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Competitive Strategy and Firm Performance in Multinational Manufacturing Organizations: A Focus on Strategic Alignment

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COMPETITIVE STRATEGY AND FIRM PERFORMANCE IN MULTINATIONAL MANUFACTURING ORGANIZATIONS: A FOCUS ON STRATEGIC ALIGNMENT

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DEDICATION

I dedicate this dissertation to my beloved father, Dr. Dariush Ebrahimi and my mother, Ms. Mahin Morshedi. I love you both forever more than you would ever know and more than I will ever be able to express.

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CONTENTS

LIST OF FIGURES

LIST OF TABLES

COMPETITIVE STRATEGY AND FIRM PERFORMANCE IN MULTINATIONAL MANUFACTURING ORGANIZATIONS: A FOCUS ON STRATEGIC ALIGNMENT

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The purpose of this research is to study to examine the impact of strategic alignment and the concept of fit on manufacturing firm performance in order to achieve its strategic objectives. This study also examines the impact of market concentrate, manufacturing competitive dimensions, and corporate link strategies on firm performance. The design for this research is correlational research following a quantitative, deductive approach. Data collected through a survey based on completed questionnaires to measure perspectives of leadership teams about strategic directions discussed in this research. The survey was designed based on the drawn framework from the literature review. A quantitative method is used to examine the hypotheses and relationships among five constructs and their impacts on firm performance. Convenient sampling method was utilized with the selection of leadership teams from both marketing, operations and executive functions of a multinational manufacturing firm.

The results demonstrated that competitive strategies, market concentrate, manufacturing competitive dimensions, corporate link, and differentiation have strong relationships with firm performance. Correlational analyses showed the direct relationship between all of the independent variables with firm performance is strong. The results demonstrated while corporate support strategy may enhance the buying power status of manufacturing organizations compared to their competitors, it appears that sharing global resources, knowledge, and expats is not profoundly utilized by the

subsidiaries. The regression analysis demonstrated that the relationship of firm performance with corporate link at the presence of competitive strategies would be insignificant. In general, it is a well-accepted proposition in the literature that strategic co-alignment; that is, correspondence among a set of theoretically-related constructs, significantly impacts performance; however, this proposition was only partially supported by the findings of this study, most likely due to the sample size.

This study provides implications for managers that reflections on the understanding of customer needs, competitors' activities, as well as operational performance can assist with more strategic consensus and interface and eventually to improve overall organizational performance. Knowledge sharing amongst the operations and marketing functions, as well as corporate and subsidiaries can help to mitigate potential conflicts, and promote overall corporation's performance through participatory decision making process.

CHAPTER I: INTRODUCTION

In global markets where rivalry between companies and uncertainty of globalization are accelerating, companies that want to gain sustainable competitive advantages have to make appropriate decisions aligned with business environment (Ata, Zehir & Zehir, 2018). Achieving such alignment requires an orchestrated operational activities, decision and functions demanded by the market (Zanon, Filho, Jabbour & Jabbour, 2012). Therefore, marketing and manufacturing departments require a cross-functional coordination to exchange information about market demand as well as production lines' capabilities (Lee, Rhee, & Oh, 2014). The interdepartmental cooperation should reflect heavy engagement of a marketing department when the goal of manufacturing is defined by understanding the organizational competitive priorities (Lee et al., 2014). Manufacturing strategy is defined as "a pattern of decisions, both structural and infrastructural, which determine the capability of a manufacturing system and specify how it will operate in order to meet a set of manufacturing objectives which are consistent with overall business objectives" (Platts, 1990, p. 9).

Adaptability of firms to market requirements, technological changes, and new competitors, as well as exploiting organizational capabilities and practices, determine not only the survival of the firms, but also its competitiveness capability (Jayanthi, 2001; Sun & Hong, 2002; Machuca et al., 2011). Since the 1970s (Shapiro, 1977), as rooted in contingency theories (Miller & Friesen, 1984), the importance of coherence between manufacturing and marketing strategies as a key to improve organizational business performance has been emphasized (Shapiro, 1977; Hayes, & Wheelwright, 1984; Lee et al., 2014).

1.1 Background of the Problem

In an assessment of U.S. productivity crisis in the 1970s that led to declining the position of American manufacturers in world markets, Skinner (1974) indicated the root cause of the 1970s productivity crisis (high cost and low efficiency when rapid productivity growth ended) is a lack of consistent policies and unclear corporate strategies due to too much complexity, non-repetition, and heterogeneity of tasks. Within an organization strategic consensus, defined as shared understanding of strategic priorities (Bowman, 1991), clear objectives play key roles in having all hierarchical levels aligned to the organizational objectives. Consequently, in missing strategic consensus and clear objectives, considerable variation in practices and decisions may guide firms to different incoherent directions and ultimately lead to poor organizational performance (Zanon et al., 2012).

By conducting a comprehensive literature review, Leong, Snyder, and Ward (1990) listed competitive advantages (priorities) as quality, delivery, cost, flexibility, and innovativeness. Competitive priorities, manufacturing priorities, and manufacturing strategy dimensions are the terms used interchangeably in the literature with the same meaning (Swamidass & Newell, 1987; Butt, 2009). In a harmonized firm, all managers at various levels and from different departments have a mutual understanding of organizational objectives. The mutual understanding of a firm's strategy, structures, and environment equips the firm to constantly seek and maintain a competitive advantage and ultimately deploy its resources against competitive needs (Kathuria, Joshi, & Porth, 2007). In line with competitive priorities, manufacturing strategy relatively prioritizes operational objectives in various domains (i.e., capacity, supply chain). The objectives of

operations entail cost, flexibility, speed, quality, and dependability (Amoako-Gymaph & Acquaah, 2008).

The three premises, as Porter (1985) contends, are the competing ways for a business to achieve superior performance compared to rivals within the industry. Differentiation is defined as the designing process in which a company attempts to create and offer a distinguishable product/service from other competitors' offerings in the market (Kotler & Turner, 1998; Butt, 2009), while cost leadership is mainly concerned with process efficiency by providing a basic product (i.e., cheaper components, use most efficient processes) at the lowest cost of production. Focus is defined as a single dimension, implying a homogeneity when solely cost leadership approach or purely market positioning of the product is pursued (Reitsperger, Daniel, Tallman, & Chismar, 1993). In addition to Porter's (1985) model, as business strategy becomes a more complex phenomena other perspectives in the theoretical strategy literature such as business strategy model (Rumelt, 1984), contingency model (Cool & Schendel, 1987) and resource-based view (RBV) (Wernerfelt, 1984) have attempted to provide situational responses to a particular set of environmental conditions (Reitsperger et al., 1993).

Total Quality Management (TQM) movement has shown firms can establish their cost control strategies based on investing in the proper management of quality through human resource development and enhance training programs (Reitsperger et al., 1993). According to the situational approach, success is achievable when resources are allocated to a well-matched market. The success is brought to the organization when investment in and commitment of resources to the properly selected target market take place; hence, it does not exclusively depend on pursuing a narrowly focused business strategy

(Reitsperger et al., 1993). Higher reputation in the market place, cost reduction and higher productivity all can lead to increased market share which are attainable through a quality strategy targeting on high design and conformance quality. A low-cost leader sets a strategy to improve operational efficiencies and reduce costs. While the firm keeps the costs low and develops a strategy which makes volume and mix flexibility achievable, faster response to market changes and better overall performance will be feasible (Amoako-Gyampah & Acquaah, 2008).

Cravens (2000) argued that all marketing strategies involve a search for gaining a competitive advantage or something unique that a firm does based on its strengths and distinctive competencies that competitors cannot copy (Day & Wensley, 1988; Bharadwaj& Varadarajan, 1993; Belch & Belch, 1993; Brooksbank, 1994; Varadarajan & Cunningham, 1995). In order to have a successful business, managers must make the right strategic decisions and develop new tools and concepts to allocate organizational resources when the business deals with changing customer's expectations, rising environmental uncertainties, and technological discontinuities (Bettis & Hitt, 1995; Sharma, 2004). Product developers and marketing teams should closely watch the market and competitors' movement to understand any potential challenges, conflicts, and opportunities based on the goal of differentiation in market strategy (Hsu, 2011). Cravens, Merrilees, and Walker (2000) defined marketing strategy as a product of four functions: 1) branding strategy, 2) low-cost strategy, 3) channel strategy, and 4) innovation strategy.

1.2 Problem Statement

One of the chief perspectives to efficiency enhancement and low-cost manufacturing is to have a deeper understanding of customer expectations, competitors' movements, and market environment (Dodgson, 1989; Storey, 1994). A purposeful and distinctive marketing strategy in a constantly-changing marketing environment allows businesses to cope with turbulent environments and deliver superior value-niche products to the customers (Cravens et al., 2000) and ultimately improve performance (Cotter, 2000; Sharma, 2004). On the other hand, superior firm performance is associated with more emphasis on manufacturing competitive priorities compared to the competitors in the market (Li, 2000). It has also been reported in the literature that coherence between a firm's internal and external environments, its structure, and how an organization rapidly adapts its operational resources with market movements have important implications for the overall organizational performance (Galbraith & Nathanson, 1978; Venkatraman, 1989a; Venkatraman & Prescott, 1990; Acur, Kandemir, & Boer, 2012). Although past researchers have mainly focused on the notion of aligning competitive strategy with business objectives separately, the notion of strategic coherence, and its impact on organizational performance in a multinational manufacturing context have not been fully understood. In addition, competitive advantages have received limited attention with empirical approach. This research aims to empirically examine the enablers of business competitive strategies (Porter's model), marketing strategy, manufacturing competitive priorities and strategic correspondence of parent and peer subsidiaries for multinational manufacturing enterprises. This study brings together all these aforementioned concepts

to assess the influence of each and altogether on financial performance of manufacturing organizations.

1.3 Research Questions

In view of the problem identified through this study, the main research questions for this study are as follows:

1) What is the impact of strategic alignment on organizational firm performance in the multinational manufacturing context?
2) What are the impacts of competitive strategies on manufacturing firm performance?
3) What are the impacts of marketing strategy and manufacturing competitive priorities on firm performance?

1.4 Purpose of the Study

To address the research questions, the purpose of this study is to examine the impact of strategic alignment and the concept of fit on manufacturing firm performance in order to achieve its strategic objectives. In other words, this study examines organizational performance association with the level of consistency amongst operations and marketing functions in a multinational context. This study also examines the impact of market concentrate on firm performance. It also examines the impact of different manufacturing competitive dimensions on financial performance.

1.5 Research Overview

In order to answer the aforementioned questions, this correlational research used quantitative research design. This research utilized a survey instrument to measure perspectives of leadership teams about strategic directions that will be discussed in this

research. A quantitative method is used to examine the hypotheses and relationships among manufacturing competitive advantages, competitive strategies, marketing strategy, corporate link strategy and firm performance. Convenient sampling method is utilized with the selection of leadership teams from both marketing, operations and executive functions of manufacturing firms. After extensive literature review, a conceptual framework has been constructed based on competitive strategies (Porter's model) and firm performance as two independent and dependent variables, respectively. Corporate link strategy, market concentrate and manufacturing competitive priorities were also conceptually assumed as mediating factors. To answer the research questions, a self-administered questionnaire method was applied to measure the relative emphasis on indicator/enabler of each of these constructs from the leadership teams of manufacturing organizations. The seven point Likert-scale was used to measure the emphasis. The questionnaire was digitally sent to executive directors, sales managers, account managers, business development managers, and operations managers [including production managers, and supervisors] via Qualtrics. Prior to finalizing the survey instrument, several rounds of validity conducted by academia and industry experts. Firm performance assessment in this study was based on emphasis on market share, sales growth, competition position in the market, and profit growth compared to competitors. This study empirically examines the relationship between firm performance and strategic alignment. Confirmatory Factor Analysis (CFA) is used to assess the concept of strategic fit in this study. Pearson correlation is also used to examine the relationship between competitive strategies dimensions (Porter's model) and firm performance. Similarly, the

correlation of marketing strategy, and manufacturing competitive priorities to firm performance is also examined.

CHAPTER II: REVIEW OF THE LITERATURE

2.1 Introduction

By focusing on dynamisms of parent-subsidiaries, this research uses an empirical approach to examine the notion of strategic alignment, and how competitive strategies affect performance of multinational manufacturing companies. In other words, this study pursues a holistic approach to examine corporate link impacts on direction of marketing and manufacturing practices and functions amongst business units. This study also analyzes the interplay between market concentrate and financial firm performance. The components of manufacturing competitive priorities and their relationships with firm performance are also examined. In addition, the role of inter-functional communication between manufacturing and marketing is examined in this study.

This chapter initiates with a discussion of manufacturing strategy, its definitions, emergence, and dimensions (e.g., manufacturing strategy process and manufacturing strategy content). By focusing on the notion of operations strategy, the literature suggests three premises of Porter's Generic Model (Reitsperger et al., 1993) and how the theory has been transformed/evolved into competitive strategy. This chapter, then, addresses an integrated (multidimensional) model, which reflects the complexity of organizational strategic configuration, as well as demand characteristics of manufacturing industries. Definitions of marketing strategy and the role of innovation in enhancing marketing strengths are also discussed in this chapter. Examining brand positioning of products from original customers' perspectives, as well as from a sales team standpoint, is articulated. In addition to positioning strategy and marketing mix theory, the Four Ps model (Products, Participants/Process, Price, and Promotion) (Usui, 2011) is addressed,

followed by buyer-seller relational conceptualizations. Due to shortcomings of a traditional marketing mix model, relationship marketing, as a "marriage metaphor," (Triki, Redjeb, & Kamoun, 2007) is proposed to emphasize the importance of the role of both relational actors in the success of each partner.

This chapter offers explanation of the notion of strategic alignment, adaptability of firms to market requirements and external environment, and exploitation of organizational capabilities to enhance competitiveness. Accordingly, the importance of alignment of innovation and product development strategies with organizational objectives and alignment between parent and subsidiaries are discussed. Since in the age of globalization a tremendous number of firms across the world are competing in the international market, the impact of global integration on the leadership of multinational enterprises (MNEs) and circumstance of maintaining competitiveness by successful firms are reviewed. Market-based and resource-based theories of competitive advantage, as well as integrated manufacturing strategy, are addressed. Similarly, knowledge, as a vital organizational resource and its significance in maintaining sustainable competitive advantage are articulated. This chapter ends with a review of the role of innovation and product diversification in expanding new markets and gaining international competitive advantage for a firm.

2.2 Firm Performance: Industry, Corporate, and Business Unit Effects

The influence of industry, corporate, and business units and their relationships to company performance, have been the subject of several studies in the literature (Brush & & Singh, 2000; Bowman & Helfat, 2001; Adner & Helfat, 2003; Misangyi, Elms, Greckhamer, & Lepine, 2006). Corporate, as a parent company, its subsidiaries (business

units), and the industry, as a contextual business they belong to, have been the subject of several studies. Variance Component Analysis (VCA) of the three aforementioned dimensions on firm performance (industry, corporate, and business units) reveals that the industry unit effects ranges from 4% to 18.7%, corporate unit effects range from 1.6% to 17.9%, and the business unit effects vary between 31.7% to 44.2% (Rumelt, 1991; McGahan & Porter, 1997; Roquebert, Phillips, & Westfall, 1996; Misangyi et al., 2006). There is an ongoing debate over the importance of each of the three dimensions on profitability differences and performance across the firms (Misangyi et al., 2006). Misangyi et al. (2006), however, proposed a different approach to provide an assessment of the long-running debate through an exploratory investigation of a set of specific strategic factors. Some of these factors included industry capital intensity (average of the ratio of the net value of property, plant and equipment to net sales) (Hay & Morris, 1979), industry dynamism (instability and volatility in the industry) (Dess & Beard, 1984), corporate capital intensity (instability of resource availability), corporate resource availability (ratio of working capital to net sales) (Hannan & Freeman, 1977), corporate diversification (multi-business vs. single-business corporations), and business segment size (natural log of business segment net sales for each year). The findings of Misangyi et al. (2006) suggest firm performance can be positively impacted by corporate parents since the parent company provides a stable resource rich environment.

Misangyi et al. (2006) concluded relative outperformance is expected from multi-business corporations compared to single-business corporations. Since the scope of the firm theoretically affects profitability (Williamson, 1975; Rumelt, 1974), Misangyi et al. (2006) indicated corporate strategy does matter in profitability. Similarly, Bower (1970)

believed that structural context within diversified firms established by corporate plays a very impactful role in resource allocation for projects initiated by Strategic Business Units (SBUs). For constructing a desired context, corporate management has a primary tool which is the authority to choose and assign an individual as general manager of SBUs (Bower, 1970; Gupta & Govindarajan, 1984).

Table 2.1

Results of previous studies assessing industry, corporate, and business unit effects

	Rumelt (1991)	McGahan & Porter (1997)	Roquebert et al., (1996)
Source of data	FTC	Compustat	Compustat
Years covered	1974-77	1981-94	1985-91
Sectoral coverage	Manufacturing	All	Manufacturing
No. of observation	10,866	58,132	16,596
% of total variance			
Business Unit	44.2	31.7	37.1
Corporation	1.6	4.3	17.9
Industry	4.0	18.7	10.2

Source: Adapted from Misangyi et al., (2006, p. 573)

Several studies have discussed how a firm's organizational structure and control system should be designed in line with the product they manufacture and geographic diversification (Fouraker & Stopford, 1968; Scott, 1973; Rumelt, 1974; Grinyer, Al-Bazzaz, & Yasasi-Ardekani, 1980; Vancil, 1980; Gupta & Govindarajan, 1984); however, strategy formulation and implementation occur at various levels from a firm level to the divisional/SBU. As cited in Gupta and Govindarajan (1984), three factors

were identified as determining the effectiveness of the implementation at the business unit level: 1) general manager's characteristics (Galbraith & Nathanson, 1978; Kerr, 1982), 2) internal structure of the business unit (Lawrence & Lorsch, 1967; Miles & Snow, 1978), and 3) control system applied by the corporate (Bower, 1970; Vancil, 1980; Gupta & Govindarajan, 1984).

Competitive position and *cash flow maximization* are two ends of a continuous spectrum collectively known as a business units strategic mission. At one end of the spectrum, there are SBUs that attempt to maximize market share "pure build" despite of challenging condition with cash flow generation (Gupta & Govindarajan, 1984, p. 27); these SBUs are likely in a situation with a relatively attractive industry but suffers from weak competitive position. In contrast, where strong competitive position and unattractive industry are the conditions that SBUs deal with, their strategic mission tends to maximize short-term earnings at the expense of relatively degraded market share (Hofer & Schendel, 1978; Buzzell & Wiersema, 1981; MacMillan, 1982; Larreche & Srinivasan, 1982; Gupta & Govindarajan, 1984). Considering unique characteristics different sectors and businesses may have, this research empirically assesses the performance of manufacturing firms in a multinational context (parent and subsidiaries), and also examine the role of corporate's supporting strategy to integrate decisions and activities and its impacts on firm performance.

2.3 Manufacturing Strategy

Manufacturing strategy can be defined as a set of objectives a firm develops around the manufacturing function that are aimed at securing sustainable advantages over competitors (Amoako-Gymaph & Acquaah, 2008). Swink and Way (1995, p. 4) defined

manufacturing strategy as “decisions and plans affecting resources and policies directly related to the sourcing, production and delivery of tangible products.” Platts (1990, p. 9) provided a more comprehensive definition of manufacturing strategy as “a pattern of decisions, both structural and infrastructural, which determine the capability of a manufacturing system and specify how it will operate in order to meet a set of manufacturing objectives which are consistent with overall business objectives.”

Skinner, a professor at Harvard Business School who primarily introduced the concept of manufacturing strategy (Skinner, 1969; Lee, Rhee & Oh, 2014) noticed that the chief reason manufacturing plants were underperforming is top management removing itself from manufacturing activities, while the task of making manufacturing policies are delegated to subordinates (Anderson, Cleveland, & Schroeder, 1989; Butt, 2009). In addition to lack of executives’ involvement in manufacturing decisions, lack of managers with a firm-level of understanding about how manufacturing organizations should contribute to overall corporate strategic goals was identified in the literature as another significant subject addressing the manufacturing concept (Wheelwright & Hayes, 1985).

2.3.1 Trade-off model vs. sand cone model. Skinner (1969), in his article, “Manufacturing-Missing Link in Corporate Strategy”, suggested a combination of two reasons is the cause of many production problems. These two reasons are a sense of personal inadequacy at the top management level and a lack of understanding that a manufacturing system has to perform limited tasks well at the expense of other abilities. Unlike how a “conventional factory attempts to do too many conflicting production tasks within one inconsistent set of manufacturing policies” (Skinner, 1974; May 1974),

German and Japanese manufacturers are good examples of performing limited, but more sophisticated, tasks that have allowed them to be more competitive in industry, as well as innovative in their interactions between manufacturers and suppliers (Wheelwright & Hayes, 1985). Utilizing manufacturing sector, this research reviews operations strategy, from various angles, entailing strategic focus, innovativeness, products diversity to cost leadership and examine impacts of these focuses on financial performance. In other words, this research empirically seeks whether manufacturing firms pursue a multidimensional strategy (sand cone model) or as indicated focusing on limited advantages may bring more success to the manufacturing firms.

Skinner (1969) describes that top management leaders such as the CEO, Vice Presidents, and Board of Managers of a company, must realize there are circumstances that having everything all at once is impossible and inevitably significant trade-off decisions in manufacturing must happen. In other words, the team of leadership must be able to realize that manufacturing firms are technologically constrained systems. Accordingly, due to inherent limitations (capital, equipment, labor, etc.) prioritizing among a set of competitive advantages, and even sacrificing performance in some strategic objectives in order to focus efforts and resources in others would be inevitable. The counter school of thought in manufacturing strategy literature argues that since firms cannot do everything and please everyone, they should trade-off in picking one dimension over others in alignment with the business strategy (Hayes & Wheelwright, 1984; Filippini, Forza & Vinelli, 1995; Sarmiento, Mike, Luis & Nick, 2007). Another approach that considers multidimensionality through a cumulative process of developing effective capabilities in manufacturing is called “sand cone model” (Ferdows & De

Meyer, 1990; Noble, 1995 as cited in Avella et al., 1998, p. 3115); this model, in sharp contrast to Skinner's trade-off model suggests multiple priorities can be obtained by focusing on a single competitive advantage at the time and sequentially building next layers of capabilities upon lower layers (Avella, Fernandez, & Vazquez, 1998).

2.3.2 Strategic consensus and manufacturing performance. After analyzing competitors and market opportunities, it is advised that companies critically assess their resources and skillsets in order to properly formulate the strategies the company can compete successfully with rivals; this assessment allows companies to align their manufacturing strategies with the firm's competitive strategies (Amoako-Gyampah & Acquaah, 2008). Companies should then determine focused manufacturing policies, stemming from the corporate strategy, to be used as SBUs top managements' means to actually run production (Amoako-Gyampah & Acquaah, 2008).

In an assessment of U.S. productivity crisis in the 1970s that led to declining the position of American manufacturers in world markets, Skinner (1974) indicated the root cause of the 1970s productivity crisis (high cost and low efficiency when rapid productivity growth ended) is a lack of consistent policies and unclear corporate strategies due to too much complexity, non-repetition, and heterogeneity of tasks. Within an organization strategic consensus, defined as shared understanding of strategic priorities (Bowman, 1991), clear objectives play key roles in having all hierarchical levels aligned to the organizational objectives. Consequently, in missing strategic consensus and clear objectives, considerable variation in the sequence and process of product proliferation for a broad range of customers can create a complex manufacturer that will be beaten in competitive advantage. In short, a brief but unambiguous statement

of corporate strategy which can be translated into manufacturing language, and a well-communicated hierarchical team with a common perception from the importance of various competitive priorities, are what unfocused conventional factories lack (Skinner, 1974; Bowman, 1991; Kathuria, Porth, Kathuria & Kohli, 2010). The examination of manufacturing strategies compared to the corporate link strategy is utilized in this study to explore the significance of strategic alignment and unambiguity of the objectives in success/failure of manufacturing firms in a multinational context.

2.3.3 An overview of manufacturing strategy content. Strategy content can be divided into two categories: strategic types and strategic choices and performance. Strategic types and their attributes can be identified by product (i.e., variety, complexity, volume), process (i.e., span, complexity, flow), and market (i.e., scope, need, diversity). The basic dimensions of competitive priorities are cost efficiency, volume flexibility, product flexibility, quality, and dependability (Hays & Schmenner, 1978; Swink & Way, 1995). By conducting a comprehensive literature review, Leong et al. (1990) listed competitive priorities as quality, delivery, cost, flexibility, and innovativeness. Competitive priorities, manufacturing priorities, and manufacturing strategy dimensions are the terms used interchangeably in the literature with the same meaning (Swamidass & Newell, 1987; Butt, 2009). Upton (1994) defined flexibility as "the ability to change or react with little penalty in time, effort, cost, or performance" (p. 73) which is an important competitive priority in manufacturing strategy. Dangayach and Deshmukh (2001a) classified flexibility in two categories: structural (i.e., technology, capacity, and facility) and infrastructural (i.e., human resources policies, organizational culture, environmental issues). Manufacturing process design as another sub-category of

"strategic choices and performance" refers to decisions about facilities, technology, and capacity. Finally, infrastructure, which is considered as important as process, entails organizational communications, skills, experience, attitudes, logistics and production control systems, and policies (Swink & Way, 1995). Accordingly, as Swink and Way (1995) stated, literature about inventory control policy, production control system, design changes, design of logistics, and human resources decisions can be evaluated under the premise of manufacturing infrastructure (Hayes & Clark, 1985; Schmenner, 1988; Miltenburg, 1995; Slack & Lewis, 2002).

Decisions regarding manufacturing and operations concepts can be also classified into structural and infrastructural (Hallgren & Olhager, 2006), which would be analogous to the distinction of computer hardware and software (Leong et al., 1990). A brief review of comparison of strategic decision categories conducted by Leong et al. (1990, p. 113) is provided in Table 2.2. Several strategic decision premises and competitive priorities have been examined by listed authors over time which collectively provide a systematized platform for manufacturing decision makers (Leong et al., 1990). The review of extant literature on competitive capabilities suggests the inclusion of flexible product innovation, quality, delivery dependability and competitive price as measures of competitive capabilities (Koufteros, Vonderembse, & Doll, 2009; Kyengo & Kilika, 2017). An empirical study (n = 244), concentrated on relations between five manufacturing competitive constructs (flexible product innovation, quality, delivery dependability and competitive price) (Koufteros, Vonderembse, & Doll, 2009). This study revealed that profitability can be strongly predicted by competitive price and premium price capabilities (emphasis on both cost leadership and differentiation

strategies). This research also showed deliver dependability has indirect effects on firm's profitability and it is a vital variable for a competitive price capability. Although quality was shown to have a significant indirect impact on profitability, it did not demonstrate a significant impact on competitive price capability (Koufteros, Vonderembse, & Doll, 2009).

Table 2.2

Content of manufacturing strategy: comparison of strategic deicion categories

Author(s)	Skinner	Hayes and Wheelwright	Buffa	Fine and Hax
Structural	1. Plant and equipment	1. Capacity	1. Capacity / location	1. Capacity
		2. Facilities	2. Product / Process technology	2. Facilities
		3. Technology	3. Strategy with suppliers vertical integration	3. Process and technologies
		4. Vertical integration		
Infrastructural	1. Planning and control	1. Production planning and control	1. Strategic implications of operating decisions	1. Product quality
	2. Organization and management	2. Quality	2. Workforce and job design	2. Human resources
	3. Labor and staffing	3. Organization		3. Scope of new products
	4. Product design/engineeri	4. Workforce	3. Position of production	
		5. New product development*		
		6. Performance measurement systems		

* Indicates addition by Hayes, Wheelwright & Clark (1988)
Source: Adapted from Leong el al., (1990, p. 113)

2.3.4 Overview of manufacturing strategy process. Manufacturing strategy process, or "a pattern in streams of decisions" (Mintzberg, 1978, p. 935), is outlined in six parts (Mills, Neely, Platts, Richards, & Gregory, 1998). Mills et al. (1998) utilized an

automation industry to create a step-by-step model for the process of manufacturing strategy. As Figure 2.1 displays, in part 1, similar competitive requirements, such as sales trends and value for a bundle of products, can be used for grouping products. In the next phases, distinct strategies are applied to each group of products; market/customer requirements for each group and stakeholder (managers, owners, employees, suppliers) inputs to the decision process can be all drawn out in part 2. Part 3 refers to identifying manufacturing strategy and ensuring whether manufacturing strategy is aligned with the business strategy and objectives. Gap analysis takes place in part 4 to reveal where strengths and weaknesses of current strategies are against the business objectives. Part 5 seeks to evaluate new ideas against the requirements described in part 2; usually part 4 and 5 (strategy formulation) occur simultaneously (Mills et al., 1998). Process audit to re-identify manufacturing objectives, measure current performance, and understand where changes are needed occurs in the formulating phase (Platts & Gregory, 1990; Lindström & Winroth, 2010). Finally, part 6 concentrates on strategy implementation and attempts to have an ongoing process established within manufacturing and the business (Mills et al., 1998).

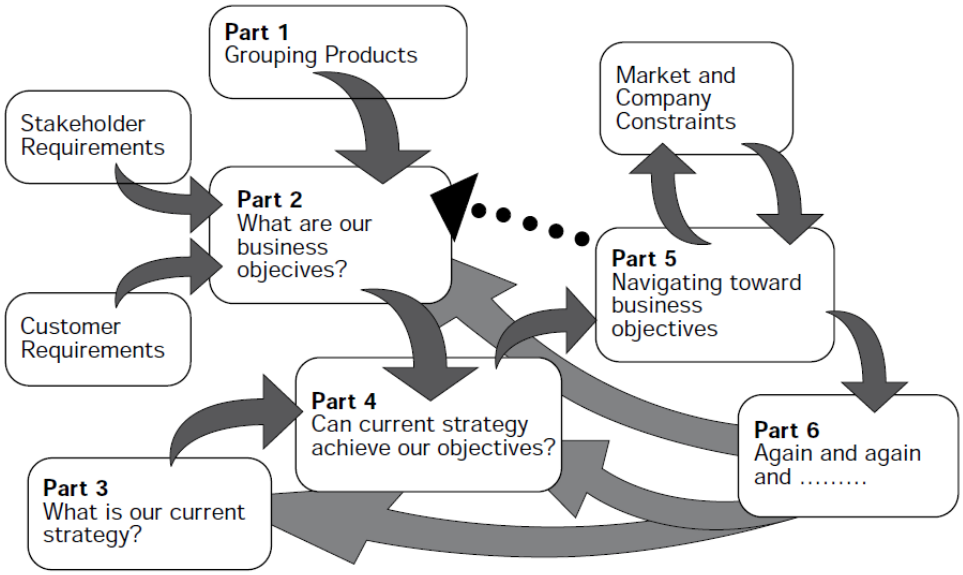

Figure 2.1. Manufacturing strategy process. (Source: Mills et al., 1998, p. 151)

2.3.5 Manufacturing strategy hierarchy. Mills et al. (1998) presented a chart to display how the hierarchy of manufacturing strategy works in a selected firm; for this purpose, a firm with a frequent automation investment driven by a low-cost business strategy was described. The business strategy encouraged applying cost control initiatives. Then, the manufacturing objectives were also set under direction of the business strategy. Automation idea, capital requests, and single minute exchange of die (SMED) training development were all aligned with the realized strategy. Accordingly, the SMED program applied and resulted in set-up reductions of 50-70%. The program also resulted in a 10% reduction in cost and customer lead time. The final step that can be the most difficult phase of the manufacturing strategy process is implementation. Using the pattern shown in Figure 2.2, manpower cost reduction, better quality, and improved capacity were achieved (Mills et al., 1998); therefore, what this study seeks how cost leadership strategy is defined with organizational objectives and its impacts on financial firm performance. Also, it examines how manufacturing competitive advantages,

entailing product quality, innovation, delivery, and flexibility are correlated with manufacturing strategy and their impacts on manufacturing firm performance.

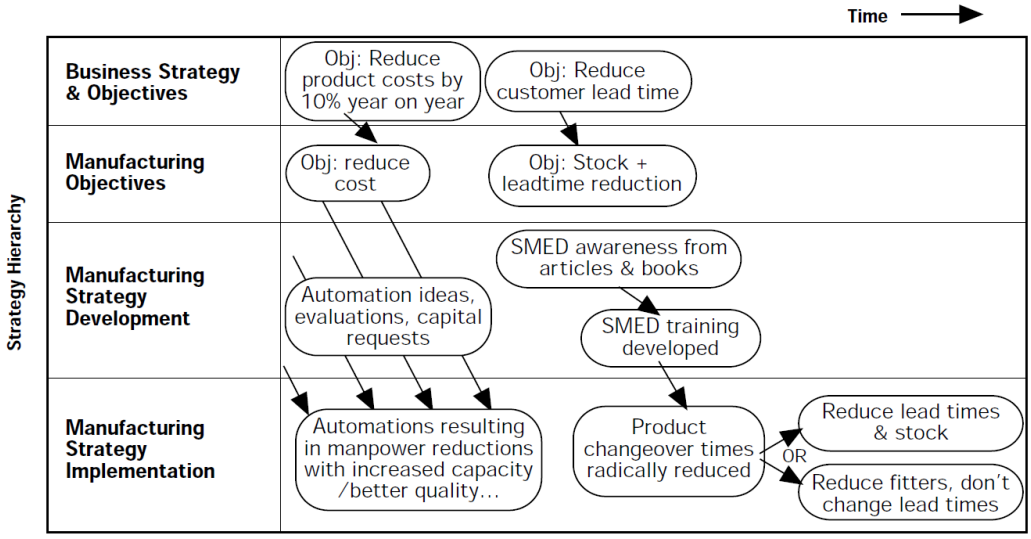

Figure 2.2. Manufacturing strategy hierarchy (Source: Mills et al., 1998, p. 152)

In a harmonized firm, all managers at various levels and from different departments have a mutual understanding of organizational objectives. The mutual understanding of a firm's strategy, structures, and environment equips the firm to constantly seek and maintain a competitive advantage and ultimately deploy its resources against competitive needs (Kathuria, Joshi, & Porth, 2007). In line with competitive priorities, manufacturing strategy relatively prioritizes operational objectives in various domains (i.e., capacity, supply chain). The objectives of operations entail cost, flexibility, speed, quality, and dependability (Amoako-Gymaph & Acquaah, 2008).

2.3.6 Implementing manufacturing strategy. Lee et al. (2014) summarized ten practices for maintaining an effective Manufacturing Strategy Implementation (MSI) that they found in the literature: 1) training program, 2) continuous quality check of products during manufacturing, 3) continuous improvement derived from the employees, 4) process control of differentiation attempts, 5) Information Systems implementation, 6)

capital allocation for advanced equipment, 7) introduction of new machinery technologies, 8) optimized machine maintenance program, 9) process technology development, and 10) investment in advanced manufacturing technologies. In order to have effective manufacturing strategies, the practices need to be developed along with other elements of the business and reviewed regularly (Hayes & Wheelwright, 1984). MSI is defined as a set of activities to build a consensus for executing the strategy (Marucheck, Pannesi & Anderson,, 1990; Alcaide-Muñoz, Bello-Pintado & de Cerio, 2018). Alcaide-Muñoz, Bello-Pintado and de Cerio (2018) have empirically analyzed the relationship between shop-floor communication practices for knowledge coordination and integration with effective MSI. Utilizing ordinary least squares multiple regression model, the results of their study confirmed the hypothesis of a positive relationship between strategy formulation (e.g., plant leadership routinely reviews a long-range manufacturing strategy) and implementation (e.g., plant performance measures reflect the goals of the plant) with the moderating effects of communication in strengthening this link. Figure 2.3 shows a snapshot of MSI proposed by Alcaide-Muñoz, Bello-Pintado and de Cerio (2018):

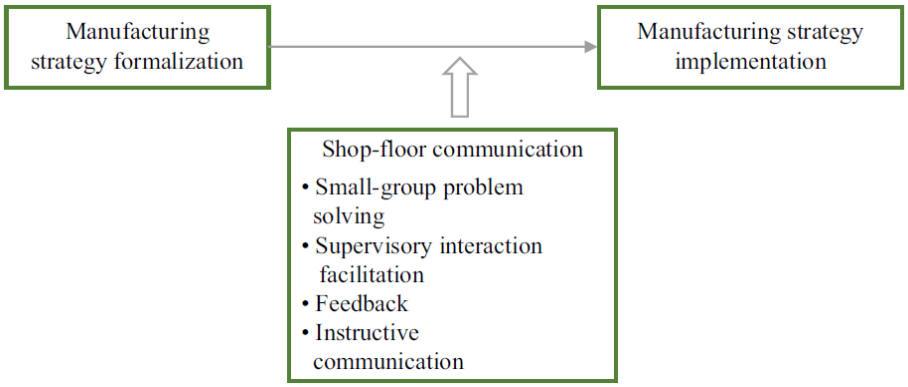

Figure 2.3. Shop-floor communication as moderator for effective implementation of manufacturing strategy. (Source: Alcaide-Muñoz, Bello-Pintado, & de Cerio, 2018, p. 1586)

2.3.7 To sum up: manufacturing strategy. In summary, identifying the factors that can affect business success can be useful in order to effectively implement strategies aimed at developing firms' resources and boosting their practices and performance. An important aspect of strategy development is the translation of firm level competitive strategies into functional strategies. The research examines the relationships between dimensions of manufacturing strategy and their impacts on firm performance.

2.4 From Generic Approach to Competitive Advantage

The discipline of strategic management has been deeply impacted by Porter's Generic Strategy concepts formed on three premises of cost leadership, differentiation, and focus (Porter, 1985; Bowman, 1991; Reitsperger et al., 1993). Differentiation is defined as the designing process in which a company attempts to create and offer a distinguishable product/service from other competitors' offerings in the market (Kotler & Turner, 1998; Butt, 2009), while cost leadership is mainly concerned with process efficiency by providing a basic product (i.e., cheaper components, use most efficient

processes) at the lowest cost of production. Focus is defined as a single dimension, implying a homogeneity when solely cost leadership approach or purely market positioning of the product is pursued (Reitsperger et al., 1993). The three premises, as Porter (1985) contends, are the competing ways for a business to achieve superior performance compared to rivals within the industry. Nevertheless, the Porter's Generic Strategies model suggests there would be no way that a manufacturing strategy succeeds when pursuing a combined strategy of two inherently incompatible quality and cost control approaches. This model agreeably fits with a traditional manufacturing notion that good quality is not inexpensive (Butt, 2009); a low-cost producer continuously seeks various ways to reduce costs to a minimum. This type of producer provides customers with lower prices, increases profit margins, and exploits all sources of cost advantages such as access to capital to invest in technology and economies of scale (Butt, 2009). An empirical study indicates that better performance can be expected from cost-leaders and differentiators than those lacks of a focused strategy and as it is called their strategic direction is stuck-in-the-middle. Same study shows companies with integrated model are not as effective as cost-leaders and differentiators for improving financial performance (Nandakumar, Ghobadian, & O'Regan, 2009).

2.4.1 Differentiation strategy. Innovation, as a foundation of economic development (Amoako-Gymaph & Acquaah, 2008; Schumpeter, 1934; Quesada-Pineda, Kenealy & Vlosky, 2010), and continuous development to manufacture superior product, are requirements of building differentiation strategy (Phillips, Chang, & Buzzell, 1983). A differentiation strategy can be identified as successful when it is constructed based on complex features that would be challenging for competitors to copy (Amoako-Gymaph &

Acquaah, 2008). The notion of innovation can entail a broad range of applications such as technological, organizational, process, or a product (Fagerberg, 2004; Quesada-Pineda et al., 2010). Irrespective of the size and type of organization, a process to attain competitive priority in either an existing or new market (Elizondo-Noriega Güemes-Castorena & Beruvides, 2016) through a significant improvement in a product, method, or a structure is considered as innovation (Quesada-Pineda et al., 2010).

A loyal customer is willing to lower its sensitivity to price if an extremely high-quality product is manufactured (Phillips et al., 1983). Simultaneously, the product differentiator can invest more in quality and process development in order to raise margins. Higher margin can be reinvested in more advanced technology and operational equipment to maintain cost leadership (Phillips et al., 1983). In the literature, competitiveness and innovation are often related to each other (Quesada-Pineda et al., 2010); a company has to become a focused niche player by choosing a narrow competitive scope within an industry (Porter, 1985; Bowman, 1991). Using grounded theory, and after analyzing 56 peer-reviewed documents related to product development tools, Quesada-Pineda et al. (2010) learned that innovation/product development tool predominantly have been exploited for reducing of operational expenses rather than creation of customer-oriented products with impact on niche market strategies. In other words, innovation process is often driven by internal organizational structure rather than external reasons such as market requirements or regulations (Quesada-Pineda et al., 2010).

Giménez, Madrid-Guijarro and Duréndez (2019), utilizing survey method with a sample of 94 Spanish construction firms and theoretical backgrounds, empirically tested

several hypotheses about positive relationships of managerial, financial, human and innovation capabilities on innovation and firm performance. The results of their confirmatory model verified that innovative, financial and human capabilities positively associated with innovation. Their model also verified that performance is impacted by innovation, marketing and financial capabilities (Giménez, Madrid-Guijarro, & Duréndez, 2019). Another study examined capability development through strategic alignment of competitive capabilities (quality, dependability, speed, cost and flexibility). The study focused on market requirements perceived by customers for a few number of segmented markets. Their empirical results showed where the greatest misalignments between manufacturing capabilities and market requirements are (Hutton & Eldridge, 2019). Accordingly, this study examines direct and indirect effects of Porter's competitive strategies (cost leadership, differentiation and focus) with the mediation of manufacturing strategies on financial performance.

2.4.2 Integrated (multidimensional) model. In contrast to Porter's (1985) model, as business strategy becomes a more complex phenomena a new direction in the theoretical strategy literature such as business strategy model (Rumelt, 1984), contingency model (Cool & Schendel, 1987) and resource-based view (RBV) (Wernerfelt, 1984) have attempted to provide situational responses to a particular set of environmental conditions (Reitsperger et al., 1993). Phillips et al. (1983) using P&G, IBM, Toyota, and other corporations empirically showed that cost control and quality improvement perform along with each other to generate Return on Investment (ROI). Total Quality Management (TQM) movement has shown firms can establish their cost control strategies based on investing in the proper management of quality through human

resource development and enhance training programs. According to the situational approach, success is achievable when resources are allocated to a well-matched market. The success is brought to the organization when investment in and commitment of resources to the properly selected target market take place; hence, it does not exclusively depend on pursuing a narrowly focused business strategy (Reitsperger et al., 1993).

An integrated model of strategies has been suggested to reflect the complexity of organizational strategic configuration as well as demand characteristics of the industry. Unlike Porter's model, which treats cost leadership and differentiation as two extremes of one strategy axis, the two focused strategies within the integrated model can be best presented as two-dimensional strategic space (see Figure 2.4). Using cost leadership as the extreme of process efficiency direction (focus on operational efficiency), on one axis and an ultimate of product innovativeness (product effectiveness) (Bangert & Tallman, 1991; Reitsperger et al., 1993) on the other, orthogonal dimensions are created. The length of the vector represents level of resource commitment and the vector direction depicts its strategic orientation (Reitsperger et al., 1993).

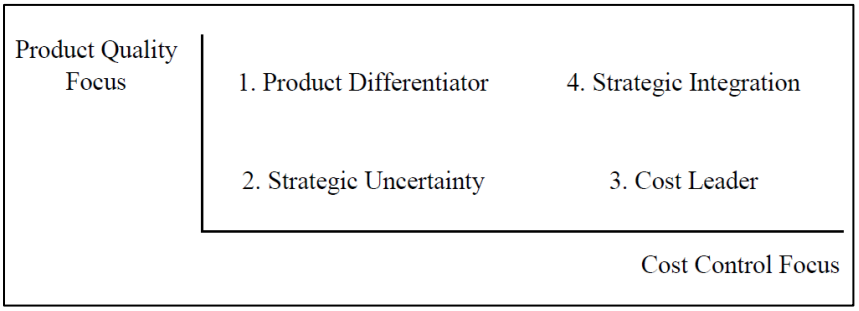

Figure 2.4. An integrative model of manufacturing strategies. (Source: Adapted from: Reitsperger et al., 1993, p. 11).

Product Differentiator Strategy (item 1 in Figure 2.4), as well as Cost Leadership Strategy (item 3 in Figure 2.4), fit with Porter's Generic model. A field study using

questionnaire method was conducted in different sectors of Indian small to medium enterprises to empirically examine hypotheses construct the following conceptual research framework (Figure 2.5). This emprical study utilized principal component analysis (PCA) to identify the pattern, Cronbach's α and confirmatory factor analysis (CFA) to check the reliability and validity of data, followed by structural equation modeling (SEM) to test hypotheses reflected in their conceptual framework. The results of this study show that there is no direct relationship between cost leadership strategy and firm performance. However, when emphasizing on cost leadership as a competitive strategy, continuous improvement and quality management practices via proper information and analysis reflect partial mediation within their model as the key to achieve cost leadership goals (Kharub, Mor & Sharma, 2019).

Figure 2.5. Conceptual model: Cost leadership and firm performance, mediating role of quality management. (Source: Kharub, Mor, and Sharma, 2019, p. 926)

When an organization suffers from a strategic confusion and very low levels of resource commitment, Strategic Uncertainty occurs. On the other hand, synergistic interaction between two pure approaches or as called Strategic Integration, a good representation of TQM notion, which in the long run provides greater profits than its costs (Reitsperger et al., 1993). Achieving a sustainable high-quality position in the

market beyond manufacturing efficiency development requires profit allocation in higher advertising to convey product position to customers (Phillips et al., 1983). Results of research conducted by Reitsperger et al. (1993) from a sample of Japanese electronics firms with strong competition capability in industry showed none of the firms from their sample pursued a single focus Generic strategy; instead, relative emphasis on combined approach is pursued. Published literature also suggests repetitive practice of manufacturing of high-quality products can lead to better understanding of 'bugs' during the process of production and attempt to correct them as a result of added-attention that might be otherwise overlooked (Fine 1983; Phillips et al., 1983). Additionally, when it comes to product development, based on the results of a research conducted by Elizondo-Noriega et al. (2016), no meaningful relationship between quality cost and innovation found; quality cost, also known as cost of poor quality, includes cost of failure, reworks, scrap, hidden, intangible and other indirect costs (Elizondo-Noriega et al., 2016).

2.4.3 To sum up: an integrative model of manufacturing strategies. Higher reputation in the market place, cost reduction and higher productivity all can lead to increased market share which are attainable through a quality strategy targeting on high design and conformance quality. A low-cost leader sets a strategy to improve operational efficiencies and reduce costs. While a firm keeps the costs low and develops a strategy to make flexibility (volume and product) achievable, faster response to market changes and better overall performance would be feasible (Amoako-Gyampah & Acquaah, 2008). Using a multinational manufacturing firms for the purpose of this research, allows for the empirically causal relationship analysis of these competitive strategies (reflected in multidimensional model) and their impacts on firm performance.

2.5 Marketing Strategy

The American Marketing Association (2013) defined marketing as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large," In comparison, Butler (1914, p. 2) defined marketing or marketing methods as:

> …in a sense, are inclusive of everything that is done to influence sales. Ordinarily, however, the study of marketing methods excludes the consideration of the technique of advertising and the technique of salesmanship and include only those sales considerations that are not concerned solely with one or the other of the two distinct way of disposing of commodities.

Cravens (2000) argued that all marketing strategies involve a search for gaining a competitive advantage or something unique that a firm does based on its strengths and distinctive competencies that competitors cannot copy (Day & Wensley, 1988; Bharadwaj & Varadarajan, 1993; Belch & Belch, 1993; Brooksbank, 1994; Varadarajan & Cunningham, 1995).

In order to have a successful business, managers must make the right strategic decision and develop new tools and concepts to allocate organizational resources on appropriate functions when the business deals with changing customer's expectations, rising environmental uncertainties, and technological discontinuities (Bettis & Hitt, 1995; Sharma, 2004). In a constantly-changing marketing environment, a purposeful and distinctive marketing strategy allows businesses to cope with turbulent environments and deliver superior value niche products to the customers (Cravens et al., 2000) and ultimately improve performance (Cotter, 2000; Sharma, 2004). For instance, Dell

Computer has employed a business model based on direct selling which eliminated one step in the value chain to reduce costs (Thompson & Strickland, 2001; Crosby & Johnson, 2002). The six factors for the business competitiveness as proposed by Buzzell, Gale and Sultan (1975) are: 1) product availability; 2) relative service quality; 3) relative product quality; 4) marketing effort; 5) research and development (R&D); and 6) product innovation. Buzzell, Gale and Sultan (1975) also highlighted the last three factors as the most influential ones. Another study conducted by Deloitte, Touche and Tohmatsu (1994) suggest customer service and quality play crucial roles in the success of Australian manufacturing industry (Sharma, 2004). This research evaluates causal effect of business level strategies and their competitive strategies impacts on marketing and customer orientation strategies. This study applies empirical analysis to extract causal relationship between firm performance with business level marketing strategies.

2.5.1 Innovativeness marketing. The integration of R&D and marketing in order to interactively exchange information is crucial in creating an innovative product (Petiot & Grognet, 2006; Lackman, 2007; Rossler & High, 2007; Hsu, 2011). Innovation-embracer firms are more open to adapt changes and move toward market trends (Acur et al., 2012). Product developers and marketing teams should closely watch the market and competitors' movement to understand any potential challenges, conflicts, and opportunities based on the goal of differentiation in market strategy (Hsu, 2011). Cravens et al. (2000) defined marketing strategy as a product of four functions: 1) branding strategy, 2) low-cost strategy, 3) channel strategy, and 4) innovation strategy.

One of the chief perspectives to efficiency enhancement and low-cost manufacturing is to have a deeper understanding of customer expectations, competitors'

movements, and market environment (Dodgson, 1989; Storey, 1994). Generally speaking, an enterprise develops its marketing strategy based on a comprehensive analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis (Hsu, 2011). The product development strategy itself dictates the direction of product design strategy, which can indicate the effective allocation of innovation resources to accomplish organizational objectives. The design strategy is the product of assessment of customer needs and the impacts of competitors in achieving organizational performance goals (Hsu, 2006; Hsu, 2011). Maurya, Mishra, Anand, and Kumar's (2015) study has shown that firm performance is positively related to customer orientation; however, the role of innovation as a mediating variable in the relationship between different dimensions of market orientation and performance of small and medium size enterprises (SMEs) was found insignificant (Yadav, Tripathi, & Goel, 2019). When responding to research questions about the level of emphasis on marketing strategy and its effectiveness, Sharma's (2004) revealed that marketing strategy has been selected as the third from the top after operations and R&D by Australia Chief Executive Officers (CEOs). Sharma's (2014) study also suggested the top three marketing strategy variables in Australian manufacturing industry have been development of new market segments/customer, after- sales service improvement, and market forecasting. In line with expectations, more efforts toward new market developments is positively related to sales growths and export markets (Sharma, 2004). As it relates to contextual factors (firm size, marketing type, industry category, etc.), and their relationship with marketing strategy focus, the study results also show the marketing strategy focus is significantly higher in larger size firms (Sharma, 2004).

2.5.1.1 Integrated model for marketing strategy and innovation. Hsu (2011)

reviewed Taiwanese computer and electronics manufacturers' design strategies of firms implementing different types of marketing strategies. His research categorized firms in the market as leader group, focus group, challenge group, and niche group (Figure 2.6). Hsu's article suggested firms in the market leader group offered a wider range of product lines to meet consumer needs; they were also successful at aggressively seeking market opportunities and launching new innovative products to the market. Firms in the market focus groups were described as outperforming in quality and innovation efficiency against competitors and being flexible to adjust their product prices to maintain their market share. The market challenge group focused on packaging design and quality, hoping to promote their brand image and customer acceptance of their product prices; firms in the market niche group, were small enterprises engaged in a broad range of businesses but focused on specific product lines. Flexibility in product development and continuous attempts to extend marketing channels were the main feature of niche group. The combination of focus on R&D and marketing activities made them able to increase the depth of their product lines (Hsu, 2011).

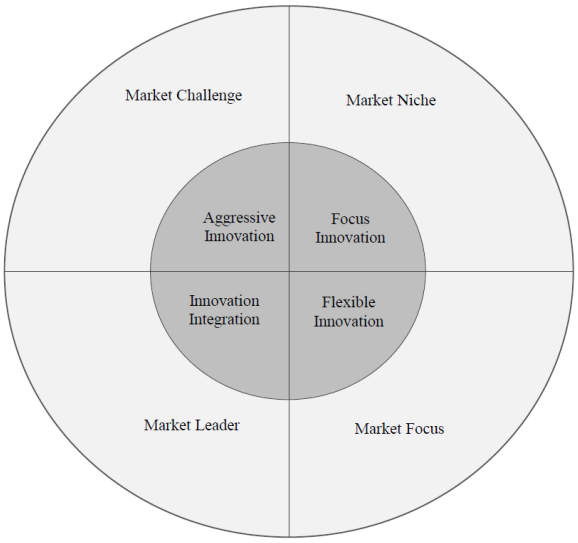

Figure 2.6. Integrated model for marketing strategy and design innovation, (Source: Hsu, 2011, p. 233)

In summary, examining innovation strategies, customer and market orientations, and firm performance from market share standpoint along with emphasis on information exchange amongst sale/marketing and operation teams is conducted over the course of this research. The research seeks correlation between market concentrate strategy and firm performance. Differentiation strategy and innovation capabilities to manufacture unique products and their impacts on firm performance is examined in this study.

2.5.2 Positioning strategy. Positioning is a term to reflect the impact of properly-positioned products on the success and growth of organizations (Ramsay, 1983; McAlexander, Becker, & Kaldenberg, 1993; Ampuero & Vila, 2006). Market division into smaller pieces with common characteristics is called segmentation (Kotler, 2003). Smith (1956) in his seminal paper defines segmentation as growth on the demand side of a market for a particular group of products when user requirements are pushing all

marketing efforts to adjust specifications of the group to meet those demand requirements more precisely.

2.5.2.1 Market segmentation. In response to differentiating product preferences, segmentation is a way to classify heterogeneous customer preferences into a number of smaller homogenous markets (Smith, 1965; Sudharshan & Mild, 2017). When the total market is too large, segmentation allows firms to provide more efficient services (Kotler, 2003). Market segmentation has two different implications, one in its tactical sense and the other as a strategy. The tactical implications occur when statistical techniques are applied to find, identify, and classify customers with different needs, tastes, and preferences (Hunt & Arnett, 2004). In contrast, according to Hunt and Arnett (2004, p. 8), market segmentation strategy refers to:

> strategic process that includes (1) identifying bases for segmentation, (2) using the bases to identify potential market segments, (3) developing combinations (portfolios) of segments that are strategic alternatives, (4) ascertaining the resources necessary for each strategic alternative, (5) assessing existing resources, (6) selecting an alternative that targets particular market segment or segments, (7) securing the resources necessary for the target(s), (8) adopting positioning plans for the market offerings for the segments, and (9) developing marketing mixes appropriate for each segment.

2.6.3 Marketing strategy process. Segmentation as the heart of positioning provides a focus for the marketing strategy. A firm can choose to serve multiple segments; hence, it requires various distinguished positioning for separate segments

(Dibb & Simkin, 1993). Market segments or target markets are the segments a firm decides to provide products or services. In addition, targeting as an essence of positioning is the action of selecting segments (Dibb & Simkin, 1993). Therefore, sequentially speaking, market segmentation, targeting, and ultimately practice of positioning are the three phases to construct components of marketing strategy process (Hooley, Saunder, & Piercy, 1998; Kotler, 2003; Gwin & Gwin, 2003). Additionally, positioning involves another crucial component to create a differentiator competitive advantage, but the advantage needs to be well-established and communicated with the target customers by the firm (Kotler, 2003). Therefore, by having a differential advantage proposition, a well-positioned brand meets the specific requirements of a segment and ultimately leads to customer satisfaction (Wind, 1982; Day, 1984; Keller, 1993; Fuchs & Diamantopoulos, 2009).

2.5.4 Marketing mixes (4 Ps model). A quote from Culliton (1948), re-quoted by Borden (1964, p. 7), describes a marketing executive as a "mixer of ingredients" who is required to be constantly engaged in "fashioning creatively a mix of marketing procedures and policies in his efforts to produce a profitable enterprise". Product, price, place, and promotion, the Four Ps, construct the elements of a successful marketing mix of a company (Kotler, 2003; Martin, 2009; Usui, 2011). Three additional variables of physical evidence, participants, and process, distinguish customer service for service firms (Yelkur, 2000); however, others have criticized that the Four Ps Model does not function effectively due to the fact that it lacks appropriate adaptability, flexibility, and responsiveness (McKenna, 1991; Carson, 1993; Martin, 2009). Criticism against the Four Ps model is expanded to some concerns about applicability of the model all types of

markets and circumstances (Grönroos, 1997). Some scholars have questioned whether the traditional Four Ps Model can adequately meet the requirements of marketing concept (Grönroos, 1990; Grönroos, 2000; Gummesson, 1995; Gummesson, 2000; Zineldin & Philipson, 2007), and the criticism can be amplified to include industrial marketing (Rafiq & Ahmed, 1992). The root of the problems can be summarized in the nature of marketing, which is a social process with far more variables than four, eight, or twelve. Despite of the criticisms against the mix approach, the simplicity of the model encourages teachers to introduce it as a beneficial toolbox (Grönroos, 1997). Since the ingredients of marketing mix are changeable, they can be considered as "controllable variables" (Zineldin & Philipson, 2007, p. 231).

A review conducted by Birnik and Bowman (2007, p. 307) lists some of the most commonly used terminologies for the elements and sub-elements of marketing mix between studies as: "(1) brand name, (2) advertising and promotion, (3) product, (4) packaging, (5) pricing, (6) sales & distribution channels, (7) customer service and (8) the use of the world-wide web". Borden (1964) proposed a list of elements (ingredients) of marketing mix, covering the main areas of marketing activities and should be considered during managerial decision-making process. The Four Ps is an oversimplified representation of Borden's original concept (Grönroos, 1997). The elements of marketing mix suggested by Borden (1964) can be classified as: P1(product planning), P2 (pricing – branding), P3 (channels of distribution/place – personal selling), and P4 (promotions – advertising – packaging – display – servicing – physical handling and fact finding and analysis) (Zineldan & Philipson, 2007).

2.5.4.1 Product. In the Four Ps model, the product has the "role of being the basic resource involved in the exchange process" (Håkansson & Waluszewski, 2005, p. 113). The product is considered as an outcome of a production system from which its properties and value are two independent functions from each other (Håkansson & Waluszewski, 2005). Within interaction processes that can include production facilities, distribution systems, and expertise of employees and all human beings involved the properties and value of the product is created. Afterwards, a product can be inserted into a phase of supply and user interfaces. During this phase, the product is subject to change(s) suggested by stakeholders who are engaged in handling the interfaces (Håkansson & Waluszewski, 2005). Considering the aforementioned exchange/interaction standpoint, a product can be viewed from two angles: 1) to be "treated as a given, subordinate to other technical or social resources, and thus handled as an outcome of and compromise between other interaction processes"; and 2) a dynamic role carrier during the exchange process which may cause development in multiple areas, including itself, technical and social resources (Håkansson & Waluszewski, 2005, p. 113). Dynamics in consumers' preferences and their influence on each other and constant changes of heterogeneity in preferences (Sudharshan & Mild, 2017) construct the causes of the dynamic role of the product as an effect.

2.5.4.2 Price. Kotler (2003, p. 470) addresses that "price is the only element in the marketing mix that creates revenue and other elements impose costs"; however, applying an interactive resource heterogeneity approach, price is not the only revenue generating factor. In other words, the price would not solely be dictated by the market anymore, instead it would be affected by business relationships and resource interaction

(Håkansson & Waluszewski, 2005). Long-term customer-supplier relationships can decrease procurement costs by simply reducing marketing costs and uncertainties as the partnership evolves (Kumar, Stern, & Achrol, 1992; Abrahamsen & Håkansson, 2015); this highlights the importance of "relationship marketing," which aims at creating relationship with new clients and reinforcing bonds with the existing customers (Vence, 2002; Zineldin & Philipson, 2007). Bagwell and Riordan (1991) suggest that high introductory price signals high quality to the customers. Furthermore, a low-quality firm with a high price cannot maintain the price because informed consumers refuse to buy the product at such a high price. Therefore, the high-quality firm can send stronger signals to the consumers and decline the price with increasing market share. On the other hand, when customer view the supplier as a short-term solution and can easily take switching suppliers into consideration, "transactional marketing" becomes more important. As long as the cost of the relationship is less than the relationship revenue, decision-makers can choose any types of abovementioned marketing (Kotler, 1994; Zineldin & Philipson, 2007). This research explores the role of price advantage on firm performance. Therefore, since reaching out customers is outside of the scope of this research, executive, operations and sales team along with marketing department are utilized as an inside customers to evaluate how pricing strategy can impact firm's financial performance.

In a dyadic co-creation of a value as articulated by Storbacka and Nenonen (2009), viewpoint to the role of customer in value creation has been evolved over time. In their theory, traditionally firms used to create and dictate the values where customers passively considered as recipients of value; however, with the time the role of customers has been promoted to active players in way the value is determined through an interactive

buyer-seller relationships (see Figure 2.7). During a value-creating process, a firm attempts to exploit its capabilities and resources (Woodruff, 1997; Storbacka & Nenonen, 2009) to improve firm performance and dyad actors use exchange value and collaborative practices for the co-creation of value (Storbacka & Nenonen, 2009).

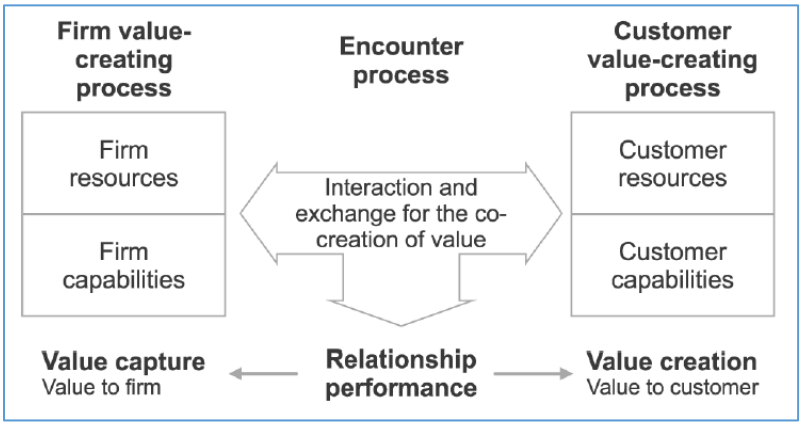

Figure 2.7. Dyadic co-creation of value. (Source: Storbacka & Nenonen, 2009, p. 362).

2.6 Relationship Marketing

The traditional marketing mix model has not been able to meet the requirements of marketing concept. Due to the significant shortcomings of the model, with the transition from transactional to buyer-seller relational conceptualizations, a true revolutionary movement in the marketing discipline occurred (Triki, Redjeb, & Kamoun, 2007). Scholars are focusing on the new paradigm since it represents "interdependent long-term relational exchange process" (Triki, Redjeb, & Kamoun, 2007, p. 10). Nevertheless, the results of research about contemporary marketing practices did not support a full paradigm shift from traditional transactional marketing mixes with the 4Ps in focus to buyer-seller relationship (Brodie, Coviello, Brookes, & Little, 1977; Zineldin & Philipson, 2007). Zineldin and Philipson (2007) articulated that the Four Ps model is crucial not only due to its capability to offer basic requirements of marketing decision-

making that each marketer should not only consider but also offer prerequisites of relationship creation. In summary, “Relationship marketing combines elements of general advertising, sales promotions, public relations and direct marketing to create more effective and more efficient ways of reaching customers. It centers on developing a continuous relationship with customers across a family of related products and services” (Copulsky & Wolf, 1990, p. 16).

2.6.1 Relationship interactivities (marriage metaphor). Interaction, which constructs the heart of relationship, refers to mutual influences from two parties on each other in an open system (Mills & Margulies, 1980; Triki, Redjeb, & Kamoun, 2007). Mutuality, confidence, and social distance between seller and buyer are three central elements on which interaction focuses (Triki, Redjeb, & Kamoun, 2007). As it relates to the relationship between businesses concept, Zineldin (1995) defined the concept of “business-to-business relationship” as a dynamic link between the actors for gaining mutual benefits from the relational interaction (Zineldin & Philipson, 2007, p. 230). Cooperation and conflict between parties can occur during the relationship. Morgan and Hunt (1994), list ten discrete forms of relational interactivities (Hunt, Arnett, & Madhavaram, 2006) (Table 2.3).

Table 2.3.

Forms of relational marketing

Relationship Marketing		
Partnering Type	Relationship Interactivities	Examples
Supplier Partnerships	Goods Suppliers	just-in-time procurement / total quality management
	Services Suppliers	advertising or marketing research agencies and their respective clients
Lateral Parnerships	Competitors	technology alliances / co-marketing alliances
	Nonprofit Organizations	between a firm and non-profit organization for public purpose partnerships
	Government	between firms and local, state, or national governments for joint R&D activities
Buyer Partnerships	Ultimate Customers	long-term exchanges as of customer relationship marketing, affinity programs, loyalty programs
	Intermediate Customers	working partnerships, as in channels of distribution
Internal Partnerships	Functional Departments	exchanges between functional departments
	Employees	exchanges between a firm and its employees
	Business Units	within-firm such business units as subsidiaries, divisions, or strategic business units

Source: Adapted from Morgan & Hunt, (1994, p. 21))

2.6.1.1 Reducing risk of failures in relationship interactivities. Since risk taking is embedded into any professional service (Clow, Tripp, & Kenney, 1996), proper utilization of expertise and capability within organizations is critical for firms to mitigate potential risks. Creating mutual trust between service provider and clients (Laing & Lian, 2005), by focusing on quality of relationship and services, is another way that risk can be reduced and the probability of future exchanges subsequently risen (Triki, Redjeb, & Kamoun, 2007). Triki, Redjeb, and Kamoun (2007), conducted in-depth interviews with 24 key informants from both client and advertising agencies to diagnose the interactive mechanisms in agency-firm relationships; they concluded that since two actors' concentrations are unrelated, the role of both partners in their relational interactions must

be clearly specified to reduce the risk of failures otherwise, ambiguity in roles' definitions may play a serious threat to the relationships. Time mismanagement, poor planning, and various levels of check and balance points from the firm side may negatively impact communication efficiency and creativity (Hotz, Ryans, & Shanklin, 1982; West & Paliwoda, 1996; Triki, Redjeb, & Kamoun, 2007). Triki, Redjeb, and Kamoun (2007) also concluded that the interpersonal, attitudes, perceptions, and overall behaviors from each party may influence success or failure of the relation (Triki, Redjeb, & Kamoun, 2007).

2.6.2 Marketing strategies. Zineldin and Philipson (2007) conducted a content analysis on information collected from five semi-structured in-depth interviews. A Likert-scale survey (1 is lowest ranking and 5 is highest) was also used in their study. Their research focused on understanding which of the two marketing paradigms (transactional [TM] vs. relationship [RM]) is dominant in the Scandinavian region. The interviewees belonged to the following businesses: fast food, hotel, insurance, hairdressing, and youth hostel.

The analysis of current marketing strategies of the companies revealed that most of the interview participants still utilize transactional as the basis of their marketing activities. Although, the interviewees who participated in this study believe some level of relationship with customers is a must, the main concentration must be on the Four Ps model to generate more profit. For instance, the manager of McDonald's City and Samarkand in Växjö (Sweden) indicated that building relationship requires long-term involvement to establish, maintain, and then enhance interaction with the customers. This process, however, seemed to be impossible due to the time limit and considerable number

of McDonalds' customers. Contrarily, the results for the youth hostel interview showed that to attract more customers, lower prices with high value services should be offered which does not fit well with transactional approach. In this case, the hostel company realized that gaining new customer is costlier than customer retention for them. As addressed above, impersonal communication relates to Four Ps model, while personal interaction is a crucial element of relationship marketing (Zineldin & Philipson, 2007). As expected, the cases in this study also demonstrated that their focus is more on impersonal communication. Therefore, relationship marketing can be considered a long-term investment, which needs time, loyalty, experience, and specific know-how, while transactional is a quick profit maker (Zineldin & Philipson, 2007). In order to monitor marketing strategy success: for instance, for a consumer-packaged goods marketing firm where predominantly transactional marketing strategy is more applicable, market share monitoring would probably seem the best way to track market success (Grönroos, 1997). On the other hand, for some of industrial marketers and service firms where relationship-marketing strategy is more applicable, direct interaction with almost every single customer to monitor satisfactory level is more feasible (Grönroos, 1997).

2.7 Alignment of Manufacturing and Marketing Strategies

Attaining alignment has been defined by Zanon, Filho, Jabbour, and Jabbour (2013) as when operational performance led by market drive is at its highest possible balance with actual operational performance which is independent from market direction. Fit, consistency, or alignment has been a fundamental notion in strategic management fields (Miles & Snow, 1978; Venkatraman & Camillus, 1984; Venkatraman, 1989b; Powell, 1992; Tan & Tan, 2005; Kathuria et al., 2007). Adaptability of the firms to

market requirements and external environment (i.e., new governmental regulations, technological changes, new competitors) and exploiting the organizational capabilities and practices determine not only the survival of the firms, but also its competitiveness capability (Jayanthi, 2001; Sun & Hong, 2002; Machuca Jiménez, Garrido-Vega, & de los Ríos, 2011). Since the 1970s (Shapiro, 1977; Lee et al., 2014), as rooted in contingency theories (Miller & Friesen, 1984), the importance of coherence between manufacturing and marketing strategies as a key to improve organizational business performance has been emphasized (Hayes & Wheelwright, 1984). In other words, coherence between a firm's internal and external environments, its structure, and administrative systems have important implications for the overall organizational performance (Galbraith & Nathanson, 1978; Venkatraman, 1989a; Venkatraman & Prescott, 1990; Acur et al., 2012).

2.7.1 Competitive strategy and firm performance. A conceptual model presented by Amoako-Gyampah & Acquaah (2008) suggests the five dimensions of manufacturing strategy (cost, delivery, flexibility and quality) may mediate the relationship between two extremes of Porter's model (competitive strategy) and firm performance; hence, the model proposes a direct relationship between manufacturing strategy and competitive strategy (Figure 2.8). Using a large random sample, Lee et al. (2014) studied the interrelationships between manufacturing strategy formulation (MSF), manufacturing strategy implementation (MSI), and manufacturing-marketing integration (MMI) and plant performance. Of the participants in a study, 85% in Sweden believed that policies concerning the choice of MSP should be considered to a very high or high degree during MSF (Granell, Frohm, & Winroth, 2006; Lindström & Winroth, 2010).

Although, there are several MSP models suggested by scholars over time [i.e., hierarchical two stage (Hayes & Wheelwright, 1984); a three-stage framework (Leong et al., 1990; Mills, Neely, Platts, & Gregory, 1995); and a two-stage model of talk and action (Rytter, Boer, & Koch, 2007)], Lee, et al. (2014) used the commonly accepted model of MSP, which is comprised of MSF and MSI. For companies which implement developed manufacturing strategy is expected to have higher sales on return, defined as the ratio of profit before tax to sales, rather companies which lack a well-established and advanced manufacturing strategy (Miltenburg, 2008).

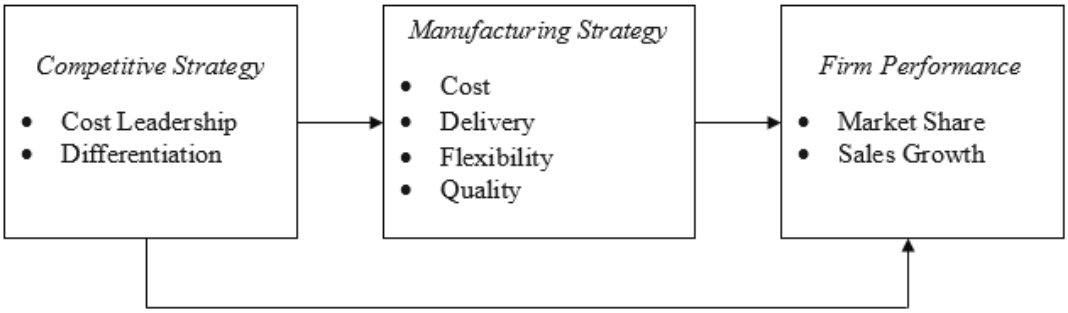

Figure 2.8. A conceptual model for firm performance, (Source: Amoako-Gymaph & Acquaah, 2008, p 579).

2.7.2 Cross-functional engagement, cooperation, and alignment. As Brown and Blackmon (2005) suggested, a closer manufacturing strategic alignment with the corporate strategy can be achieved if organizations actively engage employees from the production department during the course of strategic planning. In other words, the manufacturing department should not only develop its own strategy plan, but also be part of establishing corporate strategy (Anderson, Schroeder, & Cleveland, 1991; Lee et al., 2014). Strategic alignment entails the fit amongst various organizational capabilities, systems and processes (Joshi, Kathuria, & Porth, 2003; McCardle, Rousseau, &

Krumwiede, 2019). Marketing and manufacturing departments require a cross-functional coordination to exchange information about market demand, as well as production lines' capabilities. Using a cooperative two-way information bridge between these two departments can assist the firm to properly "identify a target market segment as well as develop a market offering or a set of feasible competitive priorities so as to outperform its competitors" (Lee et al., 2014, p 119). The interdepartmental cooperation should reflect heavy engagement of a marketing department when the goal of manufacturing is defined by understanding the organizational competitive priorities. On the other hand, a corresponding adjustment in a manufacturing strategy is needed when market demand changes (Lee et al., 2014).

2.7.2.1 Shared vision and consensus. Marketing and manufacturing departments, however, often adopt and follow different approaches. Improved serviceability and customer satisfactory are the main focuses of marketing team, while efficiency improvement and cost reduction are the targets for operations team. A potential inter-departmental conflict may arise when marketing keeps seeking product design differentiation which causes operations complexity (Nie & Young, 1997; Krishnan & Ulrich, 2001; Sharma & Laplaca, 2005; Swink & Song, 2007; Zanon & Alves Filho, 2008; Shamsuzzoha, Kyllonen, & Helo, 2009; Zanon et al., 2013). Shared vision among managers is a leadership solution to manage and lead misaligned strategic decisions (Mintzberg, Ahlstrand, & Lampel, 1998; Zanon et al., 2013).

Negotiation and achieving agreements among individuals and groups that leads to consensus can be beneficial not just during strategy formulation phase but also implementation. When actions and interests of all employees are concentrated on the

main goals of the firm, consensus will be achievable (Robinson & Stern, 1998). Since strategic consensus establishes a shared mental framework among the team, it allows for mutual trust and a deeper exchange of information (Kellermanns, Walter, Lechner, & Floyd, 2005). A practical study, utilizing Group Consensus Theory investigated inter-company learning in relation to innovation. This study showed innovative designs were enhanced as a consequence of improved participative decision-making driven by the closer communication and trust amongst the team (Thomas, Dorrington, Haven-Tang, Mason-Jones, Francis, and Fisher, 2018). Lack of consensus may leave unheard ideas, misperceptions, and a wide range of thoughts and views (Nie & Young, 1997; Mintzberg et al., 1998; Zanon et al., 2013). This research examines the impact of communication and interplay between two manufacturing and marketing parties on aligning competitive strategies and impact firm performance.

2.7.2.2 Integrating marketing and manufacturing. Integration of operating capabilities is essential for successful implementation of strategic plans. Alignment, which facilitates the orchestration of resources and capabilities, is essential to enable the implementation and achieve a unified set of goals (Joshi et al., 2003; McCardle, Rousseau, & Krumwiede, 2019). Five chief functions of manufacturing-marketing integration (MMI) have been named in the literature are as following: 1) interdepartmental cooperation in formulating corporate organizational strategy, 2) cooperation in organizational strategy implementation, 3) information exchange, 4) successful product development implementation, and 5) mutual understanding of each department's objectives (Lee et al., 2014). As a few benefits to MMI strategies, competitive advantage of a new product, morale, cost efficiency, new product flexibility,

and return on investment improvement can be named (Hausman, Montgomery, & Roth, 2002, Swink & Song, 2007, Swink, Narasimhan, & Kim, 2005; Lee et al., 2014).

2.8 Strategic Alignment at the Existence of Product Development

Strategic alignment has been emphasized by new product development scholars. The literature has focused on the way organizations structure and conduct their detailed product development action plan along with contextual capabilities on product development performance (Olson, Walker, & Ruekert, 1995; Hsieh, Tsai, & Hultink, 2006; Laugen, Boer, & Acur, 2006; Acur et al., 2012). The product development strategy must entail how the new products allow firms to achieve their desires and goals; it also determines how resources are to be effectively allocated and examines the fit of new product's strategy against the firm's strategy (Brown & Eisenhardt, 1995; Brews & Hunt, 1999; Song & Montoya-Weiss, 1998; Salomo, Weise & Gemünden, 2007; Acur et al., 2012). Creating a link between the new product strategy and the firm's overall strategy leads to enhanced integrative organizational communication and reduces potential misalignment risks with marketing direction of the firm (Moenaert, Souder, De Meyer, & Deschoolmeester, 1994; Song & Thieme, 2006). An empirical analysis of misalignment (misfit) for the order-winners in manufacturing firms used several constructs for market priorities, including delivery speed and unique design capability. The study aimed at testing the hypothesis of a negative relationship between manufacturing strategy misalignment and performance (financial and market share). Profile deviation and regression analyses were utilized to investigate the empirical effects of alignment configurations in manufacturing. The results of this study suggested that misalignment to

a profile of products may be significantly negative to market share performance (Silveira, 2005).

Alamro, Awwad and Anouze (2018) have empirically tested the relationship between a firm's new product development flexibility and market flexibility, and its operational performance manufacturing companies. The dimensions of their proposed conceptual framework are as follows: two predictors of market flexibility, and new product flexibility (measured by the variables of mobility, range, and uniformity), and dependent variable of operation performance (measured by four dimensions of quality, cycle-time, productivity, and cost efficiency) (Alamro, Awwad & Anouze, 2018). This research examines the impact of "focus" and "differentiation" strategies with the mediating factors of innovation, and manufacturing strategies on firm performance. The impact of corporate strategy to integrate and align marketing activities and its relationship to firm performance is also examined.

2.9 Strategic Alignment

When a corporate leadership team formulates the corporate strategy, having a clear understanding of the opportunities and threats to their external environment and an internal assessment of the organization are critical not only for harmonized strategic formulation purposes but also for implementing the strategies (Kathuria et al., 2007). Through a literature review, Srivastava and Sushil (2017) put forth that historically strategic management scholars have put more focus on strategy formulation than the strategy execution phase (Noble, 1999; Hrebiniak, 2006). This has caused managers to act more as a strategy developers rather than executers (Srivastava & Sushil, 2017). A five-stage framework for strategy execution has been suggested by Hambrick and

Cannella (1989), with stages entailing resource commitment, subunit policies and programs, structure, people, and rewards (Srivastava & Sushil, 2017).

2.9.1 Strategic alignment: effective execution. Later, Srivastava and Sushil (2017) developed a new model (Figure 2.9), called *Total Interpretive Structural Modeling* (TISM), using a sample of 43 firms operating in the infrastructure sector in India. Opinions of experts have been applied to present TISM based on portioning multiple factors of alignment and establishing linkages among the factors. Their results reveal that "organization structure has the most driving power influencing all other factors of alignment. This means that managing the structure-strategy fit should be the first task for effective strategy execution" (Srivastava & Sushil, 2017, p. 1053). As it relates to parent company and business unit alignment, the impacts will be SBUs autonomy (i.e., more power on self-control, rewarding employees), facilitated adoption of best practices, and more employee engagement (Srivastava & Sushil, 2017).

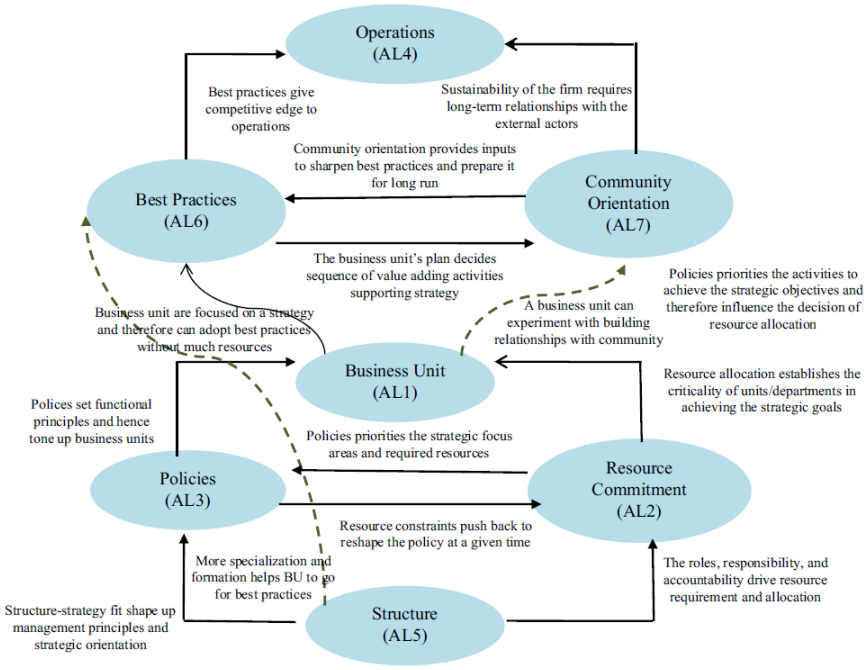

Figure 2.9. Total interpretive structural modeling (TISM). (Source: Srivastava & Sushil, 2017, p. 1054). *Note*: AL (1 thru 7) have been selected by the authors to indicate each factor.

2.9.2. Conceptual forms of alignment. One way to look at organizational alignment is from a configuration standpoint. Hierarchical relationship and configuration of strategic action plans and decisions distinguish two types of alignment: *horizontal* and *vertical* (Kathuria et al., 2007). Vertical alignment requires the coordination of activities at all three levels of corporate, business, and functional, whilst each level also depends on coordination at intra-functional level (decision area at each function) (see Figure 2.10). The two arrows in Figure 2.10 represents the iterative process which from one direction the corporate level develops a roadmap to guide the SBU and at the other lower levels attempt to make decisions consistent with the upper levels. Unlike vertical alignment, horizontal refers to lower levels in the hierarchy of strategy. Knowledge exchange, cross-functional (i.e., marketing, operations, HR) integration, and inter-functional consistency

(i.e., manufacturing tasks, manufacturing policies) are the necessities of the horizontal (Kathuria et al., 2007). Kathuria et al. (2007) suggests having horizontal alignment in the firm will be more critical as the firms become more complex and grow in diversified businesses.

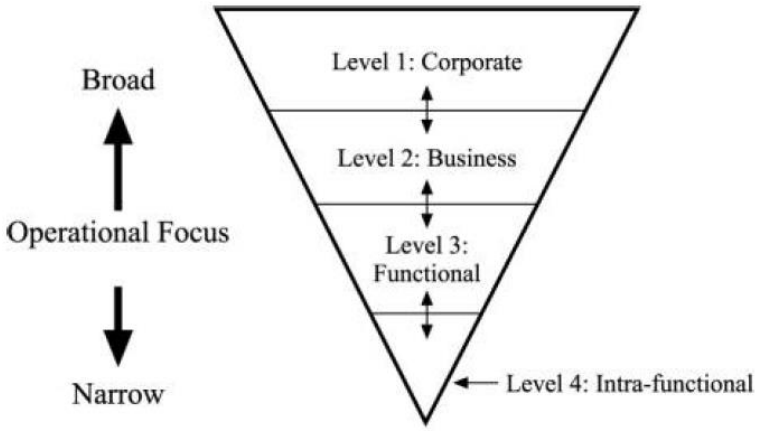

Figure 2.10. Hierarchy of alignment. (Source: Kathuria et al., 2007, p. 505)

There are studies focused on vertical strategy linkages at the three abovementioned levels. Findings of Swamidass's (1986) empirical work on the notion of alignment and consistency of priorities to the executive team at different levels of chief executive (CEO) and manufacturing managers, revealed that mismatch of realized priorities could undermine the business strategy. The results of an empirical analysis of 98 manufacturing units from several industries in the United States conducted by Kathuria, Porth and Joshi (1999), indicated that misalignment between two levels of pairs of General Managers and Manufacturing Managers and the way they think about business strategy and competitive priorities of the firm is still prevalent. Organizational tenure of Manufacturing Managers and length of involvement of Manufacturing Managers with General Managers act as relationship moderators between alignment of manufacturing priorities and manufacturing performance (Joshi, Kathuria & Porth, 2003; Tarigan, 2005).

As cited in Zanon et al., (2013) most companies have various strategies that are adjusted internally based on the functionality of each SBU. Accordingly, the roles, responsibilities and troubleshooting programs are defined at the SBU level (Hill, 2005). The adjusted strategy at SBU level may amplify misunderstanding at the corporate level, which can lead to intensified inter-functional differences, rivalry and incoherence (Hill, 2005; Zanon et al., 2013). Based on a sample of acute care hospitals, Nath and Sudharshan (1994) advised scholars to examine organizational structure, culture, and the environment the firm belongs to, as well as the alignment between parent's strategy and SBUs functional strategies. Another empirical study concludes a better organizational performance would be expected when business and manufacturing strategies are mutually supportive and linked (Sun & Hong, 2002). Using a sample of 192 firms, Edelman, Brush, and Manolova (2005) concluded better performance can be achievable when small firms align their strategies with the available resource profiles. In the case of horizontal alignment, according to expectation, successful firms have a harmony of product innovation and manufacturing competitive priorities in the two case studies examined by Alegre and Chiva (2004).

2.9.2.1 Statistical perspectives to the concept of fit. As with the conceptualization of external fit to match operations capabilities with environment requirements (customer needs and corporate priorities) and internal fit to improve operational consistency, six fit perspectives of moderation, mediation, matching, gestalts, profile deviation, and covariation were addressed by Venkatraman (1989a) for specifying the effects of fit on performance (Silveira, 2005). Fit as covariation or internal consistency - confirmatory factor analysis (CFA) - among four underlying constructs that this study is based on

which in turn has an effect on the criterion (e.g., performance). Generally speaking, there is an overall concurrence in the literature that co-alignment amongst a set of manufacturing and marketing dimensions significantly influence firm's performance; however, operationalizing the notion of co-alignment or fit has been an issue for researchers (Venkatraman, 1989a; Butt, 2009). In an empirical profiling study, Butt (2009) utilized Euclidean Distance method to conduct a profile deviation by measuring the distance of the marketing and manufacturing dimensions of top-performing firms identified and the characteristics deemed important in determining their improved performance against others.

2.10 Conceptual forms of multinational enterprises. The theories of international trade and foreign direct investment divides MNEs into two kinds of vertical and horizontal enterprises by taking their activities into consideration. For instance, when a company geographically segregates different phases of its production processes (various operations) due to technological cost-saving considerations in each target country, it is called a vertical model. Horizontal MNEs have either fully or to a high degree replicated production processes (same industry or same level of production) in place in several geographical locations (Grossman, Helpman, & Szeidl, 2003). Their main incentive to expand their facilities horizontally is potential savings in transportation and trading sectors (Grossman et al., 2003). These two models cannot, however, cover the broad range of strategies that MNEs pursue, instead a model called hybrid or complex integration strategies have been created and addressed in the literature to fill that gap (Hanson, Mataloni, & Slaughter, 2001; Grossman et al., 2003). This research empirically

examines the role of corporate to harmonize manufacturing and marketing activities and its impact on firm performance in a multinational context.

2.11 Multinational enterprises: strategic configuration. In addition to establishing activities-coordinating structure within organizations, managers in MNEs are also required to ensure there is a system in place to control the relationship between the corporate with country based SBUs (Kamoche, 1996; Kidger, 2001). Globalization and dispersal of operational networks cause more complexity in manufacturing strategy with regards to defining production capacity, logistics routes, technological differences, and risk assessment (Swink & Way, 1995; Dekkers & Bennett, 2010; Soosay, Nunes, Bennett, Sohal, Jabar, & Winroth., 2016). As organizations grow into different environments globally, the level of investment uncertainty and complexity of the issues related to organizational control develops (Chang & Taylor, 1999; Kidger, 2001). In line with organizational control and structure, two models of strategy management are pursued by MNEs; Multi-domestic model assigns a great deal of *autonomy* to SBUs whilst *global* orientation model seeks a single integrated structure to coordinate all SBUs. Although, globalization phenomenon may lead more firms to adopt and strengthen the integration approach, the nature of the industry that firms belong to, strongly impacts on the choice of approach (Kidger, 2001).

Overall, global orientation model seems to be a preferable model because international similarity in product demand encourages firms to apply product standardization method, the standardization itself brings cost reduction for the firms (De Wit & Meyer, 1998; Kidger, 2001), as a result of standardization, integration of operations at global level lead MNEs to centralize their activities at fewer locations

(Kidger, 2001) while contrarily differences in international markets dictates decentralization (Swink & Way, 1995), and global convergence between international suppliers and MNEs. These three are economically convincing enough to the firms to step away from fairly autonomous SBUs and embrace more centralized strategic alignment approach (Kidger, 2001). However, there is another approach called *translational* solution that suggests a balance of local responsiveness and global integration can help to have a successful performance in meeting the needs of existing customers as well as exploiting new markets (Bartlett & Ghoshal, 1988; Kidger, 2001). In such a complex environment, Bartlett and Ghoshal (1988) recommends three types of managers are required: a business manager for global integration; a functional manager for organizational learning and knowledge transfer; and a geographic manager for local responsiveness. It is often assumed that coordination integration which calls for intensity of interdependence and communication amongst operational units have a direct impact on firm's outcomes (Hara, 2019). As an example, soft managerial skills such as effective communicating toward organizational objectives can elevate process improvement initiatives (Van Assen, 2018). Table 2.4 shows a summary of empirical studies on inter-firm integration.

Table 2.4

Empirical studies of integration

Authors	Context	Independent Variables	Mediators	Dependent Variables	Main Findings
Alfalla-Luqu et al. (2015)	Manufacturing plants in several countries	mployee commitmer	Supplier integration Customer integration internal integration	Flexibility Delivery Quality Inventory Customer satisfaction	Employee commitment contributes to improving operational performance through the mediation of all the types of integration. Internal integration is positively related to supplier and customer integration
Cao and Zhang (2011)	Manufacturing firms in US	Supply chain collaboration	Collaborative advantage	Firm performance	There is a positive relationship between supply chain collaboration and firm performance.
Choi and Hara (2018)	Manufacturing firms in Japan	Tailored channel activities Relationship specific resources	Channel integration Exploitation capacities	Channel performance	Resource specificity and activity tailoredness enhance channel performance. The nature of complementarity among heterogenic resources and between resources and activities in business-to-business relationships will affect relationship performance.
Ralston et al. (2015)	Manufacturing firms in US	Internal integration	Customer integration Supplier integration Demand response	Cycle time process performance Financial performance	Internal integration leads to customer and supplier integration that influences demand response ability. This affects operational and financial outcomes
Yu et al. (2013)	Manufacturing firms in China	Internal integration	Customer integration Supplier integration Customer satisfaction	Financial performance	Internal integration enhances customer and supplier integration.

(Source: Adapted from Hara, (2019), pp. 1363-4)

2.12 Drivers in a Dynamic Market: Flexibility to Align

Well-performer organizations have a good understanding of the environments in a dynamic market. For instance, new criteria have been emerging based on the demand and evolving environmental awareness of the customers. This can lead manufacturers to align their activities with green manufacturing. Soosay et al. (2016) have listed several authors that addressed the environmental awareness-raising concepts in their research agenda of manufacturing strategy (Azzone & Noci, 1998; Dangayach & Deshmukh, 2001b; Corbett & Klassen, 2006; Nunes & Bennett, 2010; Nunes, 2011; Darnall & Aragón-Correa, 2014). Environmental sustainability in its holistic meaning (minimizing environmental impacts from manufacturing as well as maintaining social and economic benefits), well-designed global supply chain, management of the entire life cycle of products (reuse and remanufacturing), and higher demand of customers toward eco-friendly products are

gaining more attention in the era of globalization (Stonebraker, Goldhar, & Nassos, 2009; Pham & Thomas, 2011; Kuik, Nagalingam, & Amer, 2011; Joung, Carrell, Sarkar, & Feng, 2013). Struggling to compete with increasing global rivalry, and demonstrating responsiveness and adaptability to continuous market changes, many SBU's face the difficult task of fulfilling local goals and responsibilities whilst concurrently developing capabilities required by the corporate (Reilly & Scott, 2016). A qualitative cross-case analysis study of multiple MNE's investigated alignment strategies between subsidiaries and parent companies. The study revealed that demonstrating mutual benefits [i.e., business case that can be appealing globally, capability development which explicitly contributes to the collective organization] between SBU and corporate can be used as an alignment mechanism (Reilly & Scott, 2016). Multinational manufacturing firms are utilized to investigate about the impacts of flexibility strategy at the existence of corporate link and its relationship to performance. This study examines the impact of design and innovation [ability to manufacture a range of products] and capability to align with a marketing strategy and their fit with the proposed conceptual model in this study.

2.13 Multinational Enterprises Controlling Structure

Agency theory or principal-agent theory, proposed by Eisenhardt (1989), considers relationship of agents and principal. Kidger (2001) has borrowed the agency theory to apply in the concept of control management of global firms. In this proposed analogy, SBUs have been considered as individual entities (agents) that take their decision-making authority from the parent company (principal). Accordingly, these control management premises are as following: a) cultural/behavioral control that can manage the cultural and geographical distances between local and global teams.

Appointment of corporate senior managers in a top leadership position of SBUs, socialize with the local team and spread the principal's values to the agents is an example of this kind of cultural control (Chang & Taylor, 1999; Kidger, 2001; Seifzadeh & Rowe, 2019).

Although, some scholars would not segregate behavioral from cultural, parent firm can behaviorally control subsidiaries by assigning trustworthy expatriate managers and/or establishing corporate systems and policies to internalize shared values; b) parent corporate can apply the predominant control, called output control by measuring financial indices and other performance targets [i.e., return on assets (ROA), return on investments (ROI)] (Child, 1984; Chang & Taylor, 1999; Kidger, 2001; Seifzadeh & Rowe, 2019). As firms incur greater transaction costs due to international diversification, organizations crucially require financial coordination between SBUs in different countries to exploit the potential economies of scale with internal resources. Overall, Seifzadeh and Rowe (2019) name two types of controls that normally corporates use them simultaneously to oversee SBUs: strategic controls that take more consideration on the quality of the decisions and they are more evaluative (i.e., interaction with corporate headquarters, resource sharing with other SBUs) (Rowe & Wright, 1997; Seifzadeh & Rowe, 2019) and financial controls with a short-term consideration of financial performance.

These two are also mentioned as part of "coordination" of international manufacturing network. Coordination in MNE's consists of two levels of governance and operations process. For multi-domestic MNE's governance [leadership structures, performance assessment] might be weaker, and for global interdependent factories coordination might be stronger (Junior & Fleury, 2018). Therefore, there is a greater prospect that diversified corporations emphasize more on strategic controlling structure to

oversee SBU performance in order to achieve expected synergies across the units (Seifzadeh & Rowe, 2018). This is also empirically supported by Luo and Zhao's (2004) research where analysis over data from 121 MNE subsidiaries in China depicted that product link (resource sharing and governance) is stronger for SBUs pursue product differentiation with multi-domestic solutions rather the global homogenous strategy. This study also suggest business unit performance might be improved when appropriate fit between corporate link and competitive strategy exist (Luo & Zhao, 2004). Cost, flexibility and innovativeness are the most relevant dimensions for assessing MNE's performance (Junior & Fleury, 2018). Utilizing a multinational diversified manufacturing firms in this study, this research focuses on corporate link from strategic dimension in parent-subsidiary relations and how it may impact on firm performance.

2.14 Resource-based Theory (RBV) vs. Market-based Theory (MBV)

As MNEs grow, the importance of organizational learning and knowledge transfer as a strategic capability becomes twofold (Edmondson & Moingeon, 1996; Kidger, 2001). Organizational learning theory suggests both product and international diversifications provide the ability of a firm to deal with some of complex challenges. Chang and Wang (2007) addressed that organizational experience (i.e., exposing to diversified markets) helps managers to build capabilities in better handling the complexities created by international activities; however, utilizing the RBV theory, product diversification negatively impacts potential advantages created by international diversification for innovation (Hitt et al., 1997). According to RBV theory international diversification allows a firm to share distinctive core competencies and capabilities

among business segments and exploit internal activities such as economies of scale and learning (Hitt et al., 1997).

There are two perspectives on identification of appropriate competitive priorities. Briefly speaking, RBV theory is a managerial framework that advises strategists to select and sustain competitive positions in a way resources are exploited at maximum. Resources entail both internal resources within the organizations and capabilities related to external environment (Soosay et al., 2016). To reach a point that sustainable competitive priorities are achievable, the primary step is to identify and understand potential key resources (intangible assets such as client trust and relationship and tangible assets such as skills and knowledge), as well as core competencies of the firm (Mahoney & Pandian, 1992; Roquebert et al., 1996; Clulow, Barry, & Gerstman, 2007). In order to generate sustainable competitive priorities, the features of the resources that a firm possess must be valuable, unique, rare, and company-exclusive (Barney, 1991; Conner and Prahalad, 1996; Peteraf, 1993; Lanza, Pellegrino, & Simone, 2008; Storbacka & Nenonen, 2009).

RBV assumes resource heterogeneity and resource immobility among competitors of the firm (Storbacka & Nenonen, 2009). A disadvantage concerning RBV is it constrains the "unit of analysis" over the firm's boundaries while a firm's resources "may be embedded in inter-organizational practices" (Dyer & Singh, 1998, p. 660; Storbacka & Nenonen, 2009). The RBV basically excludes the value of relationships, partnering, and collaborative network with business customers and suppliers that each firm may take years to build one and must be considered as a valuable resource the firm possess (Storbacka & Nenonen, 2009). Unlike RBV that primarily concentrates on internal

resources and then finds markets where these resources can be deployed, there is another approach called market-based view (MBV) (Figure 2.11). The MBV takes an external perspective and attempts to derive the strategic plans based on a complete assessment of market needs and trends (Hallgren & Olhager, 2006; Thun, 2008; Soosay et al., 2016).

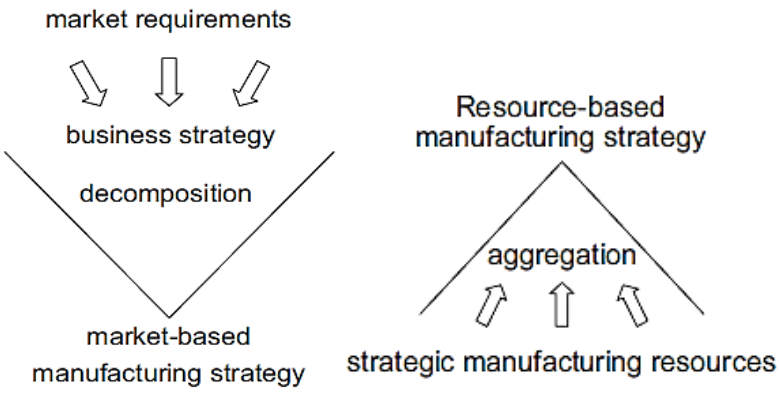

Figure 2.11. RBV theory vs. MBV theory. (Source: Thun, (2008), pp. 373))

In highly competitive markets, a strategy that makes a balance between market-based and RBV (Figure 2.12) builds an optimal situation for organizations to not only strengthen their market position but also exploit their capabilities (Thun, 2008). Since the sole employment of each approach will have its own weaknesses, it is recommended to exploit an integration of both models which re-conciliates market requirements with operational capabilities (Slack & Lewis, 2002; Thun, 2008).

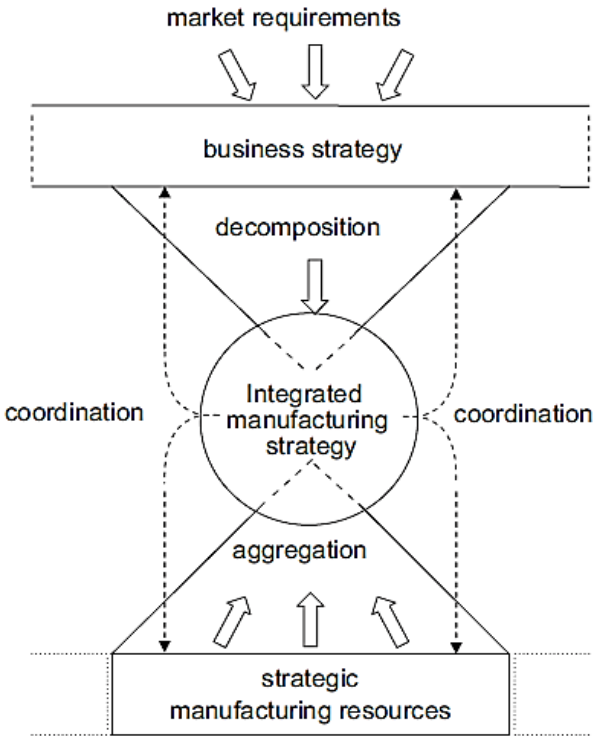

Figure 2.12. Integrated MBV and RBV approach. (Source: Thun, 2008, pp. 373)

2.15 Diversification in the Age of Globalization

In line with increasing the number of firms expanding their markets globally, organizational diversification encompasses both diversifying products as well as enlarging geographic scope (Chang & Wang, 2007). Literature suggests innovation and product diversification has been a very popular strategy to expand new markets and gain international competitive advantage to a firm; hence, the long-term performance of the firm can be partially based on their ability to develop new product and innovative process (Hitt et al., 1997). Over time, firms are allocating more financial resources for purchasing advanced machinery to enhance operational efficiency and their capability to innovate and adjust their products with the market dynamism. Promoted efficiency in manufacturing of products leads to improved quality allow firms to compete internationally (Soosay et al., 2016).

The impact of product and international diversification on MNEs' performance has been a subject of several studies in the literature (Geringer, Beamish, & da Costa, 1989; Kim, Hwang, & Burgers, 1989; Hitt et al., 1997; Gomes & Ramaswamy, 1999; Capar & Kotabe, 2003; Contractor, Kundu, & Hsu, 2003; Lu & Beamish, 2004). Organizations can apply product diversification strategy in response to customers growing and changing demands to sustain their market power and maintain bonds with customers (Despeisse, Mbaye, Ball, & Levers, 2012). Related product diversification strategies have been addressed as a contributor in conducting "economies of scale and scope" and ultimately leading to superior performance. In contrast, evidence on the contribution of the extensive unrelated product diversification that lacks leverage from resources do not necessarily add to rent (Grant, Jammine, & Thomas, 1988; Tallman & Li, 1996; Geringer, Tallman, & Olsen, 2000). As it relates to international diversity and its relation to the firm performance, a wide range of models from linear relationship to horizontal-S relationship had been proposed in the literature (Kim & Lyn, 1987; Grant, Jammine, & Thomas, 1988; Delios & Beamish, 1999; Contractor et al., 2003; Lu & Beamish, 2004).

Chang and Wang (2017), using various theoretical domains analyzed the costs and benefits of product diversification strategies on the performance of MNEs. Despite the potential advantages, implementing both dimensions of market and geographical expansion that can lower the firm performance needs to be taken into consideration as well. The internationality dimension requires more integration, time, and knowledge about each SBU and the unique circumstance in the diverse markets. Alignment of SBUs internal and external settings in its relation with the corporate may impose another cost

created by international expansion. To fully acquire the knowledge, considering technological knowledge and skills that are embedded in the structure of an organization, dissimilar technological and organizational status of each unit can cause difficulty in the knowledge sharing stream between divisions (Chang & Singh, 2000; Bowman & Helfat, 2001).

Most publications on strategic coherence topic concentrate either on one form of alignment or one or a set of limited performance indicators, the novelty of this research is associated with applying corporate link during the exploration of strategic fit analysis of the two chief marketing and operations strategies. It also evaluates the mediating role of communication and information exchange amongst operations and sales/marketing to examine its impact on firm performance. In other words, this research attempts to look into the concept of strategic alignment at two levels of internal [marketing and operations] and external level [corporate link] and its effects on financial performance when global context matters.

2.16 Summary

This chapter suggests that companies must critically assess their resources and skillsets in order to properly formulate their manufacturing strategies to have a successful competition with rivals; this assessment when it is strengthened with communication and mutual understanding of competitive strategies will allow companies to align their manufacturing strategies to achieve enhanced performance. Companies should then determine focused and clear manufacturing policies, fit with the corporate strategy, to be used as SBUs top management's means to actually run production. A brie but unambiguous statement of corporate strategy which can be translated into manufacturing

language, and a well-communicated hierarchical team with a common perception from the importance of various competitive priorities are what focused conventional factories possess.

This chapter also recommends that in order to have a successful business, managers must make a right strategic decision and develop new tools and concepts to allocate organizational resources on appropriate functions when the business deals with changing customer's expectations, raising environmental uncertainties, and technological discontinuities. In a constantly-changing marketing environment, a purposeful and distinctive marketing strategy allows businesses to cope with turbulent-raising environments and deliver superior value niche products to the customers and ultimately improve performance. Additionally, concept of positioning described as an element of communication and advertising strategy that could be translated as a drive to lead user's perception (via packaging, shape and size of packaging, price and quality of a product) against what competitors offer.

Finally, reviewing literature showed coherence between a firm's internal and external environments, its structure, and administrative systems have important implications for the overall organizational performance. As suggested in the literature, a closer manufacturing strategic alignment with the corporate strategy can be achieved if organizations actively engage employees from the production department during the course of strategic planning. Marketing and manufacturing departments require a cross-functional coordination to exchange information about market demand as well as production lines' capabilities. The interdepartmental cooperation should reflect heavy engagement of a marketing department when the goal of manufacturing is defined by

understanding the organizational competitive priorities. On the other hand, a corresponding adjustment in a manufacturing strategy is needed when market demand alters.

CHAPTER III: METHODOLOGY

As researchers indicate a closer manufacturing strategic alignment with the corporate strategy can be achieved if organizations actively engage employees from the various levels of management during the course of strategic planning (Brown & Blackmon , 2005). Marketing and manufacturing departments require a cross-functional coordination to exchange information about market demand as well as production lines' capabilities (Lee et al., 2014). The interdepartmental cooperation should reflect heavy engagement of a marketing department when the goal of manufacturing is defined by understanding the organizational competitive priorities (Lee et al., 2014). This study sought to add to insghights of the impact of strategic fit, manufacturing competitive priorities, marketing concentrate strategies and corporate strategy on firm performance. The extant research has established that competitive priorities and strategic alignment are vital to firm performance; however, the novelty of this research is to emphasize on the role of inter-ogranizational collobration and effects of corporate link in multinational context on firm performance and stratgic alignment.

3.1 Research Questions

In view of the problem identified through this study, the main research questions for this study are as follows:

1) What is the impact of strategic alignment on organizational firm performance in the multinational manufacturing context?
2) What are the impacts of competitive strategies on manufacturing firm performance?

3) What are the impacts of marketing strategy and manufacturing competitive priorities on firm performance?

3.2 Purpose of the Study

To address the research questions, the purpose of this study is to examine the impact of strategic alignment and the concept of fit on manufacturing firm performance in order to achieve its strategic objectives. In other words, this study examines organizational performance association with the level of consistency amongst operations and marketing functions in a multinational context. This study also examines the impact of market concentrate on firm performance. It also examines the impact of different manufacturing competitive dimensions on financial performance.

In order to answer the aforementioned questions, the following conceptual model shows what variables utilized in this study. After synthesis of literature the model is developed.

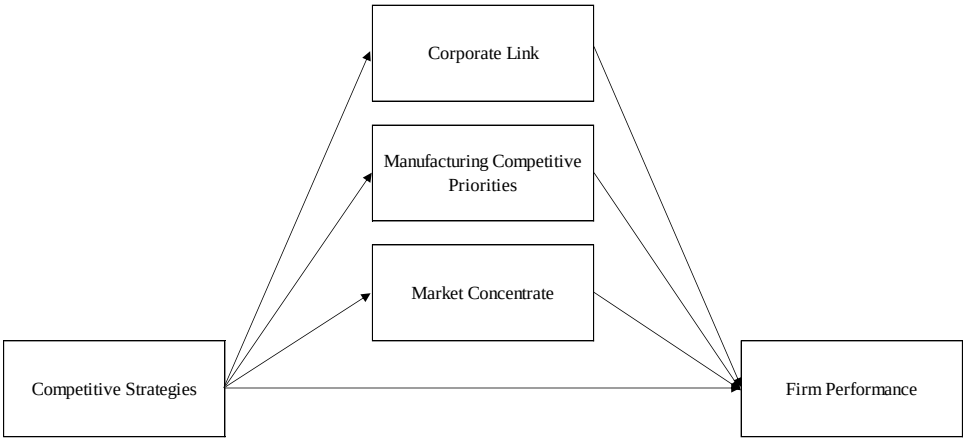

Figure 3.1. The conceptual framework.

The above research questions depicted in the research model lead to some of the following hypotheses:

H_{Main1}: Co-alignment amongst business unit competitive strategies, marketing concentrate strategy, manufacturing competitive priorities, along with corporate link strategy will have a direct positive impact on firm performance.

H_{Main2}: Competitive strategies will have a direct positive impact on firm performance.

H_{a1}: Competitive strategies will have a direct positive impact on market concentrate.

H_{a2}: Market concentrate strategy will have a direct positive impact on firm performance.

H_{a3}: Competitive strategies and market concentrate will have a relationship with firm performance.

H_{b1}: Competitive strategies will have a direct positive impact on manufacturing competitive priorities.

H_{b2}: Manfuacturing competitive priorities will have a direct positive impact on firm performance.

H_{b3}: Qualtiy will have a direct positive impact on firm performance.

H_{b4}: Price flexibility will have a direct positive impact on firm performance.

H_{b5}: Competitive strategies and manufacturing competitive dimensions will have a relationship with firm performance.

H_{c1}: Competitive strategies will have a direct positive impact on corporate link strategy.

H_{c2}: Corporate link strategy will have a direct positive impact on firm performance.

H_{c3}: Competitive strategies and corporate link strategy will have a relationship with firm performance.

3.3 Overview

The design for this research is correlational research following a quantitative, deductive approach. Data collected through a survey based on completed questionnaires to measure perspectives of leadership teams about strategic directions discussed in this research. The survey was designed based on the drawn framework from the literature review. The questionnaire used in the study was developed and validated through several stages of review and pilot study. A quantitative method is used to examine the hypotheses and relationships among manufacturing competitive advantages, competitive strategies, marketing strategy, corporate link strategy and firm performance. Convenient sampling method was utilized with the selection of leadership teams from both marketing, operations and executive functions of a multinational manufacturing firm. Ideally, the study would have targeted all multinational manfacutring firms in sampling frame, but due to complexity with langauge barrier, and data access and confidentiality, convenient sampling is selected. In terms of data analysis method, this research uses confirmatory factor analysis, and regression analysis to test the hypotheses.

3.4 Research Instrument Development and Content Validation

Content validity is the chief criteria for developing research instruments. The holisticness and adequacy of the items that are asscociated with a construct can be ensured during the content validity process (Sekaran & Bougie, 2010; Neuman, 2013). For the content validity, it is suggested to have one-round evaluation of the questionnaire by academicians and professional experts (Cox, Green, Inaba & Quillen, 2006; Tojib &

Sugianto, 2006). Accordingly, three academicians in management dicispline and ten manufacturing leadership experts [2 in executive, 2 in marketing and communication, 2 in R&D, 2 in operations, 2 in quality] reviewed and validated the questionnaire used for this study. As mentioned earlier, the survey was designed based on the model, retrieved from the literature review. The literature is diverse regarding the number of content/subject matter experts to validate the questionnaire; however, some researchers believe it can be a range of two to 20 experts (Gable & Wolf, 1993; Walz, Strickland, & Lenz, 1991). The reviewers were asked to comment the items measured in this study. The sources of the items for all the concepts are provided in Table 3.1. After collecting all feedbacks from the subject matter experts and academicians the refined version of the questionnaire prepared (see Appendix C). The digital version of questionnare set up on Qualtrics website, and was distributed to a pilot group of 10 for pre-testing. Using a convenient sampling method, the participants in the pilot group were all selected from manufacturing leadership positions. There were some remarks/concerns about interpretability of the items that were resolved in this stage. Thus, a number of adjustments were made to the wording of questions.

Table 3.1

Sources of initial items for each construct

Construct/Concepts	Sources
Corporate Link	Luo & Zhao, 2004; Butt, 2009
Business Competitive Strategies Cost Leadership Strategic Focus Differentiation	Luo & Zhao, 2004; Butt, 2009; Nandakumar, Ghobadian, & O'Regan, 2009
Market Concentrate Customer Orientation Competitor Orientation Inter-functional Communication	Butt, 2009
Manufacturing Competitive Advantages Delivery Flexibility Price	Nandakumar, Ghobadian, & O'Regan, 2009; Butt, 2009; McCardle, Rousseau, & Krumwiede, 2019
Firm Performance Market Share Profit Growth Competitive Position Sales Growth	Nandakumar, Ghobadian, & O'Regan, 2009; Butt, 2009

3.5 Survey Instrument

According to Harpaz (1996, p 37) survey research "is probably one of the most commonly used techniques in international research." It is defined as a systematic method of gathering specific information ordinarily through asking questions when a relatively large number of individuals is thought to have the desired information. In an international survey research, data can be obtained through different methods such as phone interview, questionnaire, and personal interviews (Harpez, 1996). Specific

behavior such as perceptions, beliefs, norms and attitutes are some of the topics that usually international survey studies focus on (Harpez, 1996). A questionnaire allows researchers to collect easily quantifiable data through a set of standardized, and structured questions to measure multiple variables that are of interest to the researcher. Questionnares offer several advantages such as flexibility, low cost, anonymity, reduced interviwer effect and speed of collection (Rose, Spinks, and Canhoto, 2015). The following reasons describe why this utilized survey method: more flexibility for the researcher since most of research topics in international management area are not structured problems; data richness and obtaining more meaningful results; examining the process of circumstance of complex phonemona and understanding the "how" and "why" and not just "what" "because of the ability to place an individual in an organziational context to gain a realistic perspective of one particular event" (Wright, 1996, p 71).

The survey form consisted of a cover page, a consent form and contents of questionnaire (see Appendix A, B and C). Approval to conduct the research was obtained from both Western Kentucky University's Institutional Review Board and the company's legal department. Except the first part of the questionnaire that asked about demographic question, all other questions pertaining cost leadership, differentiation strategy, strategic focus, market concentration strategy, manfuacturing competitive priorities, coroporate link strategy and firm performance were measured using seven-point Likert-scale. The seven-point itemized ranging from 0 for lowest emphasis and 7 for highest emphasis for each item in their company compared to their competitors. Several manufacturing strategy studies have used Likert scales to assess the extent of emphasis on manufacturing priorities, e.g. (Silveira, 2005), and (Yadav, Tripathi and Goel, 2019) and

(Alcaide-Muñoz, Bello-Pintado and de Cerio, 2018) (Giménez, Madrid-Guijarro and Duréndez, 2019).

3.6 Sampling Method and Data Collection Method

This study utilized a convenient sampling method to collect data due to concerns with information confidentiality, time and distance constraints, and language barrier. Utilizing a privately-owned manufacturnig company with over 60 years of history, originally rooted in Europe allowed taking advantage of richness of data, and having enhanced accessibility to the data. However, the chief concern to the study would be generalizability to the larger population (Wright, 1996). The multinational company choice for this research is a privately-owned manufacturing company with over 60 years of history, originally rooted in Europe. The company entails 20 sites across the globe and with around 3,000 employees, manufacturers for a broad applications such as industrial and consumer packaging, hygiene and medical, as well as for agriculture and construction sectors. The organization is expected to produce high quality products and guarantee reliable and flexible delivery as competitive priorities of the company.

All of the questions in the survey primarily related to the strategic orientation of the business unit, and predominantly from the aspect of manufacturing and marketing. Hence, all the 276 people in leadership positions / top decision makers from the multinational manufacturing company (e.g., exceutives, site directors, marketing managers, sales and account managers, research and development managers) were contacted through Corporate Human Resources for data collection. The data collection method was the self-administered structured questionnaire throughput all nations business units of the company are located at (USA, Germany, Belgium, France, Sweden,

Vietnam, China, Egypt). The leaders were contacted twice through email between mid-September 2020 and end of October 2020. All participants were volunteers who had responded to the questionnaire via e-mail through Qualtrics.com. By end of October 2020, out of 276 people were contacted, only 127 leaders participated and only 110 responses were valid. The remaining 17 responses were removed due to missing data. This represent approximately 40% response rate.

3.7 Data Analysis Methods

This study uses the *Stata* and *Data* (STATA) for the data analysis. The predictors in this study are as follows: competitive strategies (entailing cost leadership, differentiation, and strategic focus), market concentrate strategy, manufacturing competitive priorities and corporate link strategy. The dependent variable in study is financial firm performance. Descriptive analysis is also conducted in this study to understand the overview of the data prior to any hypothesis testing (Sekaran & Bougie, 2010). Normality of the data, as well as skewness and kurtosis are also conducted in this study to ensure the distribution of each variable prior to the analysis. Mean analysis is conducted on all the items measured in this study for both a set of independent and dependent variables. The analysis provides important information about the state of population studied compared to the competitors in the business on different strategic orientations measured.

In the management discpline, by statistically relating covariation between unobservable constructs and indicators of those structural relationships among latent variables can be identified (Borsboom, Mellenbergh, & Heerden, 2003; Coltman, Devinney, Midgley, & Venaik; 2008). Regression analysis was used to examine the

nature of the relationship between the constructs and assessing the coefficient of determination used to understand the causal effect of one variable on another (Butt, 2009). In order to test co-alignment hypothesis, confirmatory factor analysis (CFA) to examin fit as a pattern of covarion or internal consistency among the four aforementioned predictor variables and their impact on firm performance. “The coalignment among them is formally specified as an unobservable theoretical construct at a higher plane than the individual functional dimensions” (Venkatraman, 1989a, p. 436-437). Since all of the measured constructs used in the study are fully supported and validated by theory in the extant of literature, EFA is not required in this study (Butt, 2009). Although, the sample size requirement for structural equation modeling is predominanly recommended to be greater than 500 for a robust analysis (Hair, Black, Babin, & Anderson, 2010), a statistical research’s findings on SEM sample size demonstrated that “required sample sizes ranged from 30 cases (for the one-factor CFA with four indicators loading at .80) to 460 (for the two-factor CFA with three indicators loading at .50). In comparison, the 10 cases per variable rule-of-thumb would have led to sample size recommendations ranging from 40 to 240, respectively” (Wolf, Harrington, Clark, & Miller, p. 945). As it relates to the direction of causality and determination of whether the measurement model is formative or reflective, it is assumed that the co-alignment among indicator constructs is reflective (effect model). Essentially all scales in business on instrument development use a reflective approach to measurement (Specter, 1992; Netmeyer, Bearden, & Sharma, 2003; Coltman et al., 2008). In addition, in a reflective model indicator intercorrelations are significantly positive, rather there is no shared theme / perceived direction of intercorrelations exists in a formative model. Therefore, the direction of causality in this

study is from co-alignment to the indicators. Accordingly, validity testing of the constructs and the indicators is conducted using CFA. Reliability testing of research instrument is carried out using Cronbach's alpha (Cronbach's α). As Hair, Sarstedt, Hopkins, and Kuppelwieser (2014) recomended this study uses both composite reliability and Cronbach's alpha to measure the internal consistency reliability. To ensure reliability, the values for both is expected to be higher than 0.7 (Hair et al., 2014). Average variance extraction (AVE) shows the discrimnant validity and values greater than 0.5 are needed to indicate more than half of the variance in in the indicator is explained by the variable (Hair et al., 2014).

3.8 Limitations of Methodology

Eventhough every effort will be made to make the research design a well-thought and structured one, every rearch is plagued by certain limitations. Similar to many international manageemnt researches, this research confronts some issues such as distance, language barrier, sample size and some concerns with response rate. It has been tried to have a decent size of participants in the surveys through internet in other countries, response rate was above expection. However, it is known that in order to have a robust analysis on co-alignment there would have been a need to have a larger sample size and approximately around 200. The generalization of this study's findings should be avoided. However, the approach lends itself to replication, particularly within medium size multinational manufacturing context.

CHAPTER IV: RESULTS

This chapter presents findings of statistical analysis of data collected. Initially, the overall profile of participants in the survey is presented. This is followed by the results of mean analysis for all scales of the research model, measured through the survey. Additionally, results for Cronbach's alpha (Cronbach's α) to determine constructs' reliability are presented. Finally, the results presentation proceeds to show correlations amongst constructs and assessment of combination of those to predict firm performance. Linearity results of Pearson correlation coefficients were used to examine linearity. There was a high significant relationship between related first order constructs, indicating a linear relationship between them. The measures of skewness and kurtosis were used to establish normality for all the study variables. Skewness metrics ranged from -0.64 to -0.57, which fitted between the recommended limits of +/-2 for skewness (Mishra, 2020). Accordingly, the kurtosis values for the constructs were found to be in the range of +/-3 needed for normality (Mishra, 2020). Out of 276 people were contacted for this research, only 127 leaders participated and only 110 responses were valid. The remaining 17 responses were removed due to missing data. This represent approximately 40% response rate.

4.1 Leadership Profile of Respondents

Table 4.1 shows a general overview of leadership positions of the respondents. Approximately, 40% of the participants have stayed more than 12 years with their company and more than half of the respondents, collectively, have been around for more than 8 years. Participants also have been asked about their number of years been in leadership/management roles. Approximately, 60% of the participants announced they

have more than a decade of experience with leadership positions. Both these two high percentages should indicate the respondents assumed qualified enough to represent the general perspective for the direction company pursues. Lastly, table 4.1 exhibits the composition of the departments each participant is associated with. Although, it shows a higher percentage for Operations Department with 60%, overall it seems acceptable to assume that the results represent perspectives of the two departments as a whole.

Table 4.1

Overall profile of participants in the survey

Variables		
Years stayed with their company	Count	Ratio (%)
1 - 3 years	26	25.7
4 - 7 years	21	20.8
8 - 12 years	13	12.9
More than 12 years	41	40.6
Years in leadership and management position	Count	Ratio (%)
1 - 5 years	24	25.0
6 - 10 years	15	15.6
11 - 15 years	9	9.4
16 - 20 years	15	15.6
More than 20 years	33	34.4
Department	Count	
Operations	60	
Sales & Marketing/Commercial	40	

4.2 Mean Analysis

This section presents results of mean analysis for each item measured. It starts with results collected for all independent variables (constructs), entailing cost leadership, differentiation, strategic focus, market concentrate and manufacturing competitive strategies. It ends with dependent variable of firm performance. All items for both

dependent and independent variables are measured, using a seven-point Likert scale. The point one denotes lowest emphasis and point seven denotes highest emphasis.

4.2.1 Mean analysis for cost leadership. As Table 4.2 shows cost leadership construct measured using six items. The results show that the mean range between 4.18 and 4.67 in the seven-point itemized rating scale. The mean values show respondents believe that their firms have slightly put more focus on cost leadership over their competitors. The items measuring emphasis on production capacity utilization (CL5) has the lowest mean score, with standard deviation of 1.50, and emphasis on operational cost reduction (CL3), with standard deviation of 1.29 has the highest mean score. Another item with second highest mean score is related to emphasis on buying power (mean = 4.45; SD = 1.28). The two items with highest mean scores indicate that multinational manufacturing organizations tend to use global advantage on buying negotiations along with improving operational efficiency to affect competitiveness by decreasing their expenditures.

Table 4.2

Mean analysis for cost leadership

Code	Item	Mean	Std. Dev.	Skewness	Kurtosis
CL1	Emphasis on buying power	4.45	1.28	-0.47	3.08
CL2	Utilizing multiple sourcing	4.32	1.35	-0.25	2.32
CL3	Emphasis on operational cost reduction	4.67	1.29	-0.26	2.50
CL4	Operating efficiency improvement	4.34	1.37	0.11	2.35
CL5	Production capacity utilization	4.18	1.50	0.16	2.16
CL6	Control on administrative costs	4.27	1.41	0.07	2.44

4.2.2 Mean analysis for differentiation strategy. The differentiation strategy of manufacturing organizations was measured using four items. The statistical results of this construct are presented in Table 4.3. The mean scores range from 3.05 to 3.68 which is in general somehow lower than emphasis on cost leadership. This might be due to higher percentage of respondents from operations team; hence, more familiarity with manufacturing strategies pursued on the shop floor. It also might be related to the nature of manufacturing organizations, tending to standardize, and simplify production runs which is not necessarily aligned with product development / differentiation objectives. Amongst items examined under differentiation strategy construct, new product development (DIFF1) with (mean = 3.68; SD = 1.38) has the highest score while rate of new product introduction into the market (DIFF2) with (mean = 3.05; SD = 1.30) has the lowest mean score. This may indicate that the number of successful trials or fully qualified product development projects in the market has a lesser extent compared to actual experimental / R&D projects manufacturing organizations produce.

Table 4.3

Mean analysis for differentiation

Code	Item	Mean	Std. Dev.	Skewness	Kurtosis
DIFF1	New product development	3.68	1.38	-0.20	2.48
DIFF2	Rate of new product introduction	3.05	1.30	0.57	3.23
DIFF3	Increasing number of new products	3.23	1.28	-0.26	2.85
DIFF4	Broaden product portfolio	3.24	1.31	0.23	2.81

4.2.3 Mean analysis for focus strategy. The results of strategic focus presented in Table 4.4. They reveal that mean for the items range from 3.79 to 4.13. The items with the maximum mean are related to emphasis on targeting for identified market segments

(mean = 4.13; SD = 1.32), followed by emphasis on offering specialty products (mean = 3.97; SD = 1.48) and the item with minimum mean score is emphasis on uniqueness of products in the market (mean = 3.79; SD = 1.28). The results indicate that manufacturing organizations offer specialty products to hold their competitiveness in the market; however, offering something with advanced innovativeness has a lesser extent of emphasis compared to other items.

Table 4.4

Mean analysis for strategic focus

Code	Item	Mean	Std. Dev.	Skewness	Kurtosis
FOC1	Uniqueness of products	3.79	1.28	0.03	2.63
FOC2	Targeting identified segments	4.13	1.32	-0.28	2.65
FOC3	Offering for high price segment	3.91	1.39	-0.04	2.15
FOC4	Offering specialty products	3.97	1.48	0.00	2.15

4.2.4 Mean analysis for market concentrate. This construct entailed items of customer orientation, competitor orientation and intra-communication between manufacturing and sales departments. The statistical results are presented in Table 4.5. The mean for the items range from 3.17 (for the item denoting emphasis on rapid response to competition activities) and 4.08 (emphasis on tracking customer needs). The findings describe that manufacturing organizations put more effort to maintain and satisfy the existing customers' needs (reflected in both MC1, MC2 and MC6) while business development may have a less emphasis compared to business retention activities (lower mean score in MC4). The findings also describe that sharing information amongst sales teams internally has also a lower mean score. This may suggests that manufacturing

managers to seriously focus on coordination functions amongst sales force for better flow of information exchange.

Table 4.5

Mean analysis for market concentrate

Code	Item	Mean	Std. Dev.	Skewness	Kurtosis
MC1	Tracking customer needs	4.08	1.31	-0.39	2.30
MC2	Monitoring commitment to serve customers	3.89	1.26	-0.08	2.49
MC3	Sharing info amongst sales	3.32	1.45	0.06	2.42
MC4	Rapid response to competitive action	3.17	1.34	0.11	2.26
MC5	Manufacturing management awareness of business strategy	3.77	1.28	-0.38	2.71
MC6	Competitive advantages based on customer needs	3.81	1.41	0.01	2.73

4.2.5 Mean analysis for corporate link. This scale examined the relationship between business units and parent company though six items. The statistical results of mean analysis for corporate link are shown in Table 4.6. The mean score for these six items fall between 3.00 and 4.36. The item with the maximum score measures the emphasis on purchasing bargaining power integration with the corporate and scale economies in sourcing (mean = 4.36; SD = 1.24). This score is also comparable with CL1 (see Table 4.2) which has measured the emphasis on raw material buying power on creating a low-cost position relative to rivals. The findings corporate link scale also describe emphasis on integrating marketing programs with the corporate (mean = 3.00; SD = 1.21), followed by sharing organizational resources with other business units (i.e. international expats exchange) (mean = 3.09; SD = 1.35) as the lowest mean scores. These two lowest scores suggest manufacturing organizations require corporate support,

tailored to the specific host market. Also, the need for parent company to provide a global support structure by sharing organizational resources (knowledge, value chain functions).

Table 4.6

Mean analysis for corporate link

Code	Item	Mean	Std. Dev.	Skewness	Kurtosis
CORP1	Purchasing integration with corporate	4.36	1.24	-0.26	3.53
CORP2	Manufacturing capabilities integration	3.90	1.17	-0.22	3.34
CORP3	Marketing programs integration	3.00	1.21	0.12	2.25
CORP4	Sharing organizational resources	3.09	1.35	0.55	3.10
CORP5	Departmental strategic alignment	3.51	1.54	0.13	2.37
CORP6	Customer needs reflection	3.80	1.42	0.11	2.51

4.2.6 Mean analysis for manufacturing competitive priorities. This scale examined manufacturing competitive priorities using six items. The results are provided in Table 4.7. The mean scores for these six items fall between 3.24 and 5.04. The lowest mean score measures the emphasis on the reducing time between order placement and delivery (mean = 3.24; SD = 1.22) and the highest mean score measures product conformity to specifications customer expected in all batches of production (mean = 5.04; SD = 1.27). The mean score for the quality item has been the highest mean score across all items measured in this study. Lowest emphasis on lead-time and highest emphasis on quality of conformity may reflect the nature of the organizations examined in this study. Generally, manufacturing organizations with cost reduction strategies in mind may

emphasize more on the quality not just to satisfy customers but also to lessen rework costs.

Table 4.7

Mean analysis for manufacturing competitive priorities

Code	Item	Mean	Std. Dev.	Skewness	Kurtosis
MFG1	Delivery - lead time	3.24	1.22	0.00	2.91
MFG2	Delivery - reliability	4.84	1.41	-0.80	3.09
MFG3	Quality	5.04	1.27	-0.64	3.36
MFG4	Flexibility - range of products	3.61	1.56	0.31	2.42
MFG5	Flexibility - range of volumes	4.27	1.38	-0.05	2.75
MFG6	Flexibility - price	4.01	1.33	-0.23	2.77

4.2.7 Mean analysis for firm performance. Table 4.8 shows the mean and standard deviation for items measuring firm performance. The findings show that the mean scores for four items measured range from 3.24 to 3.71. This depicts that the participants believe the emphasis on firm performance is mediocre. The lowest mean score of 3.24 (where SD = 1.22) is associated with emphasis on market share and highest mean is related to competitive position (mean = 3.71; SD = 1.28), followed by sales growth (mean = 3.65). This indicates that manufacturing organizations in this study attempt to reinforce their competitive position and cash flow generation rather absorbing new customers and enlarging businesses over their competitors.

Table 4.8

Mean analysis for firm performance

Code	Item	Mean	Std. Dev.	Skewness	Kurtosis
FP1	Sales growth	3.65	1.42	-0.13	2.36
FP2	Competitive position	3.71	1.28	-0.09	2.58
FP3	Profit	3.48	1.39	0.15	2.39
FP4	Market share	3.24	1.22	0.00	2.91

4.3 Validity and Reliability Testing

Cronbach's alpha analysis is used to ensure the inter-item consistency among the items in each scale. The internal consistency method is the most commonly used method to assess the reliability of the measures. To establish reliability a Cronbach's alpha score of at minimum 0.5 recommended (Norusis, 2008). Table 4.9 presents the overall Cronbach's alpha values for each scale examined in this study. These statistical tests have shown that the data collected is reliable. Each code represent the set of items in the survey that form each scale. Using histograms and box and whisker plots, the presence of outliers and normality of each scale have been measured and found none.

Table 4.9

Cronbach's alpha values of the measurement scales

Variables	Code	Cronbach's alpha
Cost Leadership	CL	0.786
Differentiation	DIFF	0.940
Strategic Focus	FOC	0.789
Manufacturing Competitive Priorities	MFG	0.800
Market Concentrate	MC	0.861
Corporate Link	CORP	0.826
Firm Performance	FP	0.913

Confirmatory Factor Analysis, as a covariance-based method can be applied to demonstrate the capability of a conceptual model to fit an observed set of empirical data (Brown, 2006). In this study, CFA with maximum likelihood method also used to test the conceptual model. Based on statistical testing for the five constructs, and calculated loading factor of the majority of items that are greater than recommended cutoff of 0.6 (Mishra, 2020) and the score of construct reliability greater than 0.5; it can be concluded that the instrument is valid to measure the variables. Based on statistical testing for the five constructs, the majority of values of standardized factor loading were found to be greater than the cutoff of 0.6 for all items; however, there were multiple items removed due to loading factors smaller than 0.6. The removed items along with their respective loading factors to their latent variables shown in parentheses are as follows: CL1 (0.346), CL2 (0.428), CL3 (0.352), CL4 (0.423), CL5 (0.504), CL6 (0.440), FOC2 (0.452), FOC3 (0.425), MS5 (0.513), MFG1 (0.472), MFG2 (0.436), MFG3 (0.390) MFG5 (0.553), CORP1 (0.559), and CORP3 (0.521). The composite reliability (CR) and average variance extracted (AVE) for remaining 21 items were found to be greater than 0.6 and 0.5, respectively, ensuring reliability and convergent validity (Table 4.10). All factor loadings are statistically significant (p-values <.001), demonstrating all indicators are significantly related to the latent variables.

Table 4.10

Scale item for measures

Construct and Indicator	Standardized factor loading	AVE
Competitive Strategies (CR = 0.94)		0.685
DIFF1	0.836	
DIFF2	0.959	
DIFF3	0.939	
DIFF4	0.869	
FOC1	0.671	
FOC4	0.634	
Marketing Concentrate (CR = 0.88)		0.536
MS1	0.776	
MS2	0.760	
MS3	0.657	
MS4	0.672	
MS6	0.785	
Mfg. Competitive Priorities (CR = 0.73)		0.577
MFG4	0.784	
MFG6	0.734	
Corporate Link (CR = 0.88)		0.651
CORP2	0.743	
CORP4	0.847	
CORP5	0.851	
CORP6	0.781	
Firm Performance (CR = 0.91)		0.717
FP1	0.907	
FP2	0.815	
FP3	0.860	
FP4	0.802	

Note: all factor loadings are statistically significant (all *p*-values < .001)

4.4 Co-alignment Conceptual Model Confirmatory Factor Analysis

The overall fit of the CFA measurement model in this study examined based on chi-square (X^2), TLI, CDI, and RMSEA. The lower values for Chi-square indicate a better fit (Brown, 2006). The ratio of Chi-square to the degrees of freedom of the model (X^2/df) would be considered as an adequate fit when the ratio score is smaller than 2. As it relates to CFI values, acceptable model fit is indicated by a CFI value of 0.9 or greater (Hu & Bentler, 1999). RMSEA is an index between 0 to 1, showing the residuals in the model which estimates the lack of fit in a model versus the saturated model. The values of RMSEA lower than 0.06 indicate a good fit (Hu & Bentler, 1999). Summary of fit indices for CFA of the model have shown with Chi-Square at 320.161, X^2/df = 1.74, probability 0.000, TLI 0.880, CDI at 0.863, SRMR at 0.076, and score of RMSEA 0.104 (Table 4.11) which cannot be a perfectly good representation of the data, and hence not strongly supporting hypothesis of impact of strategic co-alignment on firm performance. Since SEM is a large sample technique, the poor presentation of the Chi-square test model most likely is related to the sample size. However, considering SRMR and the ratio of chi-square to degrees of freedom, the model would partially suggest that all latent constructs are directly and positively related to financial performance which partially supports H_{Main1} for co-alignment and its impact on firm performance.

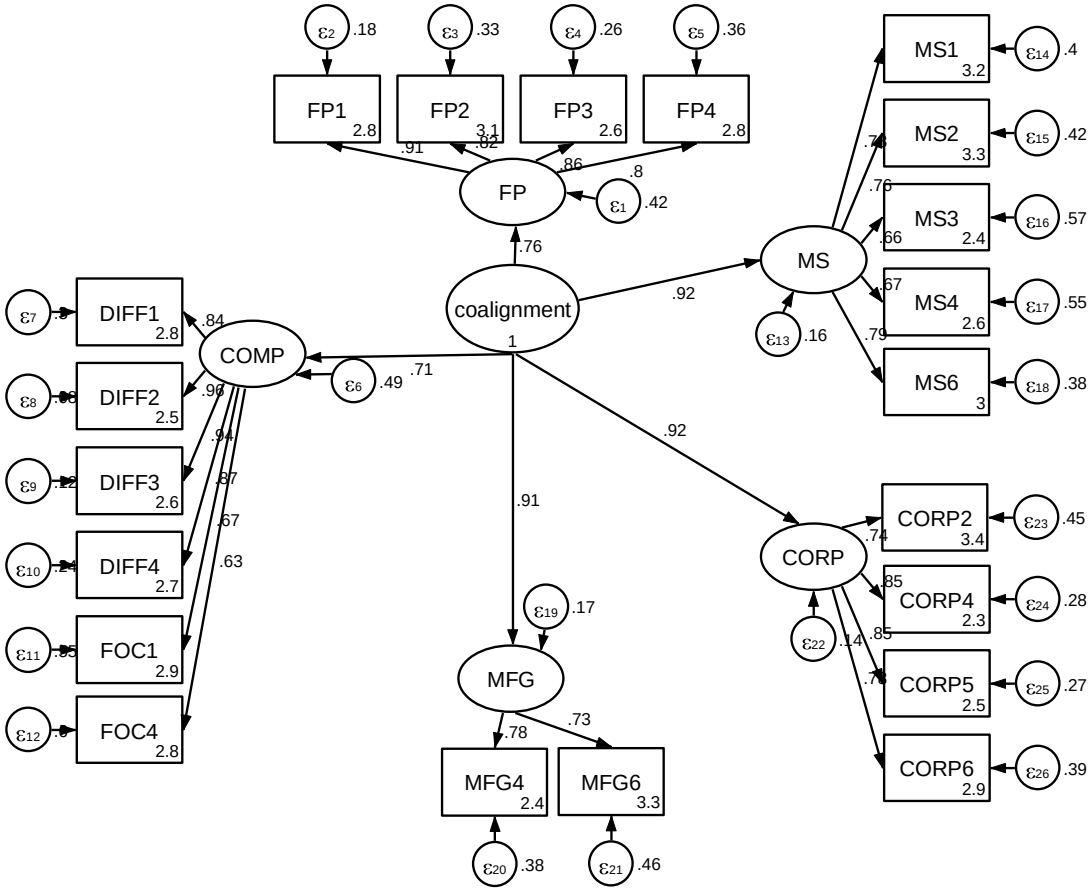

Figure 3.2. Hypothesis testing for the co-alignment conceptual framework.

Table 4.11

Summary of fit indices for the CFA model

Fit Statistic	X^2	df	X^2 / df	CFI	TLI	RMSEA	SMSR
Recommended Value			<2[a]	≥0.9[a]	≥0.9[a]	≤0.08[a]	≤0.08[a]
	320.161	184	1.84	0.880	0.863	0.104	0.076

Note(s)1: a = Hu & Bentler, (1999); Note 2: *N* = 101.

4.5 Correlations and Regression Analyses

After examining the reliability of the constructs, Pearson's correlation test was performed on all constructs initially presented in the conceptual model. The evaluation of the correlations matrix focuses on correlation coefficients (*r*), as well as significance (*p*-value). The arrangement of variables in the multivariate correlations test was such that

competitive strategy (COMP) (summation of CL, DIFF, FOC) as independent variable, along with corporate link (CORP), market strategy (MS), and manufacturing competitive priorities (MFG) as other independent variables and finally firm performance (FP) has been the target (dependent) variable. Table 4.12 show the results of correlations matrix of all aforementioned variables. Table 4.12 shows the results of these correlations.

Table 4.12

Main variable correlations ($p < 0.05$)

Concept	COMP	MS	MFG	CORP	FP
COMP	1.000				
MS	0.716	1.000			
MFG	0.572	0.502	1.000		
CORP	0.721	0.779	0.627	1.000	
FP	0.672	0.625	0.520	0.528	1.000

Note: correlations between all variables are statistically significant.

4.5.1 Competitive strategies and firm performance. Competitive strategies significantly affect firm performance. The results of linear regression between competitive strategies and firm performance with the t-value 7.38 with significance value (0.000<0.05). Therefore, the hypothesis of a positive effect of competitive strategies on firm performance was supported. The hypothesis H_{Main2} is accepted. R-squared (r2) shows goodness of fit for a linear regression model; the test results are as follows:

- COMP-FP at $r = 0.672$ ($p < 0.05$, $r^2 = 0.45$);

4.5.2 Market concentrate and firm performance. Competitive strategies significantly affect marketing strategies. The results of regression between competitive strategies and marketing concentrate with the t-value 8.40 with significance value (0.000<0.05). Therefore, the hypothesis of a positive effect of competitive strategies on marketing concentrate was supported. The hypothesis H_{a1} is accepted.

- COMP-MS at $r = 0.716$ ($p < 0.05$, $r^2 = 0.51$);

4.5.3 Competitive strategies, market concentrate and firm performance.

Marketing strategies significantly impact on firm performance. The results of regression between marketing concentrate strategies and firm performance with the t-value 6.85 with significance value (0.000<0.05). Therefore, the hypothesis of a positive effect of market concentrate on firm performance was supported.

- MS-FP at $r = 0.625$ ($p < 0.05$, $r^2 = 0.39$);

The hypothesis H_{a2} is accepted. However, multiple regression analysis showed firm performance insignificantly influenced by the combination of market concentrate and competitive strategies. The results of regression amongst competitive strategies, marketing strategies and firm performance with the t and *p*-values of (1, 80, 0.076>0.05 for MS and 3.91, 0.000<0.05 for COMP) does not support the hypothesis of H_{a3}.

4.5.4 Competitive strategies and manufacturing competitive priorities.

Competitive strategies significantly impact on manufacturing competitive strategies. The results of regression between competitive strategies and manufacturing advantages with the t-value 5.68 with significance value (0.000<0.05). Therefore, the hypothesis of a positive effect of competitive strategies on manufacturing competitive advantages was supported. The hypothesis H_{b1} is accepted.

- COMP-MFG at $r = 0.572$ ($p < 0.05$, $r^2 = 0.32$);

4.5.5 Manufacturing competitive priorities and firm performance.

Manufacturing competitive priorities significantly affect firm performance. The results of linear regression between manufacturing competitive advantages and firm performance

with the t-value 5.27 with significance value (0.000<0.05). Therefore, the hypothesis of a positive effect of manufacturing competitive dimensions and firm performance was supported. The hypothesis H_{b2} is accepted.

- MFG-FP at $r = 0.520$ ($p < 0.05$, $r^2 = 0.27$);

4.5.5.1 Quality, flexibility and firm performance. Table 4.13 shows the results of Pearson's correlation matrix between manufacturing competitive dimensions and firm performance. When direct effects examined, amongst these correlations, the impacts of flexibility (product) and flexibility (price) on firm performance are positive and strong. The results of regression between these dimensions and firm performance showed the two dimensions of delivery (lead time) (*p*-value of 0.310>0.05), and delivery (reliability) (0.443>0.05) in the model are insignificant. Flexibility (volume) dimension has also been removed from the regression analysis due to low correlation and statistical insignificance. After running the regression without these three dimensions the results showed firm performance is explained by quality (0.005<0.05), flexibility (product) (0.012<0.05), and flexibility (price) (0.000<0.05). Therefore, the hypotheses of a positive effect of quality H_{b3} and flexibility (price) H_{b4} competitive dimensions and firm performance are accepted. Figure 3.3 also shows to what extent firm performance can be explained by which predictor.

Table 4.13

Manufacturing competitive priorities and firm performance correlations ($p < 0.05$)

Concept	1	2	3	4	5	6	7
Delivery (Lead Time)	1.000						
Delivery (Reliability)	0.734***	1.000					
Quality (Consistency)	0.455***	0.475***	1.000				
Flexibility (Product)	0.422***	0.378***	0.287***	1.000			
Flexibility (Volume)	0.507***	0.324***	0.155	0.531***	1.000		
Flexibility (Price)	0.299***	0.263**	0.219**	0.555***	0.460***	1.000	
Firm Performance	0.330***	0.283**	0.427***	0.552***	0.190*	0.593***	1.000

Standard errors are report in parantheses, *, **, *** indicates at the 90%, 95%, 99% level, respectively.

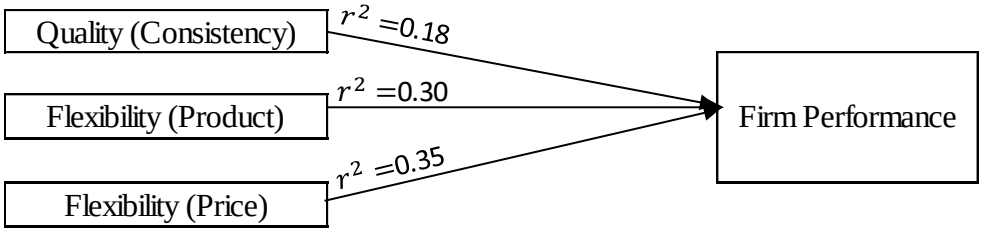

Figure 3.3. Hypotheses testing for the impacts of quality and price flexibility dimensions on firm performance.

4.5.6 Competitive strategies, manufacturing competitive priorities and firm performance. Firm performance significantly influenced by the combination of manufacturing competitive strategies and competitive strategies. The results of multiple regression amongst competitive strategies, manufacturing competitive priorities and firm performance constructs with the t and *p*-values of (2.39, 0.02<0.05 for MFG and 4.42, 0.000<0.05 for COMP) supports the hypothesis of H_{b5}.

4.5.7 Competitive strategies and corporate link. Competitive strategies significantly affect corporate support strategies. The results of regression between competitive strategies and corporate support strategies with the t-value 8.41 with significance value (0.000<0.05). Therefore, the hypothesis of a positive effect of corporate link and competitive strategies was supported. The hypothesis H_{c1} is accepted. This indicates that 52% variation in competitive strategies can be explained by corporate support.

- COMP-CORP at $r = 0.721$ ($p < 0.05$, $r^2 = 0.52$);

4.5.8 Corporate link and firm performance. Corporate support strategies significantly impact on firm performance. The results of regression between corporate link and firm performance with the t-value 5.27 with significance value (0.000<0.05). Therefore, the hypothesis of a positive effect of corporate link strategies and firm performance was supported. The hypothesis H_{c2} is accepted. Findings suggest that 27.8% of variability in firm performance can be predicted by corporate link.

- CORP-FP at $r = 0.528$ ($p < 0.05$, $r^2 = 0.27$);

4.5.9 Competitive strategies, corporate link, and firm performance. The results of regression amongst competitive strategies, corporate link strategies and firm performance with the t and *p*-values of (0.58, 0.566>0.05 for CORP and 4.57, 0.000<0.05 for COMP) rejects the hypothesis of H_{c3}.

4.5.10 Multiple regression analysis for the conceptual model. Based on the conceptual model, this study has focused the relationship between firm performance (outcome) and competitive strategies, corporate link, manufacturing competitive

advantages as predictors when jointly assessed. Findings of a multiple regression analysis at the presence of all predictor constructs demonstrates that corporate link construct does not significantly predict the firm performance. Table 4.14 shows the regression analysis when all predictor constructs (COMP, *p*-value < 0.05; MS, *p*-value < 0.05; MFG statistically insignificant 0.053>0.05) at the absence of corporate link. Table 4.12 shows that 48.7% of variability of firm performance at the presence of only two constructs of (COMP, *p*-value < 0.001) and (MFG, *p*-value < 0.01) is predicted (FP = -0.328 + 0.37 MC + 0.228 MFG) by removing MFG from the regression analysis. Residuals vs fitted values for any violations of the assumptions examined and found non-problematic. In addition, extreme outliers, existence of any curves, and heteroscedasticity (not significant) of the residuals vs fitted values were examined and nothing was found. Residuals normality also assessed and confirmed. Therefore, the evaluation of the multiple regression analysis for the measurement models concludes that two of the measurement constructs (competitive strategies and market concentrate) in the study significantly predict firm performance when all constructs are jointly assessed.

Table 4.14

Regression results for predicting firm performance (FP)

Constant	-1.571 (0.473)
COMP	0.113** (0.024)
MC	0.203** (0.045)
MFG	0.178* (0.053)
R-squared	0.499

Standard errors are reported in parentheses. *, ** indicates significance at the 90%, 95% level, respectively.

4.6 Summary

Mean analysis showed that manufacturing organizations put the highest emphasis on manufacturing competitive priority of quality amongst all other strategic items assessed. Manufacturing organizations with cost reduction strategies in mind may emphasize more on the quality not just to satisfy customers but also to lessen rework costs. Accordingly, regression analysis demonstrated quality along with flexibility affect financial firm performance of manufacturing organizations. Comparatively, the results of regression analysis showed firm performance is predicted by flexibility (price) almost twice as quality competitive dimension of manufacturing strategies. Mean analysis depicted that that multinational manufacturing organizations tend to use global advantage on buying power along with improving operational efficiency to affect their competitiveness by lowering their costs. The findings of marketing strategy analysis

described that manufacturing organizations put more effort for existing customer retention while business development may have a less priority compared to business retention activities for them. Similarly, mean analysis of firm performance demonstrated that these organizations put more effort to reinforce their competitive position and cash flow generation rather absorbing new customers and enlarging businesses over their competitors.

In brief, this study demonstrated that competitive strategies, market concentrate, manufacturing competitive dimensions, corporate link, and differentiation have strong relationships with firm performance (see Table 4.15). Correlational analyses showed the direct relationship between all of the independent variables with firm performance is strong. For example, the effects of competitive strategies on firm performance, competitive strategies on market concentrate, manufacturing competitive priorities on firm performance, competitive strategies on corporate link, and corporate link on firm performance are all strong. The results demonstrated while corporate support strategy may enhance the buying power status of manufacturing organizations compared to their competitors, it appears that sharing global resources, knowledge, and expats is not profoundly utilized by the subsidiaries. The regression analysis demonstrated that the relationship of firm performance with corporate link at the presence of competitive strategies would be insignificant. In general, it is a well-accepted proposition in the literature that strategic co-alignment; that is, correspondence among a set of theoretically-related constructs, significantly impacts performance; however, this proposition was only partially supported by the findings of this study, most likely due to the sample size.

Table 4.15

Summary of hypotheses testing

Hypotheses	Independent Variable	Dependent Variable	Direction	Decision
H_{main1}	Co-alignment	Firm Performance	Reflective	Partially Supported
H_{main2}	Competitive Strategies	Firm Performance	Positive	Supported
H_{a1}	Competitive Strategies	Market Concentrate	Positive	Supported
H_{a2}	Market Concentrate	Firm Performance	Positive	Supported
H_{a3}	Comp. Strat. & Market Conc.	Firm Performance	Positive	Not Supported
H_{b1}	Competitive Strategies	Manufacturing Comp. Priorities	Positive	Supported
H_{b2}	Manufacturing Comp. Priorities	Firm Performance	Positive	Supported
H_{b3}	Quality	Firm Performance	Positive	Supported
H_{b4}	Price	Firm Performance	Positive	Supported
H_{b5}	Comp. Strat. & Mfg. Comp. Prior.	Firm Performance	Positive	Supported
H_{c1}	Competitive Strategies	Corporate Link	Positive	Supported
H_{c2}	Corporate Link	Firm Performance	Positive	Supported
H_{c3}	Comp. Strat. & Corp. Link	Firm Performance	Positive	Not Supported

CHAPTER V: DISCUSSION, CONCLUSION, AND IMPLICATIONