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A MISSION STATEMENT ANALYSIS COMPARING THE UNITED STATES AND THREE OTHER ENGLISH SPEAKING COUNTRIES

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ABSTRACT

Mission statements are one of the most important communications issued by a business organization to all of its stakeholders. They must be constantly revised and updated as the business environment evolves. This paper first analyzes changes in the mission statements of the largest United States corporations over the last ten years. In particular, the stakeholders and firms' goals and objectives included in these statements are reviewed. Significant trends have occurred in both the stated goals of the firms and the stakeholders identified in the mission statements. The results of this study are compared with articles published by the authors in two previous Allied Academies journals.

This paper expands the previous research of U.S. firms by including mission statements from a number of other English speaking countries. In particular, the authors analyzed mission statements from Australia, Canada, and Great Britain (UK). The appendix includes the mission statements from the twenty-five largest business firms (as ranked by Forbes) in each of these countries in addition to the United States. Comparing the goals and objectives of the firms as well as the identified stakeholders in these mission statements have produced some interesting trends which are discussed in this paper.

SMALL FIRM STRATEGY IN TURBULENT TIMES

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ABSTRACT

The purpose of this paper is to suggest an approach to modifying firm strategy and tactics to cope with the demands of the current economic downturn and resulting challenges to profitability and growth. The approach is, broadly, becoming a focused differentiator, adopting Hersey's Situational leadership Model and adopting a Lean Management philosophy.

The target audience for this paper is Small and Medium Sized Enterprises (SMEs) – frequently privately held and often with fewer than 100 employees. These firms, in most cases, do not have sufficient resources to hire traditional management consulting firms but the reality is that what is described herein can be learned and applied at a very low cost.

This paper benefits from the work I have done with Jay Arthur (LifeStar) and Warren Miller (Beckmill Research). In the aggregate we have well over 75 years of experience working with and advising SMEs. We don't claim to be strategy experts but we have over the years seen the mistakes made by SMEs and we'd like to help you avoid some of those mistakes.

ECONOMIC MELTDOWN 2007-2010

Triggered by the bursting of the housing bubble in late 2007, the United States entered the worst recession since the 1930s. Unemployment is at a 25 year high. Erosion of revenue and profits has plagued many firms and the very structure of a variety of industries has been impacted. The old strategy approach of positioning a firm within its industry is no longer completely adequate because of profound structural changes in many industries. What is needed for survival and some measure of success in a small firm is the appropriate positioning of the firm and an emphasis on operations excellence (Porter, 1996) under the guidance of situational leadership (Hersey, 1997).

One definition of strategy is "A plan of action resulting from strategy or intended to accomplish a specific goal" (American Heritage, 1993). This general definition alludes to an important point and that is that the purpose of strategy is to accomplish an important goal or goals. The word "strategy" has as its root the Greek word "strategos" and that word is loosely translated in English (from Greek) as "the art of the generals". One of the first books describing the formulation and implementation of strategy was Sun Tzu's classic "The Art of Strategy" published some time during the Warring States Period (480-221 BC) (Wing, 1998). It is difficult to estimate how many books, articles and monographs have been published about strategy over the last 2500 years, but it is safe to say that the number is well into the thousands. In "Strategy Safari", written by Mintzberg, Allstrand and Lampel in 1998, the authors comment that they reviewed more than 2000 published studies on strategic management.

Most of the published work on strategic management address the strategy problems (opportunities?) facing larger organizations. This is appropriate from a pedagogical perspective but it is not always helpful to the very small organizations that populate the business landscape. According to the Bureau of the Census, in 2002 more than 97% of all business firms in the United States had fewer than 100 employees. It is to the leaders and employees of these very small firms that this paper is addressed. Although some would argue that very small firms

(fewer than 100 employees) don't really need to concern themselves with strategy as normally understood, we disagree – vehemently. If one "buys" our fundamental assumption that there is an important relationship between strategy and firm performance, then it's obvious that small firms need strategic management just as well as large firms.

