems. The more an organization allows multicultural subsystems to exist, the easier it can match differentiated needs at the marketplace. At the same time, too much differentiation leads to centrifugal and fragmenting forces, threatening the coherence of the firm. Integrating structures and mechanisms aid in the realization of synergies, focuses resources and energies, and lead to a more efficient market approach: Acting with "one voice" against other external players. Too much focus on integration, however, threatens multicultural diversity and differentiated adaptability. Therefore, only an optimal balance between differentiation and integration leads to a high degree of customer-orientation and specialization and ensures, at the same time, a joint strategic perspective and a strong corporate identity.

In this respect, the boundaries of an organization play an important role. Clear boundaries lend stability and orientation to the members of a firm. They provide a superordinate identity to the different subsystems within. On the other hand, boundaries must not be too rigid. A

lack of permeability may lead to organizational introversion and, finally, to the loss of "touch" with the external environment, threatening the very sense and legitimacy of the firm. As it is the subsystems of a firm that interact with distinctive environments, "holes" in the boundaries enhance diversity within the firm.

The exchange that takes place between an organization and its environment is a dynamic interactive process, and through this process an organization attempts to create the environment most suitable to its particular competences. The attainment of this goal can be accomplished on two levels. Firstly, a company may define itself and its market by means of a *creative strategic self-definition*. Secondly, the firm acts within this arena and tries to *establish competitive advantages.*

Given this approach, each company is, at least partially, responsible for its own environment. The strategic arena of a firm depends on the conscious or unconscious answers to basic strategic questions like: "Which industry am I in?", "Who are my customers?", or "How do I define my industry boundaries?". These answers shape the cornerstones of a firm's identity and self-concept, just as they shape the structural and cultural aspects developed within an organization over time.

> A representative case from the consulting experience of the author illustrates the importance of the strategic self-perception. At the outset of a strategy formulation process, the welding wire division of a large European steel manufacturer perceived itself as a major player in the highly specialized *steel* industry, being the technology and market leader in the world of stainless steel welding wire. However, the firm's strengths, such as the high degree of vertical integration and the outstanding know-how in stainless steel processing, suddenly lost their importance when their perspective shifted. By perceiving themselves as players in the *welding* industry, they suddenly found themselves as small players in a rapidly changing environment, where "steel" easily may loose its importance against laser-based welding-technologies. Furthermore, in the welding world, products like equipment and gases play a very important role, making the close connection to "steel" a problematic one.

Once a firm has chosen its basic frame of reference and, by doing so, has created its specific environment, it attempts to shape its chosen context as proactive and/or reactive player who wants to maximize its interests within the multi-stakeholder game. These dynamics shape the development of core competencies, which become embodied in specific structures, mechanisms, and cultures, supporting the strategic intent of the corporation (Hamel & Prahalad, 1989, 1990).

With other words - *interaction* is the core of strategic and organizational change. And by definition, an interactive process occurs *between* distinctive players at their respective organizational boundaries. Therefore, in order to understand phenomena of strategic and organizational learning and change, it is important to pay attention not only to processes *within* the particular firms as single entities, but also, and even more so, to the superordinate system which is constituted by the interactive process. This superordinate system works as the relevant context for the actors involved. As "constructed reality" (Berger & Luckmann, 1969), it is source and result of their orientation, their perception of the world.

This carries fundamental implications for the traditional concept of strategic management and the strategy process. The classical iterative algorithm of (1) analysis, (2) formulation, and (3) implementation is not coherent with the logic of real-time interactive skills, for several important reasons. Firstly, it is an approach too slow to cope with current requirements stemming from complex change, environmental speed, and discontinuity. Today, management does not have time to carry out scientifically tested studies and thorough, exhaustive analyses of the organization and its environment, but must act and react spontaneously and intuitively. As the classical steps of the strategy process merge into each other, analysis, formulation, and implementation must continuously occur at the numerous boundaries of the firm and cannot be separated in staff functions only.

