



## The Gentle Art of Retrodution: Critical Realism, Cultural Political Economy, and Critical Grounded Theory

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## The Gentle Art of Retroduction: Cultural Political Economy and Critical Grounded Theory

### Abstract

This article, first, proposes critical grounded theory (CGT) as a way to develop systematically an array of methods and theoretical propositions into a coherent *critical* methodology for organization studies (and beyond). Second, it demonstrates CGT's usefulness through a case study of competing recovery projects from the Icelandic financial crisis. CGT is developed in engagement with the emerging paradigm of cultural political economy (CPE) and its preferred method of critical discourse analysis (CDA). CPE analyses the evolution of 'economic imaginaries' in both their structural/material and semiotic/discursive dimensions. This requires a critical realist, multi-dimensional research strategy which emphasizes ethnographic methods, substantial theoretical and historical work. The proposed methodology of CGT enables a retroductive research process that combines deductive theoretical deskwork with inductive fieldwork enabled by grounded theory tools to analyse organizational process, stability and change.

## Key Words

Critical Grounded Theory, Critical Realism, Cultural Political Economy, Financial Crisis, Iceland

## Introduction

Organization studies, much like the other social sciences, has experienced considerable influence by postmodern thought since what is commonly referred to as the cultural turn (e.g. Chia, 1995; Westwood & Linstead, 2001), affording analytical primacy to the discursive construction of organizations against the perceived dominance of structuralism in the field. More recently, however, realism has returned, reasserting the material and structural features of organizations and the difference between these and our knowledge of them (Reed, 2005). Instead of reiterating the philosophical debate between constructionists and realists yet again, we practically want to demonstrate the utility of a third meta-theoretical position (one of several) that is capable of incorporating the most convincing features of both traditions—critical realism (see e.g. Archer et al. 1998; Fairclough, 2005; Al-Amoudi & Willmott, 2011; Newton, Deetz & Reed, 2011). To do so, we take two steps. Firstly, we outline a substantive social theory to provide conceptual flesh to the abstract bones of critical realism, which we believe holds great promise for organization studies—cultural political economy (CPE) (Sum &

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9 Jessop, 2013; Thompson & Harley, 2012; Levy & Spicer, 2013). Secondly, we develop  
10 a methodology suitable for the operationalization of research underpinned by critical  
11 realism, which we suggest can inform critical realist research in organization studies  
12 more generally—critical grounded theory (CGT) (Belfrage & Hauf, 2015). In fact,  
13 much critical research in organization studies is, without being couched in these terms,  
14 implicitly critical realist with research processes resembling the retroductive movement  
15 of thought typical of critical realism, which is at the centre of CGT. Thus, our  
16 development of CGT does not provide a magic bullet resolving all issues arising from  
17 the meta-theoretical dispute between constructionism and realism. Rather, it provides a  
18 way of explicating, systematizing and reflecting on an array of critical methods and  
19 theoretical propositions, and thus developing it into a coherent critical methodology,  
20 which we claim would be useful for the study of organizations (and other social  
21 phenomena).  
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40 The paper proceeds in four stages. First, we introduce the Icelandic financial crisis as a  
41 case vignette highlighting the relevance of research founded on critical realism by  
42 analysing the interplay in this crisis between the discursive construction of  
43 organizational stability, crisis and change as well as these tendencies' extra-discursive,  
44 that is, structural and material, features. Second, we briefly discuss key concepts of  
45 critical realism and CPE to show their usefulness for organization studies before,  
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thirdly, introducing CGT in abstract terms. Fourth, we illustrate concretely the process of CGT research by returning to the Iceland case and an empirical research project studying competing recovery projects from the financial crisis there. We conclude by making the case for CGT as a suitable method for critical realist research in organization studies (cf. Alvesson & Deetz, 2000), whether informed by CPE or other social theories.

### Case vignette

Before the 2007-8 global financial crisis (GFC), Iceland was presented as a poster child of “financialization” (see van der Swan, 2014), ostensibly providing evidence of the riches attainable by promoting the centrality of the financial sector and debt-based growth in the economy. Iceland briefly enjoyed capitalism’s promised land of affluence, full employment and worry-free consumption. Yet, as the first sovereign casualty of the GFC in October 2008, it also came to symbolize the crisis of financialization (Belfrage, Bergmann & Berry, 2015). When minor emergency reforms failed to restore the credibility of the Icelandic growth model, the *Króna* went into free fall and inflation sky-rocketed rendering both foreign-exchange denominated loans and inflation-indexed mortgages unsustainable. The UK Brown government used special legislation to prevent terrorism to freeze the assets of *Landsbanki*, which had exploited the Icelandic Central Bank’s (*Islandsbanki*) high repo rates by offering high interest rate (Icesave) deposit

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9 schemes to British savers. The collapse of the exchange rate overwhelmed crisis-  
10 management routines. Economic, social and political crises followed.  
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15 Despite the introduction of a “progressive austerity” regime requiring the affluent  
16 middle classes to foot much of the bill for the costs, rather than the working and lower  
17 middle classes, emigration and unemployment shot up exponentially. The coalition  
18 government led by the Independence Party (IP) and supported by the Social Democratic  
19 Alliance (SDA) was ousted in a series of “sauce-pan revolutions” and replaced in  
20 February 2009 by a fragile left-wing coalition Government led by the SDA. A process  
21 of ethical scrutiny was initiated and representatives of elites, not least of IP and the  
22 financial sector, were prosecuted. The International Monetary Fund (IMF) was called in  
23 to assist in stabilizing the economy, not least through the introduction of capital  
24 controls, significant currency devaluation and by co-funding a loan package with Nordic  
25 and Polish governments. Banks were split up and part-nationalized in quick succession.  
26 In the so-called Icesave saga, bailing out bondholders was popularly rejected in  
27 referenda as a consequence of the repeated intervention by Ólafur Ragnar Grímsson in a  
28 constitutionally controversial move. The Icelandic crisis response remains not only one  
29 of the most dramatic of the crises of national capitalisms constituting the GFC, it has  
30 also been celebrated by a range of commentators as representative of an alternative,  
31 economically less damaging and more equitable approach to crisis recovery (e.g.  
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9 Krugman 2011). From a realist perspective, the extra-discursive reality of this crisis  
10 should not be disregarded. Surveying these concrete phenomena from a critical realist  
11 perspective implies looking at them as symptoms or expressions of underlying  
12 mechanisms or relationships at a deeper level of social reality.  
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19 Yet, these crisis phenomena are not entirely objective or automatic with predictable  
20 outcomes; human agency is fundamental to any crisis, and agency is complex,  
21 discursively mediated and unpredictable. Crises bring their own forms of social  
22 organization and may, apart from begetting painful socio-economic adjustment, also  
23 conjure up opportunities for learning and transformative, path-breaking action and thus  
24 the shaping of new paths of development. Here, from a constructionist perspective,  
25 sense- and meaning-making are fundamental processes.  
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37 Crises thus display, in accordance with a critical realist position, an intensified interplay  
38 between the extra-discursive and the discursive that serve to shape organizational  
39 developments. In the Icelandic case, widespread economic disillusionment, distrust for  
40 elites and popular soul-searching have shaped an intricate struggle for credibility by  
41 means of bringing others into disrepute within a social system, which ultimately must  
42 be founded on trust. These intense meaning-making processes affect all forms of  
43 organization in Iceland today, the reconstitution of which hinges on projecting a  
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9 credible future in this hostile environment.

