

**INTERWEAVING THE OPEN STRATEGY APPROACH AND ACEMOGLU'S
INSTITUTIONAL FRAMEWORK TO FOSTER INCLUSIVE AND TRANSPARENT
INSTITUTIONS: A CROSS-FERTILIZATION PROPOSAL**

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INTRODUCTION

The theoretical-analytical approach of open strategy has gained significant traction over the past decade, building upon seminal works such as Whittington et al. (2011). Hautz et al. (2017) conceptualize open strategy as a dynamic set of practices that enhance strategic transparency and/or inclusion for both internal and external actors, with the degree and balance of openness evolving in response to changing organizational and environmental contingencies. This perspective complements Whittington et al.'s (2011) foundational argument that, at its core, open strategy promises greater transparency and inclusion in strategic matters by engaging diverse stakeholders. Through this openness, more strategic information becomes accessible, enabling broader participation in strategic practices (Hautz et al., 2017).

Hautz et al. (2017) emphasize that strategic openness operates along two fundamental dimensions: inclusion and transparency. Open strategy should be viewed as continuously variable across these dimensions, with its dynamics shaped by organizational and environmental constraints (Hautz et al., 2017).

While Whittington et al. (2011) acknowledge that inclusion and transparency are important for democratic organizations, they clarify that open strategy does not inherently involve transferring decision rights. The process of opening strategy presents several challenges and dilemmas, as efforts to enhance these dimensions are not necessarily linear or mutually reinforcing (Hautz et al., 2017). Organizations may face process dilemmas, commitment issues, empowerment challenges, disclosure risks, and escalation problems that can hinder open strategy implementation within specific institutional contexts. Consequently, firms may oscillate between transparency and inclusion or even retreat from openness altogether (Hautz et al., 2017).

Turning to the second theoretical-analytical approach central to this study, we examine the work of Daron Acemoglu and James Robinson, widely recognized as two of the most influential neoinstitutional scholars of the 21st century and recent laureates with the 2024 Nobel Prize in Economics. Through their seminal studies (Acemoglu and Robinson, 2008, 2010, 2012), they address fundamental questions of development: Why do some nations achieve sustained social and economic progress while others stagnate or decline?

To answer these questions, Acemoglu and Robinson (2008, 2010, 2012) develop a comprehensive theoretical-analytical framework, emphasizing institutions as the primary determinant of national growth and development. Their central thesis posits that institutional performance represents the fundamental cause of economic growth disparities across nations (Acemoglu & Robinson, 2008). They establish a conceptual framework to explain both the variation in institutional performance between nations and the evolutionary paths institutions follow.

The theory rests on a foundational premise that differences in economic institutions constitute the most significant determinant of prosperity gaps between nations. Consequently, addressing developmental challenges requires institutional reform. However, such reform proves exceptionally difficult because economic institutions emerge as collective choices shaped by political processes. Acemoglu and Robinson (2008, 2010, 2012) highlight that a society's economic institutions fundamentally depend on the nature of its political institutions and the distribution of political power within society.

Acemoglu and Robinson (2008) argue that we currently possess only partial understanding of the factors driving societies toward the political equilibrium necessary for establishing high-quality economic institutions. This political nature of institutional equilibrium creates substantial barriers to economic institutional reform, as existing power structures tend to resist changes that might redistribute benefits more broadly.

One of the major theoretical contributions of Acemoglu and Robinson to institutional economics was the theoretical-analytical conception of inclusive and extractive institutions, where the authors highlight a strong synergy between political and economic institutions. Acemoglu and Robinson (2012) central argument lies in the fact that inclusive political institutions, by broadly distributing power, tend to dismantle economic institutions that expropriate resources from the majority, erect entry barriers, and suppress market functioning, so that only a few benefit.

According to Acemoglu and Robinson (2012), inclusive economic institutions are characterized by their capacity to (i) enable widespread participation in economic activities that optimally leverage population talents and skills; (ii) preserve individual choice autonomy in economic decision-making; and (iii) institutionalize three fundamental pillars: secure property rights, an impartial judicial system, and accessible public services that establish equitable conditions for commercial transactions and contractual agreements. These institutions must additionally foster market accessibility for new entrants and safeguard professional self-determination. Ultimately, inclusive economic institutions are defined by their provision of equal access to employment opportunities, comprehensive social protections, and fundamental civil rights for all members of society (Acemoglu & Robinson, 2012). On the other hand, extractive political institutions concentrate power in the hands of a restricted elite and impose a few constraints on the exercise of this power. Given the strong synergy between economic and political institutions, economic institutions in this scenario are frequently structured by this elite to extract resources from the rest of society. Thus, extractive economic institutions naturally accompany extractive political institutions, intrinsically depending on the latter for their survival (Acemoglu & Robinson, 2012).

Although both Open Strategy and Acemoglu's Institutional Framework engage with issues of inclusion, power distribution, and legitimacy, what remains theoretically underexplored in either body of literature is how institutional structures condition the viability and effectiveness of openness in strategic processes, and how, in turn, open strategy may act as a micro-level mechanism for institutional change.

Within this context, the present study seeks to bridge these two theoretical-analytical approaches by examining the interweaving between the open strategy approach - with its emphasis on inclusion and transparency - and the framework of Inclusive and Extractive Institutions, as defined by Acemoglu and Robinson (2008, 2010, 2012), exploring how this cross-fertilization can contribute to fostering inclusive and transparent institutions. By integrating these perspectives, the study aims to address a theoretical gap concerning the interaction between micro-level strategic practices and macro-level institutional environments.

OPEN STRATEGY

Whittington et al. (2011) trace the historical evolution of strategic thinking. In the traditional view, strategy is seen as the exclusive function of top management. Since the beginning of the discipline, theory has maintained that strategic responsibility should be strictly separated from operational management (Chandler, 1962; Williamson, 1970). Another pillar of classical strategy theory is secrecy, based on the view that sustainable competitive advantage depends largely on informational asymmetries that make imitation by competitors difficult (Makadok & Barney, 2001; Lorente-Vicente, 2001).