STARTING POINT

Pick up any strategic management textbook and you will find that strategy, in its most general sense, is visualized as a series of decisions resulting in plans that must be implemented to achieve whatever the organization's goals are. Many authors suggest that the starting point for the process is the articulation of a vision statement. Presumably, a vision statement defines, in fairly general terms, where the business organization wants to go in the future. In other words, the vision defines (loosely, in most cases) expectations regarding future markets to be served, products or services to be developed and some idea about the target customers.

Related to the vision is the idea of a mission statement. A mission is an articulation of what the company does currently in terms of products and services, markets and customers served. Some authors (and experts) see the vision and mission statements as "two sides of the same coin" and others see the vision and mission as distinct and quite different. The distinction is fairly unimportant from the small firm perspective.

We ascribe to a slightly different viewpoint regarding our prescriptions about how to "do" strategy in a small organization. Jack Welch, in his recent book "Winning", talks about starting strategic management with a very careful decision about what he calls the "Big Aha" – a smart, realistic, relatively fast way to gain a competitive advantage (Welch, 2005). There are two fundamentally important considerations in this straightforward recommendation – the time dimension and something called competitive advantage. The time dimension is important and becoming more so all the time. Consider that Tom Peters in his groundbreaking book – "Thriving on Chaos" – back in 1988 talked about the critical importance of hustle. Successful firms tend to "out hustle" less successful firms in their industries by considerable margins. And this doesn't mean just compressing the delivery cycle. It means substantively shortening the time required to perform most operations – order placement, conflict resolution, billing, customer responses and new product development.

A competitive advantage means, essentially, what the label suggests – valuable and rare core competencies (Ireland, Hoskisson & Hitt, 2006). Core competencies that lead to significant competitive advantage are valuable, rare, difficult to imitate and essentially non substitutable. They are the things that we do that other firms with whom we compete are unable to do. Competitive advantages differ appreciably by industry but we illustrate the concept with the following examples – Honda and internal combustion engine design, Southwest Airlines and ticket pricing, Proctor and Gamble and distribution of food products and the many smaller firms that thrive in highly competitive markets because they are better, faster or cheaper than their rivals.

Developing a competitive advantage, according to Porter (1980), means deciding to compete on the basis of low cost or differentiation. A low cost strategy generally means that facilities are large, production runs are long, controls are very tight, high degrees of automation are frequently employed and the major "focus" of the firm is to achieve the lowest costs in the industry in which it participates. An example of a low cost leadership strategy in retailing is obviously Wal*Mart. Toyota is an example of a manufacturing firm that achieves a low cost

strategy by employing the Toyota Production System (Womack, Jones & Roos, 1990; Womack & Jones, 1996).

Differentiation is, in some ways, almost the opposite of low cost leadership. Differentiators carefully study their customers and potential customers to identify what special features, options and alternatives people are willing to pay competitive prices for. They then focus on providing these unique bundles of products and services which are generally sold in smaller volumes at higher margins. It is our position that the appropriate generic strategy for small firms is, almost always, focused differentiation. Small firms generally don't have sufficient resources – money, people or facilities – to compete on the basis of a low cost leadership strategy. As Tom Peters has said, "Don't try to compete with Wal*Mart on price or China on cost. (Peters, 2007).

TACTICS

Once a conscious decision has been made to be a Focused Differentiator, the question then becomes, "How do we implement?" In this paper, we argue that Operations and the care and feeding of human resources are the critical functions that must be addressed. Operations, of course, are the conversion of inputs to outputs. Many real world examples of operations excellence are well-known – Toyota, Nucor Steel, Southwest Airlines and Springfield Remanufacturing Corporation (SRC).

Toyota (despite its recent difficulties with recalls) has fine tuned its production processes with the Toyota Production System – named Lean Manufacturing by Womack and Jones. Nucor Steel revolutionized basic steel making with continuous casting and became one of the most profitable (and largest) American producers. Southwest Airlines – the only profitable American airline – combines point-to-point route maps, open seating, no meals and one type of aircraft (Boeing 737s). SRC quickly rose to profitability after a leveraged buyout with an 89:1 Debt Equity Ratio by creating the Great Game of Business – Open Book Management.