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12 Six years on, persistent crisis conditions have turned Iceland into a laboratory for  
13 learning about the recovery from capitalist crises. Debray (1973) has understood the  
14 moment of crisis as one in which the objectively overdetermined conditions for social  
15 struggle are such that the subjective indeterminacy of agency is accentuated and the  
16 future is of a relatively open-ended nature. To address this complexity, knowledge of  
17 the dynamics of crisis recovery should be based on attempting to grasp the dialectic  
18 between the extra-discursive or -semiotic and the discursive or semiotic. An abstract  
19 and initial understanding of this dialectic can be drawn from critical realist categories  
20 such as the “real”, deep-lying relational mechanisms, what things or events “actually”  
21 take place and what is “empirically” observed or experienced, as well as how these  
22 categories interrelate. Yet, the explanatory value of such meta-theoretical  
23 comprehension is limited when trying to explicate actual post-crisis organizational  
24 outcomes; the latter requires a conceptual apparatus that puts concrete flesh on these  
25 abstract bones, and a methodology that does so in a way that grounds knowledge of  
26 emergent social practices without losing sight of the interplay between discursivity and  
27 materiality. CPE is a very instructive such apparatus and CGT is a very useful such  
28 methodology.  
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### **Cultural political economy**

Cultural Political Economy is an approach based on critical realism. It incorporates concepts from regulation theory, the Gramsci-inspired strategic-relational approach and critical discourse studies. Its critical realist foundations set CPE apart from more radically constructivist ‘cultural turns’ in political economy (Sum & Jessop, 2013). CPE holds promise for the study of organizations within capitalist social formations because it is attuned to analysing the interplay of structure, discourse and practice through the macro, meso and micro scales of societies, institutions and actors. It locates organization in wider societal and historical contexts and focuses on processes of organizational stability, crisis and change through structural and semiotic mechanisms (Thompson & Harley, 2012; Levy & Spicer, 2013).

In this section, the central concepts of CPE relevant to the case study are introduced. We start with its critical realist foundations before turning to its interpretation of the notions of ‘structuration’ and ‘semiosis’, ‘discourse’ and ‘imaginaries’.

#### *Critical realist foundations*

While there are several ways to navigate the realist-constructionist divide, critical realism provides a useful “third way” between the naïve realism of positivist research

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9 and the radical constructionism of much postmodernism (Fairclough, 2005). Still, the  
10 differences between critical realism and social constructivism have been exaggerated  
11 (e.g. Holt & Mueller, 2011). We here refer to critical realism in the general,  
12 acknowledging that it is an evolving and rich current of meta-theoretical thought. It  
13 nevertheless has a common core (cf. Al-Amoudi & Willmott, 2011). Critical realism  
14 differentiates 'real' structures or mechanisms, 'actual' things or events, and 'empirical'  
15 observations or experiences. It seeks to uncover 'generative mechanisms', often veiled  
16 from perception, capable of causing observable phenomena. Indeed, it aims at  
17 producing critical knowledge to enable social emancipation. Social reality is open-  
18 ended with multiple mechanisms co-determining events, overlapping, reinforcing or  
19 counteracting one another; it is impossible to close the system experimentally in order  
20 to isolate a single mechanism like in the natural sciences. While it stipulates the  
21 existence of a material reality 'out there', it maintains that all knowledge about that  
22 reality, all meaning it acquires for us, is socially constructed and thus historically  
23 contingent (For an overview of critical realism, see Archer et al., 1998. For a discussion  
24 of critical realism vis-à-vis social constructionism in organization studies, see Newton,  
25 Deetz & Reed, 2011). While sometimes mistakenly labelled structurally determinist,  
26 critical realists are actually profoundly interested in the social construction of meaning  
27 through discourse or semiosis, and the discourses intended to render the contingent  
28 necessary (Sayer, 1998).  
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Going further, critical realism acknowledges that social relations and processes are dependent on our interpretation since the latter may have performative effects on the former. There are social structures conditioning the possibilities for actors to make sense of social situations and to act within them. Conversely, social relations have their own materiality and their own causalities that may exist independently of our knowledge of them. While our knowledge of material reality is independent of the latter, the discursive construction of knowledge *can* affect material reality (Oliver, 2012).

Methodologically, the critical realist research process follows a retroductive movement (Easton, 2010). To identify generative mechanisms, critical realists ask the question: What must be true for events to be possible? From observable phenomena, we go back to possible explanations. Retroductive arguments move ‘from a description of some phenomenon to a description of something which produces it or is a condition for it’ (Bhaskar 1986, p. 11). To arrive at possible explanations for the phenomenon, the critical realist relies on analogies with already known phenomena and on pre-existing theories as cognitive raw materials. These pre-existing theories are called ‘proto-theories’ (Collier, 1994, p. 165), and can be either everyday theories making sense of people’s experiences or scientific theories (for a collection of critical realist reflections

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9 and applications in organization studies, see Fleetwood & Ackroyd, 2004). The  
10 retroductive movement, then, moves back and forth between observable phenomena and  
11 possible explanations in an endeavour to gain deeper knowledge of complex reality  
12 making use of both qualitative and quantitative (e.g. to identify trends and quasi-  
13 regularities, as opposed to causality) data depending on their “practical adequacy” for  
14 answering a particular research question, while being reflective of the role of the  
15 researcher in the process of producing knowledge (Sayer, 1992).  
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26 For all its ontological richness, critical realism is “an underlabouring” philosophy of  
27 science, not a social theory; it can only provide a general idea of the relations that it is  
28 concerned with. Making substantive sense of “reality” necessitates a theoretical  
29 apparatus and a methodology capable of analysing the interplay of discursive/semiotic  
30 and structural/material dimensions of the social. Our brief discussion of CPE below will  
31 provide a substantive conceptual framework complementary to critical realism.  
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#### 42 *A strategic-relational perspective of structuration and semiosis*

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44 CPE defines semiosis as the social production of meaning (Jessop, 2009). It  
45 systematically considers discursive or semiotic dimensions and analyses their  
46 interrelations with non-discursive dimensions. It understands economic categories as  
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9 inherently semiotic and as partly discursively constructed without neglecting their  
10 structural and material dimensions.  
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15 Semiosis is one of two necessary moments of complexity-reduction, the other being  
16 structuration (Sum & Jessop, 2013, p. 149). For social agents to operate in the world,  
17 they must reduce the complexity of the 'real world' to a set of calculable and  
18 manageable aspects of that world. Therefore, their lived experience is shaped by their  
19 imaginary, complexity-reducing relation to it. For instance, the 'actually existing  
20 economy' (the chaotic sum of all economic activities) necessarily becomes an  
21 'imagined economy' (a discursively and structurally circumscribed subset of these  
22 activities) (Sum & Jessop, 2013, pp. 166-167). This complexity-reduction occurs  
23 through the evolutionary mechanism of *selection*: out of the endless variation of  
24 *possible elements* (signs, social relations, organizational forms, processes, etc.) of an  
25 unstructured complexity, only some become selected to constitute ('compossible')  
26 elements, capable of co-evolving in a relatively stable and coherent structure.  
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28 Compossibility explains the enabling of particular future developments and the  
29 prevention (or rendering 'impossible') of potential others (Sum & Jessop, 2013, p.  
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9 Selection occurs in relation to particular spatio-temporal structures and horizons of  
10 action; it happens through ‘strategic selectivities’, of which there are four modes:  
11 structural, discursive, agential and technological (Sum & Jessop, 2013, pp. 214-219).  
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13 These refer to different mechanisms constraining or enabling social agents in their  
14 pursuit of interests. Here, specific organizational strategies and projects constrain or  
15 enable some enunciations to be made over others. The notion of *technological*  
16 *selectivities* is an outcome of CPE’s integration of Foucauldian concepts of  
17 technologies, a poststructuralist source of inspiration appropriated on critical realist  
18 terms.  
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### 31 *A Foucault-inspired view of discursivity and materiality*