Second, and more fundamentally, the traditional approach to strategy is a paradigm taking the entity of the "acting organization" as central point of reference. The "acting organization" represents a "player" challenged to position itself successfully in a given environment. The criteria for "success" are defined solely from the perspective of the "player" and relate directly to the amount of tangible and sustainable competitive advantages compared to other players within the (enlarged) industry. This is an inadequate, restricted perspective.

From an interactionist and systemic point of view, "success" should not be measured from the perspective of a single player only. The decisive yardstick for an "ethical" assessment of organizational action becomes the homeostatic balance of the superordinate system that, in the long-term, guarantees the survival of *all* players. Therefore, individual "success" must be defined according to universal ethical standards that transcend the rational of the single firm. As long as a firm's success is "payed" by other stakeholders, who are exploited or even destroyed, it is a failure from an interactive point of view. This differentiation is not only academic. A shortsighted effort towards short-term profits may, in the long-term, destroy the customer and/or vendor base, disrupt the profitability of the industry as a whole, hurt the loyalty of employees and/or damage the environment. Each of these initially unintended consequences can threaten the very existence of the firm in the long run. Taking the perspectives of external players and the superordinate context into account is not only an ethical category, but a *conditio sine qua non* for the long-term survival of a firm.

Therefore, the traditional algorithm of the strategy process should be substituted by the concept of the "strategic competence of the firm". I define "strategic competence" as an *organization's ability to interact, at any given time and under changing circumstances with and within the relevant environmental context, in an efficient and effective way, leaving all players in a win-win-situation*. This paradigm reaches well beyond the numerous concepts addressed in standard managerial techniques. It perceives the firm as a dynamic socio-technical system and views the development of strategic competences as a matter of both "social" and "instrumental" learning.

Strategic competence requires two major types of skills: *"Strategic-interactive skills"* are the skills required for a responsible handling of the own organization and its relations to all the players involved in the joint context. These skills relate to the paradigm of social learning and

follow the logic and the requirements of mutual understanding. The achievement of an enlarged understanding within the superordinate system is a complex task. First, in order to interact successfully from a systemic point of view, an organization needs to gain an in-depth understanding of the processes guiding its own behavior (A). Second, in order to understand the motives and driving forces of other external players, management must be able to assess the internal processes within those firms that guide their behavior (B). Finally, in order to understand the dynamics of the total system (E), it is not only necessary to look at the dynamics between the firm and its partners (D) but also watch and understand the processes going on between the external stakeholders themselves (C). Exhibit 1 illustrates the different processes that need to come into play:
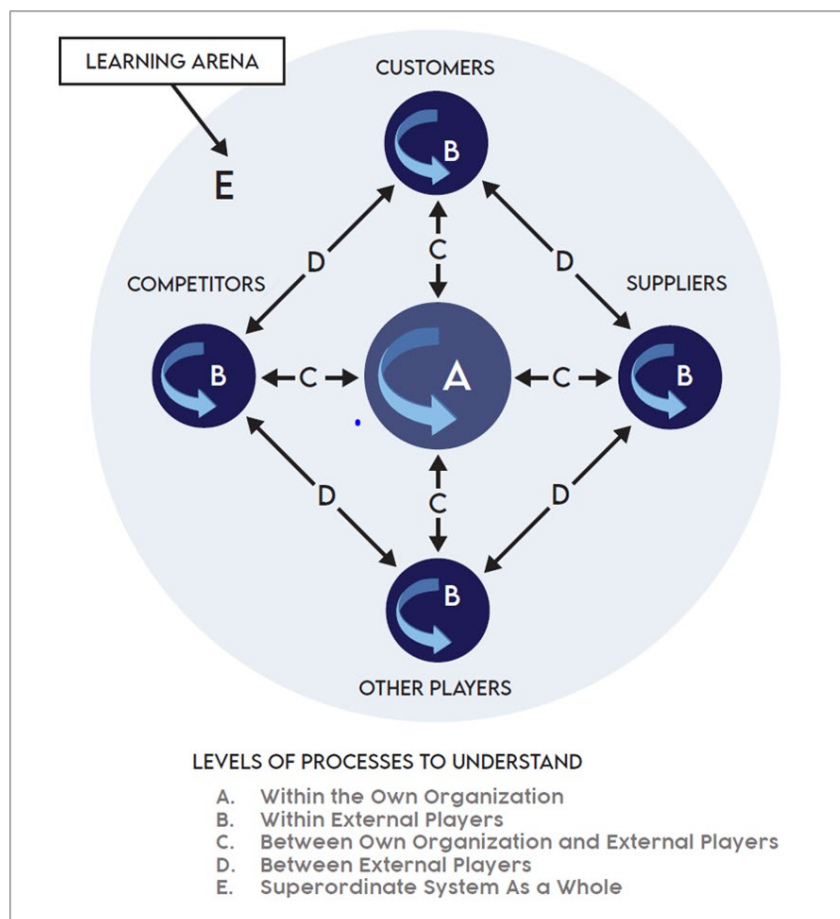