Over the last fifty years hundreds of tactics have been created to enhance productivity and efficiency. Such tactics as Lean Six Sigma, MBWA, TQM, Scenario Planning and a host of other "Best Practices" populate the landscape. What's missing is an organizing framework to implement the Focused Differentiation strategy. To implement, we suggest the following – Leadership and a Lean Philosophy

LEADERSHIP

It is axiomatic that the "right" leadership is likely associated with above average performance but one of the "knotty" problems lies in attempting to answer the fundamental question, "What kind of leadership?" A recent Google search yielded 138,000,000 "hits" for the term Leadership. Amazon.com currently lists over 59,000 leadership books. Clearly there are a host of competing theories of leadership. Paul Hersey's Situational Leadership (SL) Model ® provides a common-sense answer to that question and has been used by hundreds of the Fortune 500 firms (Hersey 1997). Hersey's Center for Leadership Studies in Escondido, California has taught SL to thousands of managers in three day sessions over the last twenty years.

One of the appeals of the SL Model is that it makes a great deal of intuitive sense. The model proposes that leader behavior should vary along two dimensions – directive behavior (task oriented) and supportive behavior (relationship oriented). The choice of which behavior to adopt

should be a function of what Hersey calls follower readiness. Follower readiness ranges from "low" – unable and unwilling or insecure – to "high" – able, willing and confident.

I had personal experience using this model a number of years ago in the steel industry in Texas. We (Riverside Industry) were a manufacturer of galvanized transmission towers in Fort Worth. A substantial majority of our hourly workforce was young Hispanic men from the Rio Grande valley. These young men had grown up working in agriculture in valley. Ten hour days and six day work weeks were common. They were willing to work hard but they were (when they first came to work with us) insecure because they did not have the requisite technical skills to do the job. They were for the most part what Hersey calls Readiness Level 1 and the recommended approach to leadership was "Telling."Over a period of several months they were taught to use basic hand tools and some of the simpler power equipment. This training was "on the job" training and it was, for the most part, conducted by fellow workers under the guidance of first line supervision.

Gradually these workers moved from Readiness Level 1 to Readiness Level 2 where the suggested "style" of leadership is "Selling." This means a heavy emphasis on supportive behavior and less emphasis on task behavior. Eventually, some of the workers at Readiness Level 2 moved to Readiness Level 3 where the emphasis should be (according to Hersey) on sharing ideas and facilitating appropriate decision making. It was from this group of workers that we were able to promote to first line supervision and the results were higher levels of productivity and related profitability.

Tom Peters (2005) proposes that in these crazy and chaotic times many of us have a tendency to fall back on a command-and control style of leadership. He argues that this is ineffective and that we should embrace a model of leadership that is loose, open and innovative – in other words Hersey's "Selling" and "Participating" styles of leadership. These styles of leadership comport well with flatter, decentralized forms of organizations.

One of my former employers – the United States Marine Corps – has moved strongly in this direction. Today we see NCOs and lower-level commissioned officers (Leutenants and Captains) making decisions that were previously made at much higher levels in the hierarchy. They are doing that because the Corps has adopted the doctrine of maneuver warfare (Santamaria, Martino & Clemens (2004).

One can learn how to "do" Situational Leadership® by reading Hersey's book – The Situational Leaders (Hersey, 1997) but a better approach is to attend the three-day training session at Hersey's Center for Leadership Studies in Escondido, California. More than ten million managers from over one thousand organizations have attended and have experienced higher levels of productivity and enhanced profitability. As Warren Bennis –eminent management scholar -- says, "Everybody nowadays is searching for excellence. Hersey's intriguing and concise book demonstrates how this can be done."