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33 Taking the cultural turn within the political economy of organization without falling  
34 into ‘soft economic sociology’ (Jessop & Oosterlynck, 2008) requires navigating  
35 between the ‘structuralist Scylla’ and the ‘constructivist Charybdis’ (Sum & Jessop,  
36 2013, p. 148). Structuralism, à la Althusserian Marxism, is criticized for failing to  
37 account for human agency and historical contingency, one of the reasons for the  
38 emergence of post-structuralism. Some variants of post-structuralism and especially  
39 post-Marxism, however, overshoot the mark. Their radical constructivist critique of  
40 economism leads to losing sight of the economy as an external, indeed material referent.  
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42 This brings what Sum and Jessop (2013, p. 180) call ‘discourse imperialism’: the  
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9 complete conflation of the discursive and the social (Holt & Mueller, 2011). CPE, in  
10 contrast, conceives of the discursive as merely one, albeit a very significant, dimension  
11 of social relations, but also stresses the latter's specific materiality giving rise to internal  
12 contradictions and crisis-tendencies in capitalism.  
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### 17 18 19 *Economic imaginaries*

20 CPE is concerned with the symbolic-cultural forms, discourses and imaginaries that  
21 inform the constitution of institutional forms, through which social (including  
22 organizational) practices become subjected to norms and routines. Imaginaries are  
23 discursive elements that may materialize and be condensed into institutional forms (for  
24 'organizational imaginaries', see O'Reilly & Reed, 2011). Thus, an 'economic  
25 imaginary is a semiotic order...and, as such, constitutes the semiotic moment of a  
26 network of social practices in a given social field, institutional order, or wider social  
27 formation' (Jessop & Oosterlynck, 2008, pp. 1157-1158). Imaginaries are typically  
28 constructed in relation to hegemonic projects, which link economic success to the  
29 national/popular (or some equivalent)  
30 interest that aims to mobilize a broader social constituency behind the  
31 growth strategy' of the hegemonic class fraction (Sum and Jessop, 2013, 200). Which  
32 imaginaries are selected and retained by relevant actors, and which become discursively  
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9 reinforced and finally materially condensed and institutionalized largely depend  
10 therefore on balances of power and constellations of interests in society.  
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15 In moments of crisis, in which (following Debray's insight cited above) the objectively  
16 overdetermined conditions for social struggle are no longer convincingly captured by a  
17 previously selected and retained imaginary, the subjective indeterminacy of agency is  
18 accentuated and the future appears to be relatively open-ended. In crises, economic  
19 imaginaries can proliferate and compete, and thus constitute moments of *variation*.  
20 Crisis-construals politicize (or depoliticize) the policy routines of a growth model,  
21 including its institutional support mechanisms and the wider political-legal system.  
22 These construals subsequently lie at the foundation of 'imagined recoveries', often  
23 drawing on previously marginalized imaginaries to construe recovery strategies (Sum &  
24 Jessop, 2013, p. 395f.). In this way, CPE helps us see crises as opening up space for the  
25 re-articulation of the historically specific relations within state and economy. This is  
26 enabled by building on regulation-theoretical and Gramscian concepts (see Sum &  
27 Jessop, 2013, p. 182).  
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46 While the semiotic is of particular importance in relatively open-ended struggles in the  
47 moment of variation, the future tends to close as structural tendencies compel  
48 capitalism's reproduction through the selection of imaginaries.  
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11 Hence, material factors come strongly into play in the “subsequent” moment of  
12 *selection* through structural selectivities, path-dependencies, and conjunctural or  
13 entrenched power relations. Here, semiotic factors influence ‘the resonance of  
14 discourses in personal, organizational and institutional, and broader meta-narrative  
15 terms and by limiting possible combinations of semiosis and semiotic practices in a  
16 given semiotic order’ (Sum & Jessop, 2013, p. 185). The moment of *retention* can  
17 involve an imaginary’s inclusion in an actor’s habitus, hexis, and personal identity,  
18 enactment in organizational routines, integration into institutional rules, etc. This  
19 moment also involves an economic imaginary’s *reinforcement* by procedural devices  
20 serving to privilege an economic imaginary at the expense of competing discourses and  
21 practices, and its *recruitment/inculcation* by those social groups, organizations and  
22 institutions with predispositions fitting the existing requirements. This evolutionary,  
23 non-linear conception of capitalist social reproduction accounts for the path-dependency  
24 of institutional change, but stresses the potential for path-shaping and path-breaking as a  
25 result of the dialectic co-evolution of semiotic and structural processes (Jessop, 2009).  
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46 The selection and retention of economic imaginaries are challenged as the construction  
47 and institutionalization of economic imaginaries come into question as a consequence of  
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9 real events and/or disputing discourses. It also means that phases can overlap and be  
10 differentially extended (see figure below).  
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15 [insert Figure 1.]  
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17 **Figure 1.** Variation, selection, and retention (adapted from Jessop, 2013, p. 238).  
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22 Summing up, CPE holds promise for the study of capitalist organization both in terms  
23 of its structural and its semiotic dimensions. Its capacity to relate these dimensions  
24 dialectically is its most inspiring feature. It allows for appreciating the productive or  
25 performative power of agents and discourses vis-à-vis their objects without denying the  
26 structured materiality of these objects. This combination of the strategic-relational  
27 approach, Foucauldian discourse theory and regulation-theoretical concepts may appeal  
28 to a wide range of organization scholars, as it provides a substantive theoretical  
29 apparatus for situating organizational process, stability and change in contemporary  
30 capitalism.  
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44 In terms of empirical operationalization, much CPE work has adopted critical discourse  
45 analysis (CDA) as the method for studying discourse in its non-discursive context (esp.  
46 Fairclough, 2005; 2009). Next, we briefly problematize the limits of CDA before  
47 proposing a methodological framework that we believe will help both CPE and other  
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9 critical realist approaches to reach their full analytical potential—critical grounded  
10 theory (CGT).  
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### 13 14 15 *Operationalizing CPE* 16

17 Fairclough's (2005; 2009) 'dialectical-relational approach' to CDA has become a  
18 popular method/methodology in the study of organizations (Curtis, 2014). It aims to  
19 relate discourse to its non-discursive context dialectically. Yet, its focus remains the  
20 analysis of discourse; its non-discursive context is included because it is deemed  
21 necessary to adequately understand the discourse. This is unproblematic as long as the  
22 main research interest is located on the discursive level. If, however, the researcher  
23 positions the interplay between semiotic/discursive and structural/material dimensions  
24 of the social at the centre of analysis, as CPE and critical realist approaches do, CDA  
25 becomes inadequate since it cannot fully deliver on these objectives on its own. While  
26 Fairclough (2005, p. 924) is careful to argue that a critical realist approach to discourse  
27 analysis needs to scrutinize 'how discourse figures in relation to other social elements',  
28 he fails to specify how to analyse that which is not discourse. Thompson and Harley  
29 (2012, p. 1366) have thus argued that 'the CDA/CPE approach is predisposed to  
30 overemphasize the discursive relative to the extra-discursive'. It thus tends to  
31 exaggerate the significance of particular discourses (Sum & Jessop, 2013). While the  
32 critical scrutiny of discourses is fundamental to CPE, and here CDA can still play a role,  
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9 a suitable methodology should give more weight to social agents, especially their  
10 strategies and interests in the practical use of discourses in particular settings, by  
11 venturing out into these very settings. We locate the solution in a critical reworking of  
12 the methodology of grounded theory, which combines for instance discourse-analytical,  
13 ethnographic, theoretical and historical work, as many critical organization scholars  
14 already do, in a more explicit, reflexive and systematic way.  
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### 26 **Towards critical grounded theory**