Exhibit 1: Levels of Strategic-Interactive Skills

However, "strategic-interactive skills" alone are inadequate without *operational skills* that enable an organization to produce a desired output, whatever this output may be. Operational skills are vital for a firm's ability to implement its strategic intent, and they are an important basis for successful action within the industry. Operational skills relate to internal efficiency and require the ability to establish an appropriate internal organizational context (structures, mechanisms, culture) suited to build on the very competences that are needed to successfully meet the needs of an ever-changing external environment.

Therefore, at its core, strategic management is a janus-faced affair. In the strategic process, dealing with the internal organizational system and dealing (interacting with) external systems represents two sides of one coin that must be managed coherently. Only a dynamic balance between internal and external perspectives can produce the necessary "semi-permeability" of boundaries between the organizational system and its relevant environment. "Strategic competence" can be acquired only through a structural and cultural institutionalization of an intra-, as well as an interorganizational learning process.

3   STAGES OF INTERACTIVE COMPETENCE - AN APPLICATION OF KOHLBERG'S THEORY ON MORAL DEVELOPMENT

From its underlying concept, the idea of "strategic competence" is very much related to Habermas' theory of "communicative competence" (Habermas, 1981). For Habermas, interaction is successful if it remains undistorted and unbiased. These criteria require socially and ethically mature individuals, interacting for the purpose of achieving mutual understanding (not with the goal of mutual instrumentalization). In this respect, Kohlberg's model of the moral development of children can serve as an excellent reference theory (Kohlberg 1969). Habermas uses Kohlberg's stages to define three different levels of identity, each of them corresponding to various stages of interactive (communicative) competence (Habermas, 1986).

Kohlberg's work focuses on the question how children deal with normative prescriptions during the socialization process. According to his developmental model, children progress to more mature moral orientations by acquiring cognitive structures that enable them to perceive the world in an increasingly differentiated way. Through a process of emancipation, they become increasingly able to handle rules and regulations autonomously. In the Kohlberg's last stage of moral development, adults have the ability to criticize existing prescribed standards in light of universal ethical principles. In the following pages this theoretical framework will be applied to the concept of strategic competence.

As Habermas' perception of Kohlberg is usually discussed within a completely different context, an application to complex systems like organizations may be criticized as anthropomorphism. The heuristic value of the argument should outweigh that disadvantage. An understanding of the strategic process as an interactive and dynamic exchange between socio-technical systems should justify the application of related theories. The following description of the levels of moral orientation already includes an "organizational translation" of Kohlberg's socialization theory[1].