LEAN MANAGEMENT

In 1990, James P. Womack, Daniel T. Jones and Daniel Roos published "The Machine that Changed the World." This New York Times Best Seller described the five- year, $5 million International Motor Vehicle Program (IMVP) at Massachusetts Institute of Technology which began in 1985. This world-wide research study included ninety vehicle assembly plants around the world and over a hundred component supplier plants. The purpose of the study was to determine the characteristics of what came to be known as Lean Manufacturing (LM). The

results of this study were mind boggling. Lean firms – particularly Toyota – were able to assemble cars in half the time of their American and European competitors with half the inventory and roughly half the floor space. Quality levels at Toyota (as measured by defects after assembly) were much lower.

A Lean philosophy employs five principles: Value, Value Stream, Flow, Pull and Perfection (Womack & Jones, 1996).

VALUE

It is critically important that a firm give serious consideration to the question of how it creates value for its customers. It is not enough that the firm examine the value proposition from the perspective of the firm. It must also carefully consider what the customers consider valuable. An admittedly simple example follows. I routinely travel from my home in Joplin, MO to Fort Lauderdale, FL. The elapsed time for the flight (through the American Airline hub at Dallas) is approximately 6 hours including a two hour layover in Dallas. The actual trip time is about 9 hours because I have to drive to the Springfield, MO airport to catch a flight to Dallas. In bad weather, the trip can actually stretch to 10-12 hours of elapsed time. With the all-too-frequent flight cancellations on American Airlines, this frustrating itinerary can become an overnight experience. Granted, American's hub and spoke route map is probably valuable for American as they attempt to maximize aircraft utilization but it is most definitely not valuable for the traveling public.

Another common example of ignoring the customer in the value proposition is automated phone answering. I am probably not the only customer who has hung up in anger when faced with an interminable list of push button options to get to speak to a "live" human being. I recall one example a few years ago that really got my attention. I was teaching a class at the Army's Command and General Staff College at Fort Leavenworth and needed to speak to someone in the Provost Marshal's office. I did not know the extension and was forced (by the automated phone answering system) to talk to personnel in five different offices. I eventually got to a "live" human being in the Provost Marshal's office but this took the better part of a half hour and all I could think of was, "I wonder what would have happened if I was calling in to report a terrorist threat!"

The two preceding examples illustrate a very important issue. An organization must understand value as perceived by the customer. It is not unusual for a firm to understand what creates value from its perspective but to miss important value attributes of goods and services from a customer perspective. It must be remembered that successful Focus Differentiation (the generic strategy we recommend for SMEs) mandates that we really understand what the customer's need, wants and desires are and, most importantly, what they will pay for.

It is common for many SMEs to have an implicit set of ideas about what their customers value. Unfortunately, this is not always accurate and comprehensive. I recommend that SMEs perform a customer survey at least annually among existing and potential customers. The technique is well-described in Warren Miller's new book – *Value Maps* (Miller, 2010)

THE VALUE STREAM

The Value Stream is a process map of all the steps (and delays) in designing, producing and distributing products and services to customers. The purpose of the value stream is to

eliminate all possible delays and those steps in the process that do not add value – what the Japanese call *muda*. The value stream mapping process underlies what Hammer and Champy called Business Process Reengineering (Hammer & Champy, 2005) and Peter Drucker described this as "A new and systematic approach to structuring and managing work."

I have used value stream mapping very successfully with clients like the Army Ammunition Plant (Parsons, Kansas) and Masonite Corporation (Pittsburg, Kansas). In every case we were able to eliminate significant process delays and non-value adding activities. The "bottom line" was that we were able to enhance efficiency and overall profitability. Value stream mapping can also be used effectively to enhance repetitive administrative functions in service organizations.

Although there are many software products available to draw value stream maps, I recommend the low cost and common sense approach described by Jay Arthur in *Six Sigma Simplified*. The only tools required are a pen and a pad of Post It Notes (Arthur, 2004).

Flow Once the Value Steam has been drawn, you will have a graphical representation of each step in the value stream and all of the intermediate delays and distances between steps. The idea then is to optimize the value chain by eliminating those steps that do not add value and minimizing the distance and time between steps. It is useful to think of this as eliminating "bottlenecks" (Goldratt, 1990). The net result of this activity is to move from vertical thinking where our focus has historically been optimizing individual functions to horizontal thinking where our focus is on optimizing cross functional activities.

Admittedly, refining the value chain can be challenging. People will not always agree, initially, on what all the activities are or on what the sequence of activities is. One way to illustrate that point is to ask two or three friends to draw the value stream for the activities involved in going to work in the morning. Presumably there would be great similarity in the steps in the value chain and roughly the same amount of time. Reality is there are substantial differences. Those of us who did some of our early growing up at places like Parris Island can roll out of bed when the alarm goes off and be in the car headed to work in as little as ten or fifteen minutes. That is not characteristic of all people. It is not unusual to find many folks who need a half an hour to an hour to get going in the morning.

One very useful website which provides many tools for enhancing the value chain is Quarterman Lee's strategosinc.com.

Pull Pull refers to an inventory management philosophy invented by Toyota and commonly called "Just in Time. (JIT)" As opposed to traditional in process inventory management, JIT requires downstream activities to "pull" products from upstream activities only as needed. The net results of implementing a pull philosophy are smaller batches (less inventory), significant reductions in floor space and better quality.

Reductions in floor space are achievable because of smaller in process batches and better quality results because the system cannot tolerate in process defects.

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STRATEGIC HUMAN RESOURCE MANAGEMENT IN SMALL AND GROWING FIRMS: ALIGNING VALUABLE RESOURCES

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ABSTRACT

Human capital (i.e., the knowledge, skills, and abilities of employees) is one of the primary factors a business can rely on to differentiate their products or services and build a competitive advantage; however, few studies directly guide managers of small and growing firms through the people management issues that they will face through the lifecycle(s) of their business. This manuscript is designed to contribute to the body of research focusing on strategic human resource management within small and growing businesses in two meaningful ways. First, the authors present the results of two studies designed to examine the selection, training, and compensation practices currently utilized by a national sample of small business managers (N = 1503) across a wide range of industries. Second, the authors present an evidence based framework to guide owner/operators of small and growing firms through the important decision points to be considered when developing their human resource strategy to ensure that it aligns with, builds upon, and supports their business strategy.

INTEGRATING EXTERNAL AND INTERNAL ANTECEDENTS OF FIRM PERFORMANCE: STRATEGY IN AN ERA OF ECONOMIC UNCERTAINY

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ABSTRACT

According to the "structure-based view" of performance, the way a firm fits into the industry structure is seen as the primary source of competitive advantage. On the other hand, the "strategy-based view" contends that process-based aspects of firms should be accorded far more importance in the study of the determinants of performance than macro, structural indicators. While research in both these fields has added immeasurably to our understanding of inter-firm heterogeneity, there has been little attempt at integrating the wisdom from their collective findings. In this paper, we attempt to place the two fields in an integrative framework, arguing that linking the research on the strategic variables with structural research can explicate a number of unexplained facets of firm performance.

INTRODUCTION

In the context of strategy theory, the current economic challenges faced by firms across the globe may be seen as a sign that external economic forces are more powerful determinants of firm performance than internal indicators (Wilson & Eilertsen, 2010). The current wisdom seems to call for firms to pay greater attention to positioning themselves against environmental turbulence rather than premising strategic decision on inwardly focused approaches. The impact of market structure on firm performance has been the subject of considerable discussion and debate in strategic management (Porter & Siggelkow, 2008; Galunic & Eisenhardt, 1994). According to these perspectives, which may be collectively termed the "structure-based view" of performance, the way a firm fits into the industry structure is seen as the primary source of competitive advantage.

On the other hand, in the arena of strategic theory, the notion of internal drivers of performance, as exemplified by the dynamic capabilities perspective (Barretto, 2010; Helfat et al, 2007), is hegemonic in the current era. Considerable parallel research has been conducted on the strategic determinants of firm performance (Newbert, 2007). Grounding its research in an analysis of strengths that are inherent within the firm, this stream of research, which may be termed the "strategy-based view" of performance, has isolated valuable drivers of inter-firm heterogeneity through the understanding of core competence (Prahalad & Hamel, 1990), strategic factor markets (Barney, 1986), and dynamic capabilities (Helfat et. al. 2007).