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28 CGT is designed to operationalize theories underpinned by critical realism such as CPE.  
29 It critically reworks grounded theory, a popular but often uncritically adopted  
30 methodology in the study of organizations (Suddaby, 2006), to render it compatible  
31 with the ontology and epistemology of critical realism. CGT draws on the analytical  
32 tools of grounded theory without bracketing the critical-theoretical and discourse-  
33 analytical insights of CPE. Rather than mainly relying on discursive artefacts, CGT  
34 invites the theoretically equipped researcher to “go places” and “talk to people” in order  
35 to investigate what people actually do with discourses in particular settings and  
36 processes before working this grounded data up into critical grounded theory.  
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9 We introduce CGT in three steps. First, we explore grounded theory, a methodological  
10 tradition renowned for its capacity to produce and make sense of ethnographic data. We,  
11 however, challenge both its original naïve realist foundations and the radical  
12 constructivism at the base of its more recent iteration. Second, we appropriate grounded  
13 theory from a critical realist perspective. Third, we develop an abstract model, centring  
14 on retrodution, of how CGT works.  
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#### 24 *Objectivist and constructivist grounded theory*

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26 A critical grounded theory sounds like an oxymoron. Grounded theory, as developed by  
27 Glaser and Strauss (1967), arose in opposition to logical positivism premised on  
28 quantitative research methods (Suddaby, 2006). Grounded theory, interpretivist and  
29 qualitative in its approach, however retained a naïve realism, rejected by critical  
30 realism. Political economists have consequently disregarded grounded theory. Sum and  
31 Jessop (2013, p. 123) reject it because it  
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42 is a theoretically agnostic, empiricist research method that...claims to avoid  
43 preconceived hypotheses that are imposed on the data and aims instead to ground its  
44 theory in a naïve observation of “raw” data gathered without prior theoretical  
45 contamination.  
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9 This critique, however, only holds for orthodox grounded theory. Associated with  
10 Glaser (1992), it posits pure induction as the only scientific road to knowledge where  
11 the adequate 'theory' is already there in the data, just waiting to be 'discovered' (Glaser  
12 & Strauss, 1967).  
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19 Grounded theory, however, has gone a long way since its inception. The defence of pure  
20 induction is now a rarity amongst grounded theorists (for an early attempt to move away  
21 from inductive grounded theory in organization studies, see Orton, 1997; for a more  
22 recent reiteration of the grounded theory method for organization studies, see Gioia,  
23 Corley & Hamilton, 2012). It is recognized that observations are necessarily theory-  
24 laden and influenced by 'pre-concepts'—or 'proto-theories' in critical realist terms.  
25 Accessing reality in a pre-discursive or non-conceptual way is quite impossible.  
26 Moreover, in chime with critical realism's cautious, but pragmatic, view of the  
27 employment of quantitative data, Glaser (1999) has afforded a role to quantitative data  
28 and methods in the process of producing grounded theory (see Suddaby, 1996, for a  
29 similar recognition).  
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46 Other critiques have moved grounded theory away from positivism and towards social  
47 constructivism and postmodernism (Charmaz, 2006). They take orthodox claims about  
48 the method being 'paradigmatically neutral' (Glaser, 2001) literally to build alternative  
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9 approaches to grounded theory. Charmaz (2006, p. 129) juxtaposes what she calls  
10 'objectivist grounded theory' and 'constructivist grounded theory', the former wedded  
11 to the positivist tradition and the latter to the interpretivist tradition. What is missing  
12 here is the third epistemological position of critical realism, between the naïve realism  
13 of Glaser and the radical constructivism of these recent contributions (for a critical  
14 appraisal of grounded theory in management research, see Fendt & Sachs, 2008).  
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#### 24 *Critical grounded theory*

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26 In CGT, the choice of research problem is explicitly driven by moral and/or social  
27 concerns in an ambition to produce critical knowledge to enable social emancipation.  
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29 The researcher sees herself not as a disinterested observer but as an active member of a  
30 society ridden with social antagonisms and relations of exploitation, domination and  
31 exclusion, the explanation of which is a precondition for changing them. The research  
32 process therefore starts with critical observations or experiences of a social problem, of  
33 an issue or a process that she wishes to explain, because she recognises the need for  
34 social change and wonders what inhibits it (cf. Sum & Jessop, 2013, p. 481; cf.  
35 Delbridge, 2014; Pace Alvesson & Willmott, 1992).  
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48 During an initial phase of deskwork, the researcher turns to proto-theories. While  
49 employing proto-theories is dismissed by objectivist grounded theory from the outset, it  
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9 is embraced by constructivists as well as by CGT. As an initial act of interpretation, the  
10 researcher seeks an understanding of how the problem is discursively construed and  
11 represented in hegemonic discourses. Media discourses relevant to our problem need to  
12 be analysed, involving the collection, preparation and evaluation of discursive materials  
13 such as newspaper articles, online fora, policy papers, transcripts of parliamentary  
14 debates, etc. Such material may include quantitative data, produced with quantitative  
15 methods, capable of giving a sense of relevant tendencies and quasi-regularities. In a  
16 retroductive move, she then turns to existing scientific theories, compatible with critical  
17 realism, to produce tentative explanations. There is no claim to neutrality of choice of  
18 theory here as the researcher inclines towards theories she is already familiar with or  
19 finds convincing.  
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35 Turned into initial conceptualizations, these explanations are subsequently employed in  
36 dialogue with participants during repeated cycles of fieldwork. The initial  
37 conceptualization *gently* guides the researcher through the subsequent phase of  
38 ethnographic fieldwork and retains space for her to be surprised in the field.  
39 Unstructured or semi-structured interviews, focus groups, participant observation (or  
40 other ethnographic methods) can be employed to produce rich qualitative data to be  
41 evaluated using the tools and techniques of grounded theory. Here, field research is  
42 recognized as potentially emancipatory in and of itself as it provides space, time and  
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9 potentially voice to social problems, both in the moment of data production and  
10 dissemination. Finally, the researcher revises, reconstructs or develops the initial pre-  
11 concepts in the light of empirical findings. In the latter two phases, reflexivity features  
12 prominently in the production of critical grounded theory.  
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19 CGT is therefore different from CDA, because its core is not textual analysis of  
20 fragments of discourses, from which other elements of the social are related to better  
21 understand the discourse. Fundamental is instead the conception of and immersion into  
22 the field, as the researcher actively, albeit gently, employs pre-concepts relevant for the  
23 analysis to understand better how particular imaginaries and projects are practically  
24 relevant and form part of social situations and organizational life. Here, retroduction is  
25 not some abstract movement of thought taking place far away from the field, but is  
26 implemented and experienced by the corporeal researcher. The researcher is the  
27 acknowledged vehicle of producing knowledge in a process which is carefully recorded,  
28 analysed and reflected upon. The researcher is subjective and socially positioned, yet  
29 reflexive. Retroduction, thus articulated, describes a continuous, spiral movement  
30 between the abstract and the concrete, between theoretical and empirical work,  
31 involving both an interpretive and a causal dimension of explanation.  
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9 It involves a *deductive* moment, in which existing theories and concepts are worked  
10 through and applied to the research object to generate initial conceptualizations that  
11 sensitize the researcher's understanding of observations and guide dialogue with  
12 participants. Here, the perspectivity and subjectivity of the fieldworking researcher  
13 'create perturbations that are not noise to be expurgated but music to be appreciated,  
14 transmitting the hidden secrets of the participant's world' (Burawoy, 1998, p. 14).  
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16 Retroduction thus also involves an *inductive* moment, in which the researcher immerses  
17 herself into the field before working up empirical data through deskwork into emerging  
18 conceptualizations, refining previous concepts, deepening understanding, altering  
19 explanations and reconstructing existing theory in order to appropriate the 'real-  
20 concrete' as a 'concrete-in-thought' (Sum & Jessop, 2013, p. 7).  
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35 In the production of critical grounded theory, emerging conceptualizations and  
36 interpretations are constantly compared to existing ones, thereby making the initial  
37 conceptualizations more and more refined and complex. Theoretical saturation cannot  
38 be fully achieved. Critical grounded theories are therefore always provisional,  
39 incomplete and subject to revision. Yet, as soon as critically grounded  
40 conceptualizations have been produced in the retroductive spiral (see figure 2 below),  
41 these can be used to explain the social problem at a given point in time. The result is not  
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9 an objective grounded theory discovered in the data, but a *critical* grounded theory  
10 reconstructed through a retroductive research process.  
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15 The research thus brings about a number of potential outcomes: *deepening* or  
16 *broadening* of substantive knowledge; establishment of *new conceptual connections*;  
17 *refinement* or *reconstruction* of theory; and, more profound *challenges* of existing  
18 theories. These outcomes improve the critical realist's ability to explain how and why  
19 social relations of capitalism are being reproduced, how they become reified or  
20 naturalized and thus expelled from the realm of what appears to be discursively  
21 negotiable. With its emancipatory objective, this work seeks to contribute to the de-  
22 reification of the field and thus the identification of societal alternatives. From a CPE  
23 perspective, since the production of CGT contributes to the variation, selection and  
24 retention of social imaginaries and thus shapes relations of power and domination, the  
25 researcher should reflect on both her impact in the field and how her research results  
26 may be used, by whom and for what ends.  
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44 [insert Figure 2.]  
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46 **Figure 2.** The retroductive research process of critical grounded theory.  
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50 **Illustrating CGT: The Icelandic crisis, imagined recovery and critical order**  
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9 To demonstrate the utility of both CPE and CGT, and hence critical realism in a  
10 practical sense, to organization studies, this section briefly summarizes a research  
11 project (see acknowledgements for the project team members) of exploring the post-  
12 crisis evolution of economic imaginaries in Iceland. We outline the retroductive process  
13 moving from initial social problem and abstract conceptualizations to the production of  
14 concrete data derived from ethnographic work and back to the abstract through  
15 grounded theorizing, eventually arriving at the construction of critical grounded theory.  
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#### 24 25 26 *Social problem*