This traditional and exclusionary view of strategy began to change with increasing market complexity, shifting from a manufacturing-based economy to one based on financialization and information technology. With the advancement of information technology companies, driving greater transparency and inclusion in the strategic process, these companies began sharing information and opening their strategies to strengthen their ecosystems and attract investors, given the uncertainty of emerging technologies at the time (Whittington et al., 2011, Dobusch et al., 2025).

Building on previous studies (Chesbrough & Appleyard, 2007; Doz & Kosonen, 2008; Schmitt, 2010), Whittington et al. (2011) initiated the modern discussion of open strategy through their two-dimensional approach (inclusion and transparency), synthesizing previous findings and approaches on the subject.

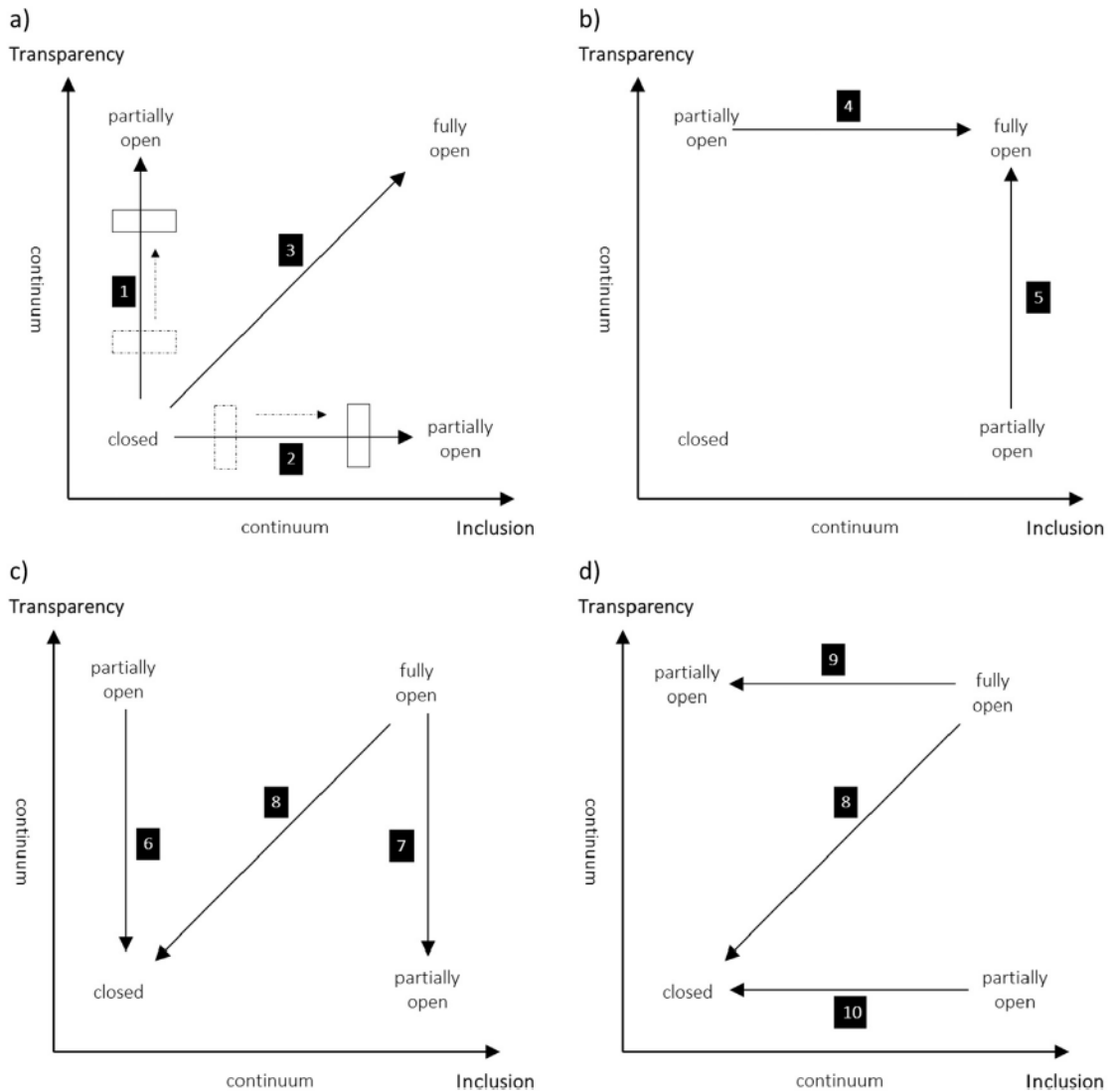
Whittington et al. (2011) emphasize that the discussion of open strategy is based on the notion of open innovation, a pre-existing conceptualization upon which their seminal work drew to develop the concept of open strategy, incorporating many similar phenomena shared by both approaches. Despite the similarities, there are some differences between the approaches of open strategy and open innovation. First, strategic openness goes beyond the inclusion of external actors, as proposed by open innovation, also including middle managers and operational employees, outside the upper echelon elite. Second, while open innovation is especially relevant in high-tech sectors, open strategy applies to various economic sectors, both high- and low-tech, private, public, and even governmental (Whittington et al., 2011).

In the approach proposed by Whittington et al. (2011), inclusion in the strategy-opening process extends beyond company boundaries, incorporating external actors such as consultants, suppliers, and strategic partners. Similarly, transparency refers to both the internal and external environments, making strategic information visible. Both dimensions, inclusion and transparency, do not necessarily go hand in hand. A corporate elite may simply make public the decisions it has made internally, increasing the transparency dimension in the strategic process, but not inclusion.

Hautz et al. (2017) develop a more robust theoretical-analytical framework building upon the original approach proposed by Whittington et al. (2011). In their study, Hautz et al. (2017) examine the dimensions, dilemmas, and dynamics of the strategy-opening process. One of Hautz et al. (2017) key contributions is the framework on openness dynamics. Based on this schematic representation, organizations can oscillate between transparency and inclusion, adjusting openness levels or even retreating when necessary. Under certain conditions, greater openness may become inefficient or dysfunctional. The dilemmas encountered in opening strategies may lead organizations to revert to lower levels of transparency and inclusion or even adopt a closed approach (Appleyard and Chesbrough, 2017; Hautz et al., 2017).

Figure 1.

Dynamics of open strategy - Movements along and between the dimensions



Note. Hautz et al. (2017), p. 304.

Despite strong trends pushing firms toward adopting open strategy, Whittington et al. (2011) identified significant countertrends to this movement toward inclusion and transparency. Whittington et al. (2011) observed that large multinationals from countries with autocratic regimes and extractive institutional environments, such as China and Russia, do not face the same cultural and regulatory pressures for strategic openness as Western publicly traded companies, which must publicly account for their governance structures. The rise of such state-owned conglomerates from autocratic regimes may counterbalance this global trend toward inclusion and transparency.

INSTITUTIONAL FRAMEWORK

As with recent studies in the strategy field, institutional economics has increasingly focused on research concerning inclusive and extractive institutions. The theoretical-analytical conception of inclusive and extractive institutions was originally proposed by Daron Acemoglu and James A. Robinson in their seminal work “Why Nations Fail: The Origins of Power, Prosperity, and Poverty” (2012), which earned them the 2024 Nobel Prize in Economics. The central thesis underlying Acemoglu and Robinson's (2012) longitudinal studies is that growth is far more likely and sustainable over the long term in institutional environments characterized by inclusiveness rather than extractive institutions.

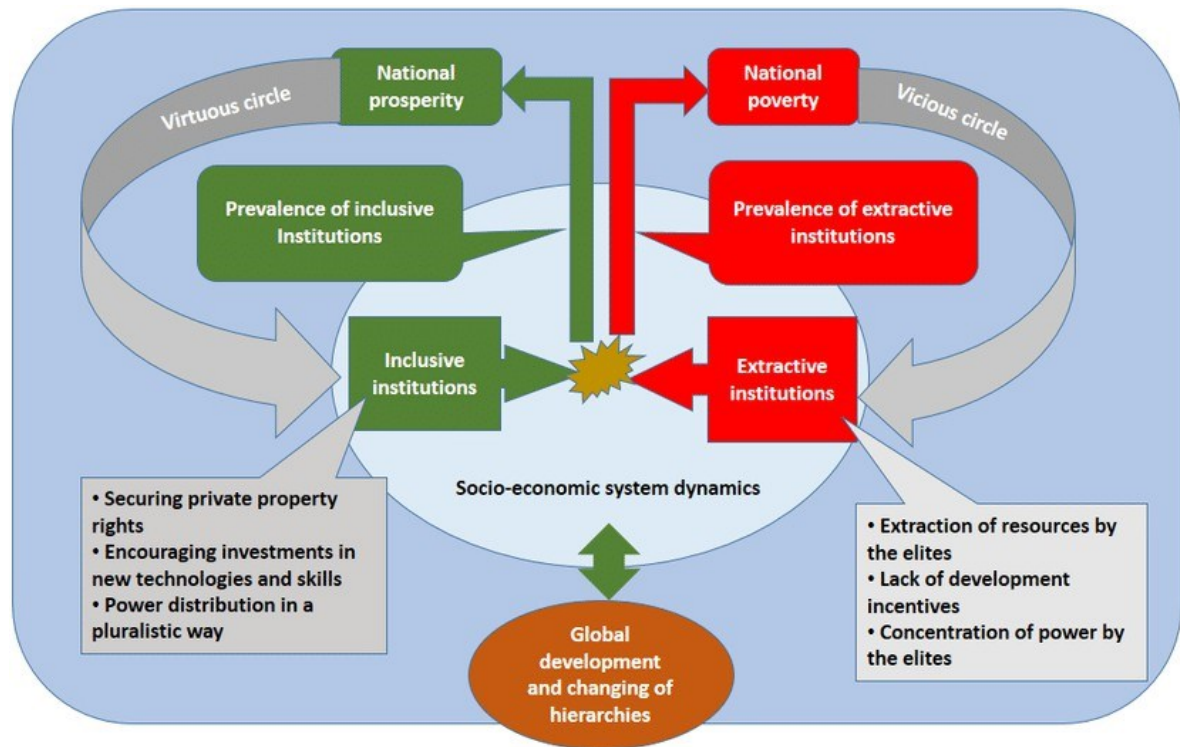
Analyzing historical data from the 19th century through approximately 2010, Acemoglu and Robinson (2012) found that countries that had undergone democratization processes experienced both greater economic growth and significant improvements in essential services such as education and healthcare. Democratic institutions play a key role by enabling citizens to voice demands and ensuring greater institutional security, empowering ordinary people and fostering environments more conducive to economic and social development (Acemoglu & Robinson, 2012; Acemoglu et al., 2014).

In Acemoglu's body of work (Acemoglu et al., 2005; Acemoglu and Robinson, 2008, 2010, 2012; Acemoglu et al., 2014), the concepts of democratic institutions and inclusive institutions often overlap. According to Acemoglu and Robinson (2010, 2012) and Acemoglu et al. (2014), inclusive and/or democratic institutions are those that distribute political power, economic power, and opportunities broadly throughout society. This institutional model requires certain political institutions that give people a voice, enabling their participation, ensuring their opinions can be expressed, and establishing limits on the exercise of power. Moreover, such institutions create the necessary checks and balances to constrain abuses of power originating from extractive and autocratic institutions.

Acemoglu and Robinson (2012) acknowledge that there are some cases where extractive and autocratic institutional environments prosper, as seen in China and Russia. However, for every such example, there are many more autocratic societies that have not prospered. Acemoglu and Robinson (2012) further emphasize that economic success in these contexts is linked to the implementation of more inclusive economic institutions, which grant individuals greater decision-making autonomy and foster innovation and entrepreneurship. Nevertheless, the absence of a democratically accountable political system poses a barrier to the sustainability of this growth, since autocratic regimes tend to face institutional challenges that limit the continuity of economic development. Thus, empirical evidence suggests that democracies demonstrate superior performance compared to autocratic regimes in the long term (Acemoglu and Robinson, 2010, 2012).

Good institutions are characterized by three attributes (Acemoglu and Robinson, 2012). First, they establish and protect property rights. Second, good institutions constrain social elites who seek to expropriate the rest of society. Third, inclusive institutional environments provide equal opportunities for employment, social security, and civil rights to all individuals (Acemoglu and Robinson, 2012). In contrast, extractive institutions can negatively affect entrepreneurship and overall economic development. Extractive environments increase opportunity costs, resulting in an upward shift in the opportunity cost curve. Additionally, extractive institutional environments reduce returns to entrepreneurs, leading to a leftward shift in the returns-to-entrepreneurship curve (Jakšić and Jakšić, 2017). Such institutions are often designed and controlled by politically powerful elites to extract resources from the rest of society (Acemoglu et al., 2015). Vladoš and Chatzinikolaou (2020) develop a schematic representation of the institutional framework developed by Acemoglu and Robinson (2012), as shown in figure 2.

Figure 2.
Acemoglu's Institutional Framework



Note. Based on Vlado and Chatzinikolaou (2020).

Jakšić and Jakšić (2017) argue that inclusion should encompass three dimensions: personal, financial, and political. In turn, the World Bank (2013) emphasizes that a truly inclusive society must be composed of institutions, structures, and processes that empower local communities, enabling them to hold their leaders accountable. It also requires the active participation of all groups in society, including traditionally marginalized groups such as ethnic minorities and indigenous populations, in decision-making processes.

METHODOLOGICAL PROCEDURES

To reach this study's objective, we sought to build a collection of papers on the themes of open strategy and institutional framework in the corporate context, conducting a detailed analysis of these selected articles, unpacking the main topics covered in these studies. To select the studies included in the collection of papers analyzed in this research, we employed the systematic literature review methodology (Sauer and Seuring, 2023). This approach allowed for a structured analysis of existing literature, aiming to identify knowledge gaps, highlight key topics, synthesize relevant information, and offer new perspectives on the theme (Sauer and Seuring, 2023). The selection of this methodology is justified since we aim to establish a connection between two distinct approaches, open strategy and Acemoglu's institutional framework, with the goal of establishing a cross-fertilization between the two theories. Thus, it is necessary to review existing studies to identify the main thematic connections between these two theoretical-analytical approaches.

Inclusion and exclusion criteria were defined to ensure the relevance of the selected studies. We included articles published in peer-reviewed scientific journals, in English, that addressed topics related to the proposed cross-fertilization. Meanwhile, articles outside the

2013–2025 timeframe were excluded. Data collection was conducted between February 7 and 9, 2025. Five searches were performed in the Scopus database, using the search strings mentioned in Figure 3. After these searches, 133 articles were identified.

Figure 3.

Strings and number of articles resulting from searching about Open Strategy and Institutional Framework in the corporate context.

Database	String	Results
Scopus	(TITLE-ABS-KEY ("open strategy") AND TITLE-ABS-KEY (institutions) OR TITLE-ABS-KEY (institution) OR TITLE-ABS-KEY (institutional) OR TITLE-ABS-KEY (Acemoglu))	10 documents found
Scopus	(TITLE-ABS-KEY ("open strategy") AND TITLE-ABS-KEY (inclusion) OR TITLE-ABS-KEY (inclusive) OR TITLE-ABS-KEY (institutions) OR TITLE-ABS-KEY (institutionalization) OR TITLE-ABS-KEY (institution) OR TITLE-ABS-KEY (institutional) OR TITLE-ABS-KEY (institutional AND framework) OR TITLE-ABS-KEY (Acemoglu) OR TITLE-ABS-KEY (extractive) OR TITLE-ABS-KEY (extraction))	53 documents found
Scopus	(TITLE-ABS-KEY (open AND strategy) AND TITLE-ABS-KEY (institutional AND theory) AND TITLE-ABS-KEY (inclusive))	12 documents found
Scopus	(TITLE-ABS-KEY (open AND strategy) AND TITLE-ABS-KEY (corporate AND political AND activity))	29 documents found
Scopus	(TITLE-ABS-KEY (strategy) AND TITLE-ABS-KEY (democracy OR democratic) AND ALL (Acemoglu) AND TITLE-ABS-KEY (firm) OR TITLE-ABS-KEY (companies) OR TITLE-ABS-KEY (business) OR TITLE-ABS-KEY (corporate))	29 documents found

Note. Scopus database.

Following duplicate removal and thorough screening of titles and abstracts, 40 studies advanced to full-text evaluation. After rigorous assessment, 16 articles met all inclusion criteria for final analysis. The selected publications cover the 2013-2024 period, strategically encompassing both the emergence of open strategy foundational work (Whittington et al., 2011) and the subsequent development of institutional approaches as articulated by Acemoglu and Robinson (2012). Notably, all included articles appeared in leading strategy and organizational studies journals, including the Journal of Strategy and Management, Administrative Science Quarterly, Organization Studies, and Long Range Planning.

Figure 4 provides an overview of the 16 articles comprising this collection, including details on authorship, titles, journals, research design and data, research setting/case and the practices addressed in each study.

Figure 4.

Studies examining Open Strategy and Institutional Framework in the corporate context.

Author	Article Title	Journal	Research Design and Data	Research Setting/Case	Practices Discussed
Adobor (2020)	Open strategy: Role of organizational democracy	<i>Journal of Strategy and Management</i> , 13(2), 2020, 310-331	Theoretical framework	Democratic organizations	Organizational democracy and openness
Barge-Gil (2013)	Open strategies and innovation performance	<i>Industry and Innovation</i> , 20(7), 2013, 585-610	Empirical study, quantitative data	Spanish firms (CIS survey)	Open innovation and firm performance
Barron and Coulombel (2024)	Open up! An appeal for dialog between scholars of corporate political activity and open strategy	<i>Strategic Organization</i> , 22(3), 2024, 620-635	Theoretical integration	Corporate political activity and open strategy	Political strategy and open strategy
Barron and Pereda (2020)	Exploring how firms' strategic political actions are organised to capture and share external information – The case of Alpha Plc	<i>Long Range Planning</i> , 53, 2020, 101931	Case study	Alpha Plc (UK firm)	Political strategy and Information management
Barron (2023)	Opening up corporate political strategizing – An institutional work approach	<i>Long Range Planning</i> , 56, 2023, 102329	Case study	Pharmaceutical firm	Corporate political activity and open strategy
Belmondo and Sargis-Roussel (2023)	The political dynamics of opening participation in strategy: The role of strategy specialists' legitimacy and disposition to openness	<i>Organization Studies</i> , 44(4), 2023, 613-635	Case study, qualitative data	Organizations adopting open strategy	Participation in strategy-making
Bendl et al. (2024)	Inclusion done differently? Representations of inclusion and exclusion in the discourse of alternative organizations	<i>Organization</i> , 31(1), 2024, 115-138	Discourse analysis	Alternative organizations	Inclusion and exclusion in organizations
Gunderson (2018)	Work time reduction and economic democracy as climate change mitigation strategies: Or why the climate needs a renewed labor movement	<i>Journal of Environmental Studies and Sciences</i> , 9, 2018, 35-44	Theoretical and empirical study	Labor and environmental movements	Work-time reduction and democracy

Author	Article Title	Journal	Research Design and Data	Research Setting/Case	Practices Discussed
Gupta and Briscoe (2019)	Organizational political ideology and corporate openness to social activism	<i>Administrative Science Quarterly</i> , 65(2), 2020, 524-563	Empirical study, quantitative data	Fortune 500 firms	Political ideology and corporate activism
Kolstad (2024)	Legitimising autocracy: Re-framing the analysis of corporate relations to undemocratic regimes	<i>Contemporary Politics</i> , 30(3), 2024, 294-315	Theoretical framework and empirical data	Corporate relations with autocratic regimes	Corporate legitimization of autocracies
Luedicke et al. (2017)	Radically open strategizing: How the Premium Cola collective takes open strategy to the extreme	<i>Long Range Planning</i> , 50, 2017, 371-384	Case study	Premium Cola Collective	Open strategy practices and challenges
Markus and Charnysh (2017)	The flexible few: Oligarchs and wealth defense in developing democracies	<i>Comparative Political Studies</i> , 50(12), 2017, 1632-1665	Empirical study, quantitative and qualitative data	Ukrainian oligarchs	Wealth defense strategies
Mihaylova (2023)	Perpetuating the malign legacy of colonialism? Traditional chiefs' power and deforestation in Sierra Leone	<i>World Development</i> , 164, 2023, 106176	Empirical study, quantitative data	Sierra Leone	Institutional influence on deforestation
Splitter et al. (2024)	Getting heard? How employees learn to gain senior management attention in inclusive strategy processes	<i>Strategic Management Journal</i> , 45, 2024, 1877-1925	Ethnographic case study	Insurance company strategy process	Employee participation in strategy
Stadler, Hautz and Ortner (2024)	Open strategy and the multinational firm	<i>Multinational Business Review</i> , 32(4), 2024, 443-462	Conceptual paper, literature review	Multinational firms	Open strategy in global business

Note. Data from the final round papers selection.

RESULTS AND DISCUSSION

This results and discussion section is structured around the main topics identified through the review of the 16 articles that compose the study's corpus. The construction of these major themes, as well as their subsequent analysis, was guided by the theoretical lens of open strategy and Acemoglu's institutional framework.

Five key themes emerged from these studies, including: (i) challenges of implementing open strategy across different institutional contexts; (ii) open strategy in extractive institutional environments; (iii) the role of organizational democracy in strategic openness and its trade-offs; (iv) the paradox of inclusion and transparency in corporate political activity; and (v) political aspects of strategic openness and the influence of corporate elites. The following sections present an in-depth discussion of each of these major themes, grouping the articles according to thematic proximity in their approaches.

Challenges of Implementing Open Strategy Across Different Institutional Contexts

Building on concepts from open innovation yet equally applicable to open strategy, Gupta et al. (2016) discuss how inclusive and collaborative institutional environments can sustain open innovation. This study emphasizes that open and inclusive innovation needs to be anchored in institutions that promote reciprocity, inclusion, and transparent governance to be effective and prevent openness from becoming merely discourse without practical effects. Gupta et al. (2016) propose a framework to discuss the evolution of open innovation theory in the context of the Honey Bee Network. In their macro conception, when systems become open, the search cost for inclusive innovation automatically decreases, and the knowledge system becomes more symmetrical and inclusive (Gupta et al., 2016).

Shifting the discussion from the macro-institutional to the micro-institutional level, another study that interestingly intertwines the theoretical approaches of open strategy and Acemoglu's institutional framework - albeit indirectly and unintentionally - is Gupta and Briscoe's (2019) paper "Organizational Political Ideology and Corporate Openness to Social Activism". The paper argues that organizations tend to be more "open" or "closed" depending on the political ideologies of their members. Gupta and Briscoe (2019) conducted a longitudinal study of 558 protest events targeting Fortune 500 companies between 2001 and 2015. Their findings revealed that liberal-leaning, progressive companies were more likely to concede to demands from both internal and external activists (stakeholders) compared to their conservative counterparts. This difference stems from liberal decision-makers' greater acceptance of the interconnectedness between corporate activities and their institutional environment, making them more receptive to claims from various stakeholders.

Another finding from the data pointed that organizational members' proximity to corporate headquarters influences their ideological alignment. Managers located closer to headquarters tend to adopt the company's ideology more strongly. The same pattern emerges when the company's ideology conflicts with that of the local community or industry (Gupta & Briscoe, 2019).

Translating these findings to the field of strategy, we can understand that firms characterized by more liberal, progressive ideologies are more likely to adopt open strategy practices - such as transparency and inclusion - than their conservative counterparts. Expanding our understanding of the firm as an institution (following Gupta and Briscoe, 2019), we can further argue that firms more open to activist demands align with the concept of inclusive institutions (Acemoglu & Robinson, 2008, 2010, 2012), while those resistant to activism correspond more closely to extractive institutions (Acemoglu & Robinson, 2008, 2010, 2012).

Recent research by Stadler, Hautz, and Ortner (2024) examine how various forms of

distance - whether cultural, psychological, geographical, or institutional - significantly impact the performance of multinational firms operating across diverse markets. Their research reveals that most companies face substantial challenges in effectively managing these multidimensional distance factors within their global operations, particularly when navigating complex institutional environments.

The rise of anti-globalization political movements in recent years provides compelling evidence of these challenges. As Stadler et al. (2024) document through two paradigmatic cases - the withdrawal of Western companies from Russia, due to Ukraine's war, and the relocation of UK firms following Brexit - political shifts and institutional changes can dramatically affect corporate performance and strategic decision-making. These examples illustrate how firms must operate in increasingly volatile environments where institutional transformations can occur unexpectedly and with significant consequences.

A theoretical convergence emerges between Acemoglu and Robinson's (2008, 2012) institutional framework and Stadler et al.'s (2024) conceptual work regarding the extractive nature of corporate behavior in globalized economies. While acknowledging globalization's potential benefits, Stadler and colleagues demonstrate how its gains are distributed unevenly. Capital holders in developed economies tend to capture disproportionate value through global supply chain efficiencies, while workers face heightened employment insecurity. This structural imbalance fundamentally explains the recent political shift toward economic nationalism evident in the aforementioned cases.

Facing this turbulent international landscape, Stadler et al. (2024) propose Open Strategy as an adaptive mechanism for multinational enterprises. By incorporating diverse internal and external stakeholders into the strategic process, firms can enhance their institutional flexibility, foster innovation, and develop proactive response capabilities to unexpected environmental changes. This approach enables multinationals to better navigate complex institutional contexts while maintaining global competitiveness - an increasingly critical capability in today's volatile geopolitical environment. They argue that open strategy's inclusive nature helps transform multidimensional distance from an operational challenge into a source of strategic advantage, allowing firms to respond more effectively to sudden institutional shifts across different markets.

Open Strategy in Extractive Institutional Environments

Markus and Charnysh (2017) profile post-communist oligarchs by examining the political and economic activities of 177 Ukrainian oligarchs between 2006 and 2012. Using both qualitative and quantitative evidence, they test competing perspectives about big capital's political power. Their findings reveal that neither direct assumption of political power by oligarchs nor asset mobility helped protect their fortunes against shocks. Instead, indirect strategies of supporting political parties and owning media outlets significantly increased their business wealth.

In their study, Mihaylova (2023) develops a regression model to indicate how Sierra Leone's traditional chiefdom structure contributes to deforestation. This structure represents a colonial legacy in the region, where traditional chiefs maintain substantial influence over various aspects of local community life. The key findings indicate that preserving this institution in its colonial form - which grants chiefs' broad authority over local affairs - combined with corruption among both chiefs and the state, accelerates deforestation rates (Mihaylova, 2023).

Kolstad (2024), through a theoretical-analytical approach grounded in empirical data, argues that corporations and top executives legitimize autocratic governments through various material and symbolic activities. The study explores the ethical dimension of corporate

relationships with autocratic regimes, presenting new quantitative evidence and proposing a future research agenda on this topic.

Markus and Charnysh (2017) reveals how major capital - represented by post-communist oligarchs - successfully protected its wealth within an institutional environment characterized by incipient democratic institutions. These economic elites benefited from political adaptability in contexts with weak democratic quality and rule of law. We can infer from this research that economic elites structured institutions to safeguard their interests, creating barriers to implementing inclusive, transparent, and democratic institutions. This directly impacts the adoption of open strategy practices in contexts where extractive institutions predominate.

In the second study presented in this section, Mihaylova (2023) reveals how historically entrenched institutional structures can obstruct the adoption of more transparent and inclusive practices. However, Mihaylova (2023) proposes a solution to this challenge by advocating for reforms to Sierra Leone's traditional chiefdom system. Her recommendation involves democratic decentralization of forest management through bottom-up accountability mechanisms for traditional chiefs - an approach conceptually aligned with practices championed by open strategy scholars.

Finally, Kolstad's (2024) study makes it difficult to envision the adoption of open strategy practices in firms whose top executives legitimize autocratic regimes. In this scenario, both corporations and their operating environment exhibit strong, politically centralized control, which may limit or even distort the conceptual foundations of Open Strategy in non-democratic contexts.

The Role of Organizational Democracy in Strategic Openness and its Trade-Offs

Barge-Gil (2013) conducted a study of Spanish firms, empirically testing different degrees of organizational openness (closed, semi-open, open, ultra-open) and their relationship with sales of new-to-market products and overall firm performance. Employing a mixed theoretical framework combining open strategy and open innovation principles, the quantitative study indicates that firms adopting open strategies exhibit superior innovation performance, particularly when compared to those following closed or semi-open models.

These findings offer empirical evidence reinforcing Acemoglu and Robinson's (2010, 2012) argument that, over time, democratic and inclusive institutional settings yield superior outcomes compared to autocratic and extractive ones. However, Barge-Gil's (2013) research also reveals that while open strategy is associated with better performance, not all firms opt for maximum openness levels due to existing transaction costs (Coase, 1937; Williamson, 1985, 1998, 2000) and institutional barriers in the openness adoption process.

Gunderson (2018) conducts a theoretical-empirical study examining how reducing working hours and implementing organizational democracy - through transferring corporate control from capitalists to workers - can serve as strategies to mitigate climate change while enhancing worker well-being. The study highlights that organizational democratization not only increases individual and collective autonomy but also creates favorable conditions for reducing energy and material consumption. Gunderson (2018) frames this as a "win-win" scenario, where shorter work hours in democratically controlled workplaces yield benefits for both workers and the environment.

Building on the premise that participatory and democratic organizational forms directly influence strategic openness processes, Adobor (2020) conducts a literature review examining organizational democracy and open strategy, unfolding the relationship between openness propositions and elements of democratic organizations. In this conceptual paper, Adobor (2020) argues that an organizational context featuring institutionalized processes promoting

both transparency and inclusion, shared decision-making, and a supportive organizational culture would foster openness. This connection between open strategy and organizational democracy sheds light on how entrenched, institutionalized structures affect openness.

In a complementary study, Bendl et al. (2024) analyze the discourse of alternative organizations to identify relational aspects of inclusion and exclusion both within and outside these organizations. The researchers collected secondary data from reports and websites of organizations affiliated with the "Economy for the Common Good" (ECG) movement, employing discourse analysis as their methodological approach. By investigating questions such as "who gets included in these alternative initiatives?" and examining both their inclusive and exclusionary potential, Bendl et al. (2024) found that while these alternative organizations offer new possibilities for inclusion spanning social and sustainability dimensions, they simultaneously tend to overlook important internal and external aspects of diversity inclusion.

Returning our focus to Open Strategy, Luedicke et al. (2017) present a case study examining radical Open Strategy practices in action. Through a comprehensive study of the German collective Premium Cola, employing netnographic research, in-depth interviews, and participant observation between 2009-2014, Luedicke et al. (2017) analyze how this collective translates its principles of radically open agenda-setting, participation, and governance into strategic practices and democratic decision-making. Their findings reveal that without radical openness as a core business principle, Premium Cola would lack both its distinctive sense of purpose and its ability to inspire consumers to embrace its brand and democratic operating system.

However, the adoption of radical Open Strategy practices and democratic decision-making systems inevitably entails significant trade-offs and operational constraints. Luedicke et al. (2017) empirically pointed that without implementing pragmatic counterbalances to mitigate the inherent imperfections of radical openness, Premium Cola would face organizational failure - unable to overcome critical implementation barriers in daily operations.

A theoretical cross-fertilization emerges between Luedicke et al.'s (2017) empirical case study and Adobor's (2020) conceptual work. Adobor (2020) provides the foundational argument that organizations must cultivate an institutional environment that structurally supports strategic openness through inclusive practices — such as shared decision-making, profit redistribution, and democratic culture — to sustain open strategy effectively. This theoretical framework finds empirical validation in Luedicke et al.'s (2017) study of Premium Cola, which operationalizes Adobor's (2020) propositions by institutionalizing democratic governance, radical transparency, and collective agenda-setting. The German collective exemplifies how Adobor's (2020) prescribed conditions for openness manifest in practice, reinforcing the interdependence between organizational democracy and open strategy success.

Beyond the discussion of organizational democracy and strategic openness, these studies also converge in their examination of the inherent trade-offs and limitations of this approach. Luedicke et al. (2017) provide empirical evidence of the tensions inherent in combining organizational democracy with open strategy through their case study of Premium Cola's radical openness model. Despite its extreme commitment to openness, the organization adopted compensatory mechanisms - such as centralized agenda-setting, selective participation, and occasional authoritative decision-making - to overcome practical barriers stemming from information asymmetries, power differentials among members, and cognitive overload. Similarly, Adobor (2020) underscores that organizations must carefully manage the tensions that emerge when coupling organizational democracy with open strategy.

The Paradox of Inclusion and Transparency in Corporate Political Activity

The three studies by Barron (2020, 2023, 2024) in this collection examine Corporate Political Activity (CPA) through distinct case studies. Chronologically, the first study by Barron and Pereda (2020) investigates how the organizational structure of Government Affairs units affects firms' capacity to gather external political intelligence and disseminate it internally. Barron and Pereda (2020) conducted a case study interviewing eleven current and former representatives, executives, and managers from the Government Affairs, International Division, and Business Division units of British company Alpha between 2010-2019. Their findings revealed that organizational changes promoting greater inclusion and transparency within Alpha's Government Affairs unit enhanced the firm's ability to proactively scan the political environment, interpret relevant information, and provide strategic guidance.

Barron (2023) explores how strategists incorporate managers in the formulation and implementation of CPA through an institutional theoretical-analytical lens. Barron (2023) conducted a pharmaceutical case study comprising 26 interviews with organizational representatives - including six with the Senior Director responsible for political strategy formulation, four with other CPA team members, and 15 with managers implementing political strategy - totaling over 20 hours of primary data. The study highlights the association between CPA policies and Open Strategy by examining manager inclusion in complex, uncertain strategic activities previously neglected. Barron (2023) emphasizes political strategists' role as internal lobbyists driving strategic change, introducing new industry norms that favor inclusive CPA processes within organizations dominated by extractive strategic practices.

Barron and Coulombel (2024) propose a cross-fertilization between CPA and Open Strategy scholarship. In this theoretical essay, they argue that bridging these distinct research fields will yield mutual benefits for disciplines that have not previously engaged in systematic dialogue. Barron and Coulombel (2024) justify this cross-fertilization by highlighting the institutional uncertainty characterizing contemporary business environments, suggesting that aligning research with challenges faced by politically active managers could enhance the practical relevance of studies for broader audiences.

Barron works (2020, 2023, 2024) collectively offer an understanding of Corporate Political Activity through the lenses of inclusion, transparency, and institutional theory. Barron and Pereda (2020) demonstrates that inclusive structures in Government Affairs units enhance political intelligence capabilities, while Barron (2023) identifies strategists as key actors in institutionalizing participatory CPA. Finally, Barron and Coulombel (2024) propose a theoretical integration of CPA and Open Strategy, arguing that both fields can benefit from cross-fertilization, particularly given the growing institutional uncertainty that organizations face. Collectively, these studies move from micro-level organizational practices to broader macro-level dimensions.

Political Aspects of Strategic Openness and the Influence of Corporate Elites

Belmondo and Sargis-Roussel (2023) investigate the role of strategy executives in legitimizing the process of opening participation and their willingness to do so. Based on this dimension, the authors outlined four typical forms of political manifestation in the opening process: (i) exclusion, (ii) domination, (iii) conversation, and (iv) controversy. These four typical forms of manifestation served as theoretical-analytical pillars for Belmondo and Sargis-Roussel (2023) to discuss management practices such as division of labor, coordination, control, and institutional arrangements, providing a conceptual framework for analyzing the political aspects of open participation manifestations in strategic formulation.

From a more critical perspective on participation openness by corporate elites, Belmondo and Sargis-Roussel (2023) suggest this practice may actually constitute a strategy for reinforcing elite power and domination within organizations while consolidating their status as experienced practitioners - a phenomenon similar to what Vaara et al. (2019) termed “open-washing”. Following this premise, training non-specialists in strategy may simply convert them into low-status novices within the strategic field. In this scenario, open participation becomes merely an investment in symbolic and cultural capital rather than generating organizational efficiency. The way experienced practitioners (i.e., top corporate executives) employ such tools to reinforce their legitimacy has direct consequences for how organizations formulate strategy and envision their future (Hautz et al., 2017; Vaara et al., 2019; Belmondo and Sargis-Roussel, 2023).

Once again, Belmondo and Sargis-Roussel's (2023) study reveals the dichotomy between extractive environments, which strip rights from individuals, and inclusive ones, which grant rights to individuals (Acemoglu and Robinson, 2008, 2012). In extractive contexts, exclusionary and dominative practices tend to perpetuate, reinforcing corporate elites' position while limiting the effectiveness of participation in open strategy processes. Conversely, in inclusive environments, conversational and controversial practices prevail, enabling greater openness and meaningful participation by frontline employees in strategic formulation.

Adopting a normative perspective on power dynamics between corporate elites and other organizational members, Splitter et al. (2024) investigate how employees develop the necessary discursive competence to capture top management's attention. To address this question, they conducted an ethnographic study (2016-2019) examining the strategy openness process at a multinational insurance company with over 55,000 employees across 50+ countries, focusing specifically on inclusion and transparency dimensions. The research involved systematic observation and recording of 454+ hours of meetings between frontline employees and strategy executives, including direct interactions with the CEO who personally spearheaded this openness initiative.

From the ethnographic observation of this openness process, Splitter et al. (2024) found that employees initially struggled to secure the CEO's attention because they lacked the discursive competence to effectively bridge their operational knowledge with the CEO's corporate-level strategic priorities. However, this openness initiative ultimately succeeded because the CEO proactively facilitated organizational learning through targeted interventions that specifically addressed this communication barrier.

Based on the empirical case study, Splitter et al. (2024) outline key recommendations and emphasize the decisive influence of top corporate leadership in ensuring that open strategy processes achieve genuine inclusivity and transparency. Splitter et al. (2024) argue that the benefits of increased employee participation in strategic processes depend critically on whether their contributions are authentically heard by corporate elites. As evidenced in the study, top management's attention to employee input cannot be taken for granted. Splitter et al. (2024) further highlight the vital role of senior executives as mentors in this organizational learning process. Rather than offering generic advice, they must engage deeply with the specific details of frontline employees' contributions.

The research indicates that without active involvement from corporate elites; open strategy initiatives are unlikely to progress substantively. The empirical case clearly illustrates this dynamic. Had the CEO not been willing to actively listen to frontline workers, the process would have remained merely symbolic, with no real impact on strategy formulation. True openness depends not just on formal participation channels but, more crucially, on leadership's political will to legitimize and incorporate these contributions. The willingness of corporate elites to create space for diverse voices and validate this process emerges as the defining factor distinguishing authentic open strategy from superficial inclusion practices.

FINAL REMARKS

By interweaving the theoretical approach of open strategy (Whittington et al., 2011; Hautz et al., 2017) with Acemoglu's institutional approach (Acemoglu et al., 2005; Acemoglu and Robinson, 2008, 2010, 2012; Acemoglu et al., 2014), this study advances a cross-fertilization framework that highlights the interaction between micro-level organizational practices and macro-level institutional structures. The evidence suggests that while open strategy can drive inclusion and transparency, its impact depends on the institutional environment in which firms operate - a firm-institutional environment dynamic that remains underexplored in academia.

The collection of 16 articles empirically indicated that inclusive institutions - those that broadly distribute power and opportunities - create a favorable environment for Open Strategy practices like transparency and inclusion. Our findings suggest a strong relationship between institutional environments and strategic openness. In extractive institutional settings - where power and resources are concentrated - organizations may be compelled toward minimal or zero openness as a defensive mechanism. This constrained emerges as an adaptive response to institutional pressures that penalize transparency and broad participation. Conversely, in inclusive institutional environments, characterized by distributed power structures, firms encounter institutional incentives that actively foster greater degrees of strategic openness. These environments not only permit but reward transparency and inclusion, while penalizing strategic closure or limited openness, which can undermine trust, reduce participation, and weaken engagement.

The cross-fertilization between Open Strategy and inclusive institutions suggests a mutually reinforcing relationship. Open Strategy can serve as a micro-level tool to institutionalize transparency and participation, while inclusive institutions provide the macro-level conditions necessary for such practices to flourish.

Limitations and Future Research Agenda

Among the main limitations of our research, we highlight our reliance on empirical cases from other studies (secondary data), which may introduce bias by underrepresenting opposing perspectives, since unsuccessful Open Strategy implementations are less likely to be documented in academic literature. Another limitation - which simultaneously represents this article's originality - was our inability to locate any existing literature combining the two approaches proposed here, Open Strategy and Acemoglu's Institutional Approach, making case interpretation more challenging for the authors. Additionally, the cross-sectional nature of our analysis prevents causal assessments of how Open Strategy might effectively transform institutions over time, requiring longitudinal studies for such inferences. The theoretical-analytical approach of Open Strategy remains too nascent for this purpose.

Future research should explore several directions. Comparative studies across different institutional contexts could examine how Open Strategy adapts to distinct political and cultural environments, particularly in emerging economies with hybrid institutional settings that combine both inclusive and extractive institutions. There is also a pressing need for more longitudinal research to reveal whether Open Strategy leads to enduring institutional changes or if organizations eventually revert to more closed approaches.

Another promising research path involves investigating specific problems arising from misalignments between openness levels and institutional contexts. In extractive environments, the risks of openness may include elite capture, co-optation, and/or strategic distortion. On the other hand, closure approaches in inclusive settings may trigger legitimacy crises - including erosion of trust and weakened engagement - equally producing negative outcomes.

The research agenda should further explore how extractive contexts may justify or even necessitate lower degrees of openness, reinforcing centralized and top-down decision-making structures. In contrast, inclusive institutional environments may offer fertile ground for cultivating higher levels of strategic openness, enabling broader participation and transparency.

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