While research in both these fields has added immeasurably to our understanding of inter-firm heterogeneity, there has been little attempt at integrating the wisdom from their

collective findings (cf. Conner, 1994, for a prominent exception). In this paper, we attempt to place the two fields in an integrative framework, arguing that linking the research on the strategic variables with structural research can explicate a number of unexplained facets of firm performance. Structural variables may be seen not merely as drivers of firm strategy, but occasionally, its outcomes.

STRUCTURE-BASED VIEW OF FIRM PERFORMANCE

Research in strategic management has always acknowledged its relationship with the field of economics in general and industrial organization in particular (Kim & Mahoney, 2005; Rumelt, Schendel, & Teece, 1991). The postulated relationship between industry structure and firm profitability was inspired largely by Bain's (1956) study of the relationship between profitability and industry concentration and subsequent empirical studies confirming this relationship especially on the temporal scale (Weiss, 1971). Further research went beyond the confines of neo-classical economics into management strategy which introduced market share as a more explanatory determinant of firm performance (Ravenscraft, 1983; Chu, Chen & Wang, 2008). The theory that profitability and market share were causally linked provided the basis for further disaggregation of the unit of analysis in structural research from the industry to the firm. The theoretical persuasion for this disaggregation was primarily laid by the emergence of strategic groups as a construct (Caves & Porter, 1977).

In terms of units of analysis, the structural view of firm performance has concentrated on four levels, viz. the industry/strategic group level, the corporate level, the SBU level, and at the level of intra-corporate fit (Vorhies, Morgan & Autry, 2009).

First, borrowing from the I/O perspective, the industry/strategic group analytical level tries to explain how firms use their resources to draw industrial boundaries - thereby making it difficult for new entrants to capitalize on rents enjoyed by incumbents (Bain, 1956). Further refinement of the barriers to entry concept reveals that industries may not be the best criteria to draw boundaries - instead, firms tend to cluster in strategic groups, which may pose mobility barriers to new entrants rather than entry barriers (deSarbo, Grewal and Wang, 2009).

Second, drawing primarily from Chandler's (1962) study of the strategy-structure relationship, corporate level theorists primarily explore issues of diversification and its impact on structure and performance. Studies of diversification have constantly attempted to explore the link between relatedness of diversification profile and performance (Nath, Nachiappan & Ramanathan, 2010).

Third, some theorists have argued that variances in firm performance are best explained through business level strategies. They contend that drivers of performance are meaningless if the unit of analysis is the diversified firm, since many strategies tend to get aggregated; the ideal unit of analysis should be the strategic business unit (SBU) (Rumelt, 1991). Drawing from this finding, there may be normative strategies that SBUs may employ to succeed in a variety of environments, such as cost-based strategies, differentiation strategies or narrowly focused strategies (Porter, 1980). SBUs may also vary their strategies at the product level, based on the product life cycle, or the information available about the product environment (Brown & Blackmon, 2005).

Finally, going beyond the corporate and the business level, theorists of intra-corporate fit (Gupta & Govindarajan, 1986, 2000) have argued that fit between intra-corporate units is

important, and that corporate strategy is no more than a portfolio of separate SBU strategies rather than simple diversification.

STRATEGY-BASED VIEW OF FIRM PERFORMANCE

Theories of the strategic determinants of firm performance concentrate more on the efforts of firms in creating competitive advantage by developing internal routines and exploiting synergies rather than through structural maneuvering (Newbert, 2007). While many schools of thought may be linked to the strategy-based view, three research streams appear representative of this perspective; the resource based view of the firm, nowadays being buttressed by the dynamic capabilities perspective, corporate leadership, and strategic decision-making. In all these research streams, strategic choices made by managers and firm constituents are emphasized as being far more important to firm performance than structural constraints. For example, the resource based view conceptualizes human resources as valuable sources of competitive advantage (Barney, 1986; Newbert, 2007), while the dynamic capabilities perspective seeks to understand how organizations ‘learn to learn” (barrette, 2010) and renew their ore competences.

The aim of these inter-related perspectives is to understand how companies are able to achieve rent benefits through the management of their strengths and weaknesses rather than environmental positioning. Most researchers agree that this is achieved though the development and improvement of specific strategies that are hard to imitate by competitors. Hence, they agree that competitive advantage itself is idiosyncratic, and its sustainability is dependent precisely upon its resistance to replication.

The resource-based view grounds its research in an analysis of strengths that are inherent within the firm, this stream of research has isolated valuable sources of inter-firm heterogeneity such as core competencies (Prahalad & Hamel, 1990), strategic factor markets (Barney, 1986), uncertain imitability (Lippman & Rumelt, 1982), organizational climate (Hansen & Wernerfelt, 1989) and intangible assets (Hall, 1993). Many theorists (e.g. Menguc & Barker, 2005) have found that the resource-based and dynamic capabilities perspectives are quite complementary and mutually reinforcing.

Building on this theme is the contention that firms create sustained competitive advantage by creating conditions of causal ambiguity (Reed & DeFillippi, 1990). They do so by the creation of non-duplicable resources (Anand et.al. 2009), setting up specific routines of work that are in effect non-transferable (Nelson & Winter, 1982), through specificities of organizational culture that are unique to the organizational environment (Barney, 1986) and by developing and nurturing their core competencies (Prahalad & Hamel, 1990). In effect, firms look inward and create areas of expertise that are relevant, value creating and imperfectly imitable (Anand et.al. 2009).

STRUCTURAL AND STRATEGIC VIEWS: TOWARD A SHARED LEARNING

Much of the existing research on the examination of the structural determinants of firm performance has tended to minimize or set aside the strategic aspects of firm performance (McGahan & Porter, 2007). Clearly, there exist great linkages between the strategic and structural elements of performance, suggesting that the two are by no means contradictory.

While the strategy based view of the firm concentrates on the relationship between resources and competencies, the structural view is preoccupied with finding industry-based

drivers of heterogeneity. The relationship between the empirical foci of both streams has been demonstrated in many ways; for example, research in the field of marketing has empirically tested the relationship between firm performance and a variety of attributes that reflect strategic decisions, such as breadth of product lines (Rao & Rutenberg, 1979), product quality (Garvin, 1988), price (Monroe & Krishnan, 1984), advertising expenditure (Tellis, 1988), sales staff expenditure (Gatignon & Hanssens, 1987), R & D expenditure (Hill & Snell, 1989) and intangible factors (Boulding & Staelin, 1990). As can be seen, these variables affect the strategic and structural view equally.

The proposed integrative framework, postulates a dynamic relationship between structural determinants of firm performance such as general environmental, industry and regulatory effects, and internal strategic determinants such as dynamic capabilities and core competence. It also suggests that in the absence of an external focus, a core competence may morph into a core rigidity, which would affect firm performance negatively. In terms of its integrative aspects, this framework makes five major distinctions from the existing wisdom, leading to a set of propositions:

Proposition 1: Industry structure and firm performance exist in a condition of dynamic equilibrium; sometimes industry structure may be seen as a resultant of firm performance rather than a determinant thereof.

Proposition 2: Freely available resources may be as much a source of competitive advantage as firm-specific resources, provided they exhibit a unique fit within the firm's dynamic capabilities.

Proposition 3: Competitive advantage may be related to events that are beyond the ambit of structural or strategic analysis; to that extent, models of performance need to account for stochastic elements.

Proposition 4: Structural factors will play a far more vital role in underglobalized markets than in mature global markets; the more globalized a market, the less critical will be the impact of structural factors.

Proposition 5: Networking and cooperative strategies will be a powerful source of competitive advantage in technologically advanced industries; to that extent, technological advancement will diminish the importance of traditional structural attributes and contingencies.

Proposition 5 (a): In emergent, technology intensive sectors, core competencies may also be tradable

1. INDUSTRY/FIRM RECIPROCITY

Contrary to the contentions that may be derived solely from the structure-based view, it sees industry structure more as an outcome variable in the interactions between firms and markets rather than purely a driver of firm performance.

2. ENVIRONMENT AS A SOURCE OF DYNAMIC CAPABILITY

Instead of viewing core competencies as being causally derived from firm-specific resources, the new model argues that strategic factors that contribute to a firm's competitive advantage are direct results of the application of core competencies to freely available resources.

3. THE ROLE OF LUCK AND TIMING

The incorporation of stochastic elements into the model offers a far more realistic analysis of the peculiarities of inter-firm heterogeneity. In econometric terms, this proposition argues for including elements of this uncertainty into any model that they proposed.

4. SPECIAL CHALLENGES FOR GLOBAL FIRMS

International management theorists have attempted to describe markets and industries as under-globalized, optimally globalized or over-globalized depending on the level of international competitive activity (Peng and Pleggenkuhle-Miles, 2009). The level of globalization of a particular market may be seen as a very important moderating factor in the role that structural factors may play in enhancing firm performance.

5. MARKET-HIERARCHY BLURRING

Not only are markets getting globalized, but relationships between markets and hierarchies are being fundamentally altered by the advent of newer technology. Buyer-supplier synergies (Martin, Mitchell, & Swaminathan, 1995), or synergies of shared resources (Piore & Sabel, 1984) will be powerful sources of competitive advantage, flexibility and lowered costs. Such relationships imply that firms not only share facilities and finances, but also specific resources, know-how and trade secrets (Piore & Sabel, 1984).

DISCUSSION

In moments of economic crisis, it is essential that firms use their internal strengths as well as their ability to leverage economic trends harmoniously; this is the only way for them to succeed in an atmosphere as turbulent as the one we are currently experiencing (Wilson & Eilerstein, 2010). In this paper, we have suggested a more holistic and integrated perspective that needs to be employed in order to fully understand the issue of firm heterogeneity. The integrative framework presented herein represents but one way in which we may go about this.

The discussion about the integration of strategy and structure contains tremendous interdisciplinary possibilities. Theorists of political science, public administration, sociology and education have been grappling with a similar need to balance the deterministic elements of structure and the role played by individual will in this process. The fundamental inadequacy associated with the structural view is that a lot of detail and nuance regarding a firm's process-based dynamic is sacrificed at the altar of operationalization. On the other hand, the strategic perspective may be faulted on the grounds that it is far too relativistic to be operationalizable.

The proposed continuum starts from structural (and measurable) aspects of firm performance, and suggests ways in which they can be disaggregated into the strategic aspects. It also discusses specific issues relating to the operationalization of these aspects, which will be important for the aspiring empirical researcher. Also, practitioners also need to be aware that exclusive reliance on structural parameters such as market share may not be the best option under the circumstances, it is far more important to view structural parameters as outcomes of strategic actions rather than as performance indicators in their own right.

This integrative framework represents the beginning of an attempt to address one of the biggest challenges that has faced modelers of strategic performance, the inability to operationalize intangibles such as dynamic capabilities. In addition, it suggests the incorporation of stochastic and probabilistic elements into quantitative analysis, which represents an important agenda for research and inquiry.

(References available on request)

INTERNATIONAL MEANING OF WORKING: LEVEL & OCCUPATIONAL DIFFERENCES

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ABSTRACT

The international meaning of work in people's lives differs throughout the world. In this research paper we examine the role that work plays in different people's lives in industrialized societies. We focus on traditional working environments, careers, and compensation around the world. We examine the differences in the meaning of work among levels among three levels in an organization consisting of employees, supervisors, and managers among healthcare workers and general workers using Carraher's new International Meaning of Working data set.

INTRODUCTION/CONCLUSIONS

Future research is suggested based upon prior research (Carraher and associates, 1992-present; Carland and associates 1984-present).

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