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28 “Financialization” can be broadly defined as the growing pervasiveness of financial  
29 market influence in the economy as enabled by neoliberal reform (e.g. financial market  
30 liberalization and deregulation, the shareholder value revolution, labor market, tax and  
31 welfare reform)(see van der Swan, 2014). As financialization first appeared to benefit  
32 large segments of populations as consumption was financed in large part with cheap  
33 credit often secured against rising asset prices, it has turned out to involve a major  
34 redistribution of wealth benefitting primarily a small financial elite profiting from  
35 innovation in securities markets while enjoying less taxation and stakeholder influence.  
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37 Yet, national crisis resolutions hit mass society the hardest, whilst financial elites were  
38 largely spared significant consequences. The GFC spelt therefore primarily the crisis of  
39 the asset-based welfare regime increasingly relied upon by workers and households  
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9 (Lapavitsas, 2009) with large-scale marginalization and considerable societal divisions  
10 resulting (e.g. Worth, 2013). Some asked whether this was the beginning of the end of  
11 capitalism (see Morgan et al., 2011). As the bulging financial sector collapsed in 2008,  
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(Lapavitsas, 2009) with large-scale marginalization and considerable societal divisions resulting (e.g. Worth, 2013). Some asked whether this was the beginning of the end of capitalism (see Morgan et al., 2011). As the bulging financial sector collapsed in 2008, Iceland, like many other European countries, faced a severe sovereign debt crisis. In response to popular anger, the Icelandic “progressive austerity” response was nevertheless radically different from elsewhere (see Case Vignette). Would this response lead to less popular disaffection and potentially the construction of an economic model based on a more equitable distribution of resources? In other words, would a more responsive and equitable crisis response save capitalism in Iceland, and if so what form would capitalism take?

*Proto-theories: media and policy documents*

The team surveyed relevant media and policy discourses seeking to comprehend how the crisis was construed by contending forces, and which construals gain validity, become constructions (*selection*) and become embedded (*retention*). This exercise was continuous, tracking developments old and new, but was particularly intense before the first field trip in May 2010.

A striking find was how the pre-crisis policy discourse downplayed criticisms identifying problems and risks deriving from surging private foreign indebtedness,

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9 house prices, international investments, and the risk of sovereign default. Iceland's  
10 defences against systemic crisis were described as unbreachable and late shots over the  
11 bow in 2008 were even censored to prevent bank runs. Once crisis hit in early October  
12 2008 and crisis-management failed, media and policy discourses became dominated by  
13 a blame game. The team identified two competing positions. The first, presented by  
14 much of the opposition as well as of representatives of the Social Democratic junior  
15 government partner, accused the Central Bank of miscalculating its exposure, leaving  
16 generations to come to shoulder the burden of recovery. In contrast, the position of the  
17 neoliberal IP core of the Government, fiercely supported by the head of the Central  
18 Bank (and former Finance and Prime Minister) David Oddsson, along with some  
19 influential Icelandic economists, was that this exposure was not the responsibility of the  
20 Icelandic public, but of 'reckless bankers', who therefore should bear the responsibility  
21 for their gambles (Oddsson in Wall Street Journal, 2008). The latter position  
22 contradicted the previous confident proclamations about the Icelandic miracle, in which  
23 courageous financial market actors had been given a fundamental role along with strong  
24 property rights, privatization, tax cuts and competition (e.g. Gissurarsson, 2004).  
25 Moreover, it testified to the breakup of the previous class alliance between neoliberal  
26 political elites and finance capitalists.  
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9 Following the early 2009 “saucepan revolution”, the government resigned and a SDA-  
10 led left-wing government took office. The team’s survey highlighted that the new  
11 accumulation strategy centered on “progressive austerity” and investments in  
12 infrastructure. The government also sought a European solution to addressing the  
13 challenges of dismantling the capital control’s erected during the crisis to protect the  
14 economy from the consequences of the collapse of the small currency by,  
15 complementing its access to the European single market, seeking European Union  
16 membership and adopting the Euro. It sought to show leadership in the process of moral  
17 purification of civil and political society from cronyism and excesses. The main  
18 initiative was a Parliamentary Investigative Commission (Iceland, 2010). Analyzing its  
19 report, the team attributed particular significance to its highlighting of how finance  
20 capital interests had been allowed to influence policy-making.  
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37 The team also noted the National Forum, a grassroots initiative supported by the new  
38 government, as potentially significant in the evolution of imaginaries. A crowd-sourcing  
39 movement for democratic change, it pushed for constitutional reform (National Forum,  
40 2010). Following open elections, 25 members were selected to form a constitutional  
41 assembly. If this initiative appeared quite interesting to the team at the outset, the team  
42 assigned transformative potential to it as the Assembly was first challenged by right-  
43 wing media for pursuing a left-wing agenda, and then legally challenged in the Supreme  
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9 Court. The government intervened, claiming bias of the legal challenge and in the  
10 composition of the Supreme Court's membership. Still, the assembly's mandate was  
11 weakened, and a constitutional 'council' (*Stjornlagarad*) was instituted instead.  
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17 From this survey, the crisis appeared a cataclysmic event triggering both the collapse of  
18 the economy and a direct challenge to the rules set for the relationship between political  
19 and civil society. Attempting to simplify this complexity, the team returned to a more  
20 abstract level to develop an initial conceptualization of the state and crisis recovery.  
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### 27 28 *Proto-theories: Cultural Political Economy*

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30 Opting for CPE and its notion of crisis and evolutionary conception of imaginaries, the  
31 team of researchers assumed that the struggle over the path of crisis recovery would  
32 take an evolutionary form in which social forces seek the selection and retention of  
33 particular economic imaginaries. Accordingly, as previously operational economic  
34 imaginaries and adherent crisis-management routines ceased to capture the workings of  
35 the real economy, the Icelandic crisis erupted.  
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### 46 *Initial conceptualization*

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48 In seeking to understand the conditions for struggle and explain its outcome, a  
49 fundamental question emerged: was the crisis in Iceland a crisis of the 'finance-  
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9 dominated accumulation regime' (Stockhammer, 2008), or, was it a crisis of capitalism  
10 altogether? Stockhammer's concept appeared to approximate the Icelandic  
11 accumulation process by highlighting how accumulation in many social market  
12 economies of Europe revolves around the financial sector with growth driven by credit-  
13 facilitated consumption, while high debt levels create market volatility and accentuate  
14 crisis-tendencies only potentially stabilized by high levels of public expenditure. This  
15 led the team to pose a further question: if it was a crisis of a particular form of (i.e. *in*)  
16 capitalism, the crisis could be, in the first instance, expected to lead to struggle over the  
17 institutionalization of another form of capitalism supported by a stronger ethico-  
18 political basis. If it was a crisis of capitalism, social struggle would revolve around the  
19 question of the "be or not to be" of capitalism.  
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35 Neither CPE nor organization studies provided clear answers. From CPE, it could be  
36 derived that a crisis was a moment in which the inherent *improbability* of capitalist  
37 regulation becomes conspicuous resulting in that imagined path-dependencies and  
38 selectivities are weakened, which in turn enables radical change (Sum & Jessop, 2013,  
39 pp. 271-276). Alternatively, organization scholars Thompson and Harley (2012, p.  
40 1376) suspected in critical conversation with CPE's ostensible tendency to overstate the  
41 open-endedness of crisis that: '[f]inancialized capitalism may have undergone a  
42 systemic crisis, but none of the fundamentals have changed...the power of financial  
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9 elites and financial circuits of capital remain largely intact'. Judging by the outright  
10 condemnation of the role of the state before and during the crisis, the team speculated  
11 that Thompson and Harley's critique of CPE was unfounded in the Icelandic case. The  
12 Icelandic finance-dominated accumulation regime appeared dead, and to a significant  
13 degree, this seemed to derive from the revelations of comparatively extreme forms of  
14 cronyism benefitting finance capitalist interests. CPE understands the state apparatus 'in  
15 its inclusive sense' as encompassing political society (state institutions) and civil society  
16 organizations (including the organizations of both capitalists and labor). It attributes the  
17 state's fundamental source of legitimacy to its successful reproduction of its "relative  
18 autonomy". In the operations of the state in wider society, the liberal promotion of the  
19 common interest in freedom and equality is inscribed as an ideological form. It uses this  
20 hegemonic position to protect the long-term interests of capital and secure the  
21 reproduction of capital accumulation, but in order to do so it must serve capital in  
22 general, not capital in particular. Because the state's own particular powers and  
23 resources, as well as liabilities, are produced outside the formal confines of the state  
24 apparatus, in wider civil society, its powers are always relational and conditional. Here,  
25 the state's protection of capitalist social relations overdetermines its form in its  
26 institutional separation from the economic space of valorization. This gives the state  
27 "relative autonomy" from civil society and economy, which prevents the state from  
28 appearing as a 'class state' (Jessop and Sum, 2006: 367). With the Icelandic state  
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9 seemingly appearing as a 'financial class state', it would seem to have no legitimacy if  
10 attempting to revive the finance-dominated accumulation regime. Yet, since the team  
11 recognized that the social struggle in Iceland was unfolding in a context of sustained  
12 liberal hegemony with some sustained strategic selectivities constraining radical change  
13 away from capitalism, there was scope for the state to reconstruct the notion of 'relative  
14 autonomy' in order to be able to play a role in the reproduction of capitalist  
15 reproduction, albeit supportive of a different accumulation regime. To attain a deeper  
16 understanding of this situation, fieldwork was required.  
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29 *Continued cycles of fieldwork and deskwork*

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31 Field research had to test the team's conjecture that the finance-dominated accumulation  
32 regime could not be revived in Iceland, and that if capitalism was to be reproduced in  
33 Iceland it required a new accumulation regime as supported by a state whose 'relative  
34 autonomy' had to be reconstructed. It needed to record the historical specificities of the  
35 Icelandic growth model, including which policy routines, or the absence of them, that  
36 had given particular financial institutions and practices regulatory primacy over other  
37 social forces and institutions, and how the failure of crisis-management was construed  
38 in constructing alternative economic imaginaries. To capture the continued crisis in  
39 Icelandic capitalism, the team undertook a series of semi-structured elite interviews on  
40 the basis of a small number of questions developed from the initial conceptualizations.  
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11 The team also decided to study the work of the Constitutional Council as an endeavor to  
12 reconstruct the state's relative autonomy. The Constitutional Council had been tasked  
13 with writing a new constitution in just a few months' time focusing on the distribution  
14 of power, transparency and responsibility. The team decided to seek to understand the  
15 conditions for the struggle played out in this state project as well as to explain its  
16 outcome. Semi-structured interviews were conducted with all members of the Council,  
17 as well as the one elected member to the Assembly that subsequently refused to take a  
18 seat in the Council following the legal challenge. This was undertaken during the work  
19 of the Council, which also enabled participant observation recorded through memos at  
20 the site of the Council. Electoral platforms were also collated.  
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### 35 *Grounded conceptualization*