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[1]   In his original work, Kohlberg distinguishes between six stages. For the sake of simplicity, I have reduced his model to three substantially different levels: the pre-conventional, the conventional, and the post-conventional level (following Döbert & Nunner-Winkler, 1975)

(A)   Pre-conventional level (Level 1)

At this stage, actions are directly and exclusively oriented on the actor's blind needs and short-term profits. Only the immediate context of action and counteraction serves as the basis for orientation, driving a behaviour that is only looking for the best short-term results. Consequences of actions are only important as far as they touch the immediate interest of an actor. External actors are treated as means to an end that either promote or inhibit the own success. Ethical yardsticks relate only to personal benefits. If it serves self-interest, rules are violated without further consideration.

> Translated to the business world: Typical examples include firms that attempt to "escape" environmental legislation by hiding their toxic waste; firms that try to exploit their customers and/or suppliers for short-term profits, without understanding the potentially destructive effects; or firms that follow rules only grudgingly, and only if strong measures of control are in place.

"Social" skills do not play a role in the process at this level. The actor does not possess the (structural) cognitive requirements for understanding the complex external context. Interactive competence is virtually non-existent, because the actor is neither able to see nor to understand the interdependence of all the players involved. He is also incapable of reflecting the impact of a given action on the enlarged system's context. If learning happens at all, it happens unconsciously, and on a very direct and non-institutionalized basis.

(B)   Conventional Level (Level 2)

At the "conventional" stage, actions are oriented on a commonly accepted set of rules or standards. External standards have been internalized, and the actor follows them without any further critical assessment. As long as other players adhere to these rules too, they are treated as equal partners. Whether or not the rules themselves are appropriate, is not called into question. Law and order is the prevailing ethical yardstick, counting more than personal, short-term interest.

> Typical examples are firms that follow environmental legislation according to the requirements of the law. They do this, because they think it is immoral to violate the law. Customers and/or suppliers are treated according to "fair contracts". The relationships are expected to remain stable and predictable according to existing rules. Change is threatening.

At this level, the actors possess a certain degree of interactive skills. They are able to understand the present normative structure of their environment and they know how to "behave well" within. However, as mentioned, change is a threat to those who depend on law and order. Learning proceeds, but it is restricted to the limited frame of reference that is established by the self-perception of the organization. Real *inter*action does not take place.

(C)   Post-conventional Level (Level 3)

Actions in the spirit of post-conventionality gain their orientation from guiding principles that are valid beyond the currently existing rules of the game. Such principles are derived from universal ethical imperatives. The point of reference is not the single actor within the interactive context, but the homeostatic balance of the superordinate system itself. The interests of all involved players are equally taken into account. According to these universalistic principles, prevailing rules are assessed and altered (if necessary).

> Typical examples include firms that proactively generate standards that transcend the prevailing rules of the game. Instead of waiting for environmental legislation, they set the pace actively by themselves. They involve customers and/or suppliers permanently in a joint creative process of improving mutual satisfaction. Relationships are regarded as dynamic and changing. Change is actively managed and promoted.

Apart from the high ethical standards implied in a Level 3 orientation, it is the *structural* ability to challenge prevailing rules that has tremendous implications for the strategic capability of a firm. Rewriting the rules of an industry, based on insights that transcend the narrow perception of the status quo, means an active creation of reality in a most responsible way. By doing so, the firm becomes the driver of its industry space and will be not only able to adapt *faster* to discontinuity, but become the very author of that change.

Obviously, there exists a strong connection between the different stages of moral orientation and respective interactive skills. Following Kohlberg and Habermas, and introducing elements of the psychodynamic approach, Döbert & Nunner-Winkler (1975) have formulated criteria that enable an individual to act at the post-conventional stage. Exhibit 2 summarizes these requirements and illustrates the interdependence of managing the self and the environment.
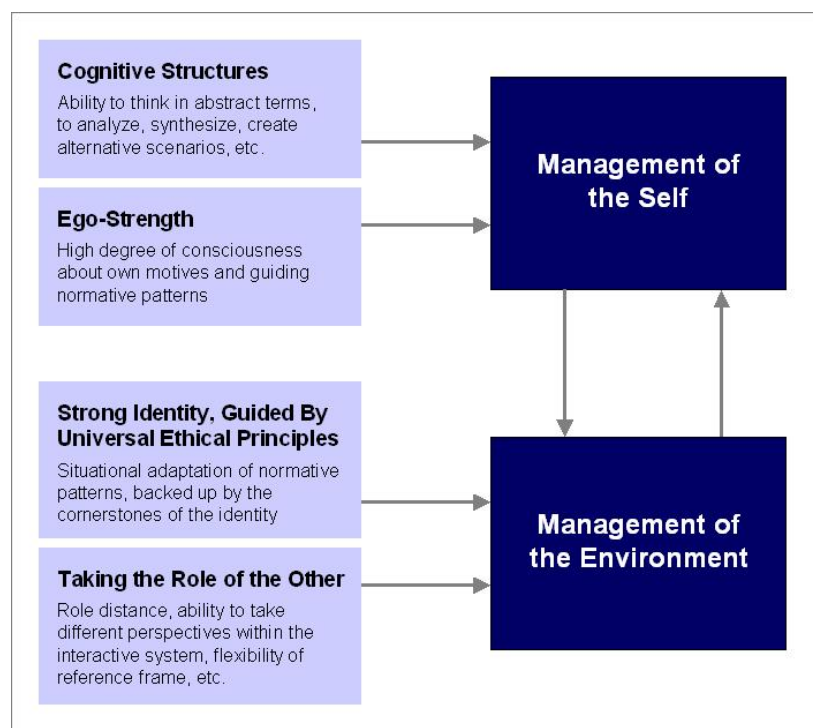

Exhibit 2: Requirements for post-conventional orientation (Level 3) - individual

4   STRATEGIC COMPETENCE AND POST-CONVENTIONAL MANAGEMENT - CRITERIA FOR THE POSTMODERN ORGANIZATION

Referring to the concept of "strategic competence" described above, the quality of an organization's strategic-interactive skills is decisive for its ethically reflected success at the marketplace. Being aware of the problematic implications of a psychologically biased approach, it is nevertheless a thrilling exercise to transfer the insights of Habermas and Döbert & Nunner-Winkler to the world of strategy and organization. Through this transfer, it is possible to develop criteria for the post-conventional organization. Surprisingly, a closer look at these criteria reveals nothing more than the organizational and managerial profile for Ansoff's post-modern "real-time-responding" firm.

The following subtitles relate to the four boxes in figure 2. After a short referral to "individual" and "interaction", the analogy "organization" and "strategy process" will be addressed.

Institutionalize reflexivity and creativity

In order to be able to act as a fully competent partner in an interactive context, an individual must possess appropriate cognitive structures. If successful interaction implies the possibility of a conscious change of frames of reference, a person must be able to analyze alternatives, build hypotheses, assess different probabilities, and measure experiences according to grounded principles. If these requirements are not fulfilled, the acting partners will not be able to progress beyond the conventional level.

The "cognitive structures" that are the basis strategic processes in organizations are institutionalized structures and mechanisms that guarantee the permanent collection, processing, and utilization of relevant knowledge about the company itself and its environment (strategic intelligence systems). Additionally, in order to capitalize on the experiences that result from interactions with markets, competitors, and other stakeholders, it is necessary to allow enough room for reflexivity and creativity. Only if these factors are in place, a systematic and relatively undistorted assessment of processes in the environment - a precondition for the development of thoughtful strategic responses – can occur.

A major obstacle for company-wide intelligence systems and institutionalized places of creativity is the unavoidable distortion and fragmentation of communication within organizations (Claessens 1980). If management does not invest constant efforts to overcome these barriers, the firm will not be able to capitalize on valuable information from the marketplace that has been collected, for instance, by the sales force. The "cognitive structure" of an organization can unfold its potential only on the basis of extensive communication flows.

Ability to transcend existing reference patterns

In order to act as a competent partner in an interactive context, an individual must be knowledgeable about him or herself. If a person's behavior is blindly driven by internalized norms or values which he or she is unable to reflect on or put into question, the options of his or her behavior will be restricted to the existing normative patterns. Such an individual will not be able to transcend the rational of the existing frame of reference and be forced to maintain a "conventional" orientation.

The less an individual's behavior is steered by "blind spots", the more it will be able to develop creative alternatives that transcend the state of the art. It will be able to decide consciously what to do and it can assess the consequences of its behavior within the enlarged context of communication. A conscious, "Ego-driven behavior" is a major requirement for post-conventional orientation.

What is the analogy for "Ego-driven behavior" for the complex system of an organization? As previously mentioned, the "inside" of the organization is a direct result of its experiences "outside". Therefore, the existing structural, cultural, and strategic cornerstones can only be understood within a historical context. At the conventional level, an organization will not undertake this historical reconstruction and is, therefore, unable to properly understand its own identity. Organizational behavior is justified by traditional standards ("We have always done these things this way successfully, why should we change?"). However, even if present patterns of action are appropriate, the members of the organization do not really know *why* they work in this specific way. Often, they will continue to follow old patterns even as the strategic environment changes.

In order to overcome these "blind spots", which limit options when dealing with environmental systems, all members must develop a historically reflected consciousness as to their structural and strategical cornerstones, as well as to the most important elements of their organizational culture (processes, myths, hidden standards, etc). In order to understand these *organizational* issues, people need to look beyond the narrow boundaries of the organizational subsystems they belong to and obtain a holistic perspective of the total system. Such a holistic perspective can be achieved through *institutionalized* discussions on overlapping organizational issues. This implies the necessity to overcome traditional barriers between departments and/or hierarchical layers, and to make conscious use of existing interorganizational networks (customers, suppliers, and competitors). Interdisciplinary and interorganizational cooperation, carefully nurtured by top management, leads to an integration of the fragmented perspectives of individuals and groups. It leads to a multicultural organization, one that can act differentiated and coherent at the same time. Moreover, this cooperation enhances both individual and organizational patterns of perception and opens new and creative options that go beyond the standardized, well-known solutions.

Develop a stable, yet flexible, identity

A third important prerequisite for successful interaction is a strong, stable identity, supported by reflected and proven principles. At the conventional level, an individual's identity is weak and rigid. It is dependent upon prescribed normative patterns and is threatened by any change in the normative structure. At this stage, different cultures with different standards are perceived as "aliens", to be converted to the given cultural patterns. This ethnocentric attitude (Adorno, 1973) inhibits the development of mutual understanding and leads to a myopic perspective of the world. In the case of post-conventional orientation, on the other hand, identity is grounded in consciously reflected principles that transcend the social prescription of standards. Orientation according to *principles*, instead of standards, guarantees flexibility, as differing normative cultures are acceptable as long as they do not violate universally justifiable ethical principles. Therefore, it is possible to find mutual understanding, accommodating often very different perspectives (Habermas, 1984).

What is the analogy of the "stable and flexible identity" for the organizational system? At the conventional level, an organization follows the prescribed rules of the game, which are the present "state of the art" of the industry. Through a more or less unconscious historical process, the firm finds itself playing a certain role within the industry and tries to optimize its position by trying to "play the game better than the others". The firm is not able to transcend the existing rules, and expects all other players to remain in their established roles. A substantial change in the behavior of customers, suppliers, and/or competitors is perceived as a major threat. As the management of the firm is only able to think in established patterns, they neither understand nor accept a change in the rules and attempt to impose their perspective onto the arena, if possible. If they are too weak to do so, they may not survive a major change.

In the post-conventional stage, an organization is not only able to follow the existing rules of the game but to *bring the game itself into question* (Hamel & Prahalad, 1989). This requires creativity, and a willingness to leave the "safe" path of established industry standards. The courageous move of playing the game with new and hitherto unknown rules must be grounded in a strong, clear identity independent from historically proven and generally accepted patterns of strategic action. It is an identity centered on some core principles that lend orientation and vision to the members of the firm beyond its existing role within the industry.

This identity can be developed through a clearly formulated and continuously communicated basic strategic-ethical orientation, built around the core competence of the firm (Hamel & Prahalad, 1990). It is the responsibility of top management to care for appropriate structures and mechanisms that enhance the internalization of the cornerstones of this identity. Every member of the firm must be aware of the fundamental goals and the core competence of the firm. This awareness provides continuity during the necessary change, reduces uncertainty, and insures coherent action at the marketplace.

Understand one's own role within the game

In order to act as a competent partner in an interactive context, one must have the ability to take the role of the other and become more objective in regards to one's own perception of the world. At the conventional level, an individual is bound to prescribed patterns of perception that have been internalized and generalized. In other words, it is "centered" around its distinctive "reality", unable to see the world from a different view. Role-configurations are perceived as rigid structures, defined according to the ego-centered perspective. The result shows an extremely restricted and unrealistic picture of the social system as a whole.

At the post-conventional level, interaction processes are driven by a "decentered attitude" (Deiser, 1987). Given this attitude, one is able to step out of the self-centered frame of reference in order to see the world as complex network of interrelations, the own system just being a part of it. Through the act of changing and enlarging perspectives, roles become more understandable. Thus, aspects of one's own role can be brought into question and, therefore, become openly negotiable.

In this case, one can easily see the analogy for organizations. At the conventional level, a firm cannot see its competition and markets except through lenses coloured by its own self-perception and self-centered interest. Customer satisfaction, for example, is defined from the perspective of the firm's existing capabilities. Customer needs that do not fit into prescribed organizational patterns cannot, by definition, be perceived and, therefore, cannot be satisfied. This leads to a very limited understanding of the mind-set of other players, completely determined by the rational of the firm. The rational of the market, which deviates from one's own perspective, cannot be taken seriously and will be disqualified as "irrational".

At the post-conventional level, an organization is able to see itself and the world through the eyes of other relevant players. This enables the firm to achieve a realistic picture of itself from a *superordinate* perspective of market needs and required strengths and capabilities. This realistic picture is a precondition for developing the ability to fulfil the needs of the market most accurately. Moreover, it opens a path to participation in the creative process through which the rules of the game may be redefined in innovative ways (see above). Being able to distance oneself from the company's present role is a prerequisite for finding innovative solutions.

Managing across boundaries is the buzzword for developing the competencies required for this aspect of post-conventionality. Companies can substantially improve in their ability to take the perspective of other players by establishing *interorganizational learning structures and mechanisms.* For instance, those structures could be frequent, facilitated retreats with core customers and/or suppliers, driven by the goal of trying to understand the mind-set of each other. Another fruitful exercise can be developing scenarios of multidimensional moves and countermoves within the industry ("If I am moving towards X, what will be the moves of my most important customers, suppliers, and competitors?"). Systematically applied, the members of an organization will increasingly develop sensitivity towards the other cognitive maps.

5   SUMMARY

Increasing environmental speed and discontinuity forces companies to learn the art of creative real-time response. Issues like *organizational learning* and *managing across boundaries* become more and more important. At the same time, the awareness of systemic interdependencies that transcend the narrow rational of the single firm increases. The "conventional" attitude of perceiving one's own company as the center of the world and regarding one's own standards, values, and perceptions as "the right ones" leads not only to ethical problems but inhibits the development of creativity and may, as well, damage the system the company depends upon.

Post-conventional orientation, on the other hand, is based on a decentered, holistic view. This view transcends the narrow perspectives of one's own system, opening the cognitive frame to alien cultures, and leading to a different understanding of the total game from a superordinate perspective. Changing from organizational and strategic ethnocentricism to "decentrism" entails a complex learning process. However, companies that undertake that managerial effort will be rewarded by an increased ability in acting quickly, successfully, and in an ethically responsible way in changing environments. This flexibility, together with a clear orientation to core competences, will prove to be a major element of sustaining competitive advantage.

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