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37 The theoretically guided coding process that followed enriched our initial  
38 conceptualizations and provided some answers where uncertainty had been greater. Yet,  
39 it also led to surprises resulting in what we thought could be the *deepening* of  
40 knowledge of capitalist crisis and crisis recovery, *broadening* the understanding of  
41 responses to the crisis of financialization, and potentially enabling the *challenge* of  
42 dominant theories.  
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9 The coding of the first set of semi-structured elite interviews supported the team's  
10 stipulation that economic imagination was still in a moment of variation; radical change  
11 remained possible. Other than from a small neoliberal faction, reviving the Icelandic  
12 finance-dominated growth model as an economic imaginary enjoyed no support. This  
13 model was now associated with excessive consumerism, mass indebtedness, loss of  
14 sovereignty and cronyism. The coding identified introversion and traditional livelihoods  
15 and values as orientations of resurging popularity in Icelandic society. This appeared to  
16 be driven by both the (outside) involvement of IMF in continued crisis-management,  
17 principally the implementation of austerity measures, however progressive, and capital  
18 controls, and a desire to return to trusted sectors in the economy such as fisheries, heavy  
19 industry (aluminium) and tourism. Yet, this "desire" paradoxically created frustration as  
20 it also signified developmental regression. As unemployment shot up, especially in  
21 urban regions, and the number of households in financial difficulties reached alarming  
22 levels, disappointment with the new left-wing government rose. The brief honeymoon  
23 enjoyed by the left-wing government had only brought weak selection of an alternative  
24 economic imaginary. Disappointment with lack of economic recovery resulted in  
25 diminishing approval ratings. With few exceptions, the entire political elite, along with  
26 the financial fraction of capital, was now perceived as without credibility. The coding  
27 suggested that the initial post-crisis anger and re-ethicalization were becoming  
28 sedimented in society.  
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11 The team needed to return to a more abstract level for inspiration of how to reduce this  
12 complexity. CPE offered some answers. Along with the collapse of the accumulation  
13 regime, the state's relative autonomy from particular (finance) capitals had come under  
14 sustained scrutiny resulting in that the integral state was, at best, in serious disrepair,  
15 and, at worst, on the brink of collapse. The Parliamentary Investigative Commission had  
16 given substance to popular protests against economic mismanagement, greed and  
17 cronyism. Thus, for new economic imaginaries to gain traction and for new  
18 accumulation strategies to be implementable, the state's relative autonomy had to be  
19 reconstructed along with new ethico-political foundations to ensure the justification of  
20 capitalist accumulation. Yet, collapse of the accumulation regime renders any state  
21 project very challenging. Here, CPE's notion that crisis is a relatively open-ended  
22 moment proved somewhat limiting in the team's theorizing. What was not specified by  
23 CPE was that the structurally inscribed conditions for (differentially reflexive) strategic  
24 calculation may be such that actors can become inclined to embrace unconstructive  
25 criticism targeting existing discursive rules and routines as a strategic tool. This could  
26 then be used to outmaneuver rivals with the objective of shaping discursive selectivity  
27 to expected advantage. However, with such a strategy of radical criticism widely  
28 adopted, the discursive selectivities required for actors to articulate alternative economic  
29 imaginaries, accumulation strategies or state projects was being undermined. This is so  
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9 because if radical criticism becomes widespread, it can no longer be incorporated into  
10 any economic imaginary seeking the relegitimation of capitalism. The team conceived  
11 this paralyzing state of affairs as a “critical order”, a concept that could serve to refine  
12 CPE. Yet, the team acknowledged that even in a critical order, key elements of liberal  
13 hegemony can persist. Further fieldwork had to pay close attention to the extra-  
14 discursive to grasp the impact of these remnants.  
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24 At this point in the fieldwork, the team was invited to comment on the state of affairs in  
25 the recovery process on a major political talk show on Icelandic national television  
26 (RUV, May 2011), that is to produce critical grounded theory. The response to the  
27 introduction of the notion of ‘critical order’ in Icelandic public debate unsettled the  
28 team. Threatened in personal communication from an extreme rightwing group (personal  
29 communication, 2011), the team was forced to reflect upon the impact of the research  
30 project fearing that it had energized social forces with which it could not ally. This  
31 issue, as we will see, resurfaced at a later stage in the research process.  
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44 As the team saw the critical order capturing Icelandic political and civil society, the left-  
45 wing government’s promotion of constitutional reform was a crucial state project for  
46 positioning itself at the centre of moral rejuvenation and the reconstruction of the state  
47 apparatus, creating strategic selectivities shaping the direction of recovery and politics.  
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9 The coding of interview and participant observation data were compared with electoral  
10 platforms to get a sense of how imaginaries fared in social practice in this ad hoc  
11 institution. Council members typically came from civil society, not political parties.  
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The coding of interview and participant observation data were compared with electoral platforms to get a sense of how imaginaries fared in social practice in this ad hoc institution. Council members typically came from civil society, not political parties. Commonplace in electoral platforms were radical initiatives, including the re-nationalization of natural resources, most notably fish, which had been commodified through a quota system introduced by an IP-led government in 1990. Yet, many radical initiatives were marginalized. The final proposal was a set of checks-and-balances reforms of the politico-legal system and was presented for adoption by the Althingi in July 2011. Still, the new proposal became the centre of considerable controversy (Gylfason, 2012). Lacking strong support from a weak left-centre government, constitutional reform was suspended by the Althingi, a body pervaded by the discursive selectivity of radical criticism, as the proposal was criticized and filibustered.

The team's analysis of the fate of the Council supported the concept of "critical order". The team came to postulate that the critical order partly explained why the left-wing government had failed to push for a longer mandate period than a few months for the Council, insufficient for a detailed and carefully worked through constitutional proposal. The failure of this state project buried any hope of the left-wing government redeeming its attributed economic mismanagement. The proposal's shelving intensified popular distrust of political elites and deepened the crisis of the state.



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11 As the Spring 2013 elections approached, the team saw its notion of critical order make  
12 further sense as the Progressive Party (PP) made populist overtures focusing on  
13 reconstructing elements of the finance-dominated growth model, including household  
14 debt relief and dismantling capital controls, as well as flirting with extreme rightwing  
15 groupings. By this time, the left-wing government's approval ratings had dipped below  
16 even the previous government's. PP and its junior IP partner were victorious. The  
17 economic imaginary promoted by the left-wing government had not been selected. The  
18 team concluded that the evolutionary process of recovery had returned to a moment of  
19 *variation* with only weak forms of retention identifiable.  
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### 33 *Further fieldwork and deskwork*

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35 In CGT, methodological reflexivity and flexibility are crucial. Reflecting on the  
36 methodology employed thus far, the team recognized that the research had privileged  
37 elite discourses; the theory produced could be expected to reflect elite perspectives.  
38 Further approximation of reality required fieldwork, capable of creating an  
39 understanding of a broader set of experiences of the crisis. Research had to be designed  
40 and the produced data analyzed in a way that the reality of the relationality, (inter-)  
41 corporeality, spatiality and temporality of the lived experience of crisis could be  
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9 appreciated. The choice fell on semi-structured focus groups, allowing a now grounded  
10 conceptualization to gently shape data production.  
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15 Staff and students from Bifrost College, an institution modeled on Oxford's Ruskin  
16 College located 110km North of Reykjavik in a rural setting, were recruited. To ensure  
17 balance with regard to gender, age and spatial origin, student participants were primarily  
18 drawn from its foundation programme, in which "ordinary" individuals seeking "fresh  
19 starts" often from crisis-related disruptive experiences are enrolled. This diversity  
20 enabled the team to reproduce, albeit in a non-representative manner, the composition of  
21 Icelandic society.  
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33 By recording both visual and audio data, the focus groups allowed the capturing of both  
34 the speech (and silences) of participants, enabling the production of data of how Iceland  
35 in "microformat", as a spatially and temporally specific community, interact, create  
36 (dis)agreements, including common sense positions, conflicts and contradictions in the  
37 experience of crisis and recovery. This, the team believed, could provide a deepened  
38 understanding of the microfoundations of the critical order.  
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48 *Grounded re-conceptualization*  
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9 The focus groups produced data that confirmed as well as challenged the project's  
10 findings thus far. The team identified two competing perceptions: alienation and  
11 appropriation (Jaeggi, 2014).  
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17 Several forms and sub-forms of alienation were identified in the coding process: fear,  
18 cynicism and fatalism. Alienation appeared to arise from shrinking opportunities in  
19 Iceland. Yet, some saw new life prospects emerging in the crisis aftermath. Some even  
20 identified opportunities to return to a life of riches. Alienation was expressed in relation  
21 to political elites and society, who were ascribed an inability and unwillingness to create  
22 a just society (Focus Group, 2013). The intensity of the alienation expressed in relation  
23 to both state and economy supported the team's analysis that the post-crisis evolution of  
24 imaginaries was still, five years after the crisis, in a moment of variation. It became  
25 clear to the team that this difficult moment provided fertile ground for unwanted  
26 rightwing voices to secure support even amongst relatively speaking hopeful  
27 individuals.  
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44 Indeed, a second finding from coding was the notion of *appropriation*, or resuming a  
45 degree of command over life (Jaeggi, 2014), of which the team distinguished three  
46 principal forms: re-invention, re-ethicalization and re-socialization. Re-invention  
47 informed many of the participants' decision to return to higher education. Education  
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9 was perceived as enabling the re-channelling of energies in ostensibly more purposeful  
10 or fun ways. Pre-crisis careers were in some instances described as boring, safe or  
11 meaningless. The crisis had forced or inspired re-education, bringing new adventures  
12 and greater purpose to life.  
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20 The team paid particular interest to the notion of re-ethicalization interpreted as deriving  
21 from the participants' construction of the past as unethical (excessive consumerism,  
22 wastefulness, greed, lack of responsibility and respect, and disregard for the "spirit" of  
23 the law), sometimes implicating themselves in these past excesses and malpractices  
24 (Focus Group, 2013). Moreover, this, the team inferred, implied presenting current and  
25 future individual lifestyles as ethical, simple, proper or purposeful. Re-ethicalization  
26 was also perceived as a commonsensical collective obligation: everybody ought to  
27 embrace re-ethicalization and return to empathy. Re-socialization came on the back of  
28 loss of family and friends and collapse of pre-crisis lifestyles and involved finding new  
29 constellations and principles for social relations.  
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44 The team also noted that in the identification of alienation and appropriation, *the other*  
45 featured prominently. Fear of the other and his excesses, arrogance and disrespectful  
46 actions. There was a strong expression of distaste for previous, but also re-emerging,  
47 tendencies towards reification seen as embedded in luxury consumption, greed,  
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escaping the law and fiscal responsibilities. Here, avoiding being like, or being seen as being like these others, including friends and family yet not “awoken”, was seen as important not to betray collective re-ethicalization (Focus Group, 2013).

Focus groups with “ordinary Icelanders” served the research well by providing valuable insights into Icelandic society. It became clear that, on the scale of everyday life, the critical order was constituted by seemingly conflicting, but actually largely complementary characteristics: alienation and appropriation. The team ascribed particular significance to appropriation.

### *Critical reflections*

Deep learning resulted from critically reflecting upon the work as facilitator of the focus groups. On the one hand, there was a growing realization that the facilitator was perceived as an outsider, as somebody who has neither experienced the GFC in the same space nor as profoundly as the (other) participants. Yet, representing some of the difficult experiences in post-crisis UK brought perspective to the participants (Focus Group, 2013). On the other hand, the team reluctantly realized that it had been “looking in from the outside”, perhaps caused by a fascination with this peripheral Atlantis appearing to sink in the “Transatlantic” crisis. This realization brought a new analytical dimension. Despite efforts to the contrary, the team identified a creeping

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9 methodological nationalism in the grounded theorizations tending to exaggerate “place”  
10 at the expense of a critique of the social relations of the crisis that CPE seeks to alert us  
11 to. Conceivably, the team had been acritical in its appreciation of this literature  
12 negatively affecting the research process. The team therefore undertook a critical  
13 literature review and could identify that some of the most cited work on the Icelandic  
14 crisis promotes precisely such methodological nationalism (e.g. Wade, 2009). The  
15 tentative construction of a critical grounded theory of recovery from the Icelandic in the  
16 next section recognizes this limitation.  
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#### 28 *The tentative critical grounded theory*

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30 While Iceland has been celebrated as a success story of crisis recovery, the recovery  
31 from the crisis of Icelandic capitalism is, five years on, still in a moment of *variation*.  
32 The competition between elite constructions of economic imaginaries has failed to  
33 generate the progression in the evolutionary process towards selection and retention.  
34 However, it has produced a “critical order” revolving around radical criticism and  
35 founded on alienation. The other, like so often, is the enemy within, but also beyond,  
36 Icelandic society. The other is not only identified as other members of this society, but  
37 also subjectivities jostling for dominance in ordinary life. However, the  
38 microfoundations of this critical order are also based on appropriation: a desire to re-  
39 invent, re-ethicize and re-socialize. This is not a discourse detached from social  
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9 practice; it permeates it. While care has to be taken so as to avoid overstating this, and  
10 there are contradictions and conflicts in the expression of appropriation, there remains  
11 an emancipatory dimension that provides potential for radical change rather than an  
12 apathetic or amoral return to previous social structures, practices and discourses. While  
13 this order has become deeply sedimented in Icelandic society, it structures also elite  
14 discourse and practice, undermining the construction of economic imaginaries and  
15 short-circuiting any reconstruction of the integral state.  
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28 It should be acknowledged though that the re-normalization of Icelandic capitalism is  
29 still far from unlikely. For this to be possible, three extra-discursive problems have to be  
30 resolved:  
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- 34 • The dismantling of capital controls<sup>1</sup>
- 35 • Continued high levels of indebtedness (both public and private)
- 36 • Having a small currency while exposed to financial flows on the European  
37 single market  
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49 <sup>1</sup> Notable here is the recent revelation in conjunction with the publication of the “Panama Files” of the  
50 Icelandic Prime Minister Sigmundur David Gunnlaugson of the Progressive Party having potentially  
51 vested interests in the conclusion of negotiations around offshore Krona holdings. It does not seem  
52 premature to claim that this revelation has reinforced societal divisions and (at least political) alienation in  
53 Iceland.  
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9 However, although no economic imaginary can be considered retained and the project  
10 of reconstructing relative autonomy remains far from successfully completed, elites are  
11 still able to rule; capitalist hegemony can draw on deep-seated national-popular  
12 sentiments embedded in the hegemonic project and is armoured by coercion (Candeias  
13 in Sum & Jessop, 2013, p. 107).  
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## 20 21 22 **Conclusion**

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24 We have in this article demonstrated the practical utility of critical realism for  
25 organization studies and beyond. As an underlabouring meta-theory, however, this is  
26 not possible without the elucidation of two other elements: a substantive theoretical  
27 framework that can provide the concepts to help us in the approximation of the concrete  
28 'real world'; and, a methodology that stipulates how that very approximation can be  
29 done. The article therefore briefly outlined the emergent theoretical framework of  
30 cultural political economy (e.g. Sum & Jessop, 2013) and the new methodology of  
31 critical grounded theory (Belfrage & Hauf, 2015).  
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44 CPE is, with its dialectic understanding of structuration and semiosis, an appropriate  
45 social theory for analysing the complex interplay of organizational structure, discourse  
46 and practice on different spatial scales and its impact on organizational stability, crisis  
47 and change. Secondly, we have developed CGT as a methodology for operationalizing  
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9 critical realism in general and CPE in particular. CGT is a coherent critical methodology  
10 guiding a research process that brings abstract and concrete, macro and micro, structure  
11 and agency, discursivity and materiality into dialogue with one another, by combining  
12 conceptual, discourse-analytical and historical work with the immersion into the field  
13 (cf. Alvesson & Deetz, 2000). Combining substantial theoretical, historical and  
14 empirical work, CGT provides a way to think through and explicate what is often an  
15 unjustified array or implicit set of critical methods and theoretical propositions  
16 employed in critical organization studies and beyond. Meanwhile, CGT is a normative  
17 and reflexive methodology, which sensitizes the researcher to the field and vice versa,  
18 enabling the flexible incorporation of a range of different research methods.  
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33 The Iceland case illustrates the rich insights that a clear, yet gentle, navigation through  
34 retroduction can generate. We have demonstrated this by highlighting the retroductive  
35 process at the core of CGT making abstract theory inform the analysis of concrete data,  
36 but also how grounded data feeds into the production of critical grounded theory. The  
37 critical grounded theory produced in through this case study has shown how the crisis  
38 has set into motion social struggle at all levels which, despite the celebrated adoption of  
39 “progressive austerity”, is showing no clear sign of social settlement. Our CGT  
40 operationalization of CPE in our study of Icelandic crisis recovery has enabled an in-  
41 depth explanation of how different social forces in Iceland are constrained in the  
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construction of economic imaginaries and state projects. While alienation is commonplace in this “critical order”, progressive austerity may just provide the institutional conditions for appropriation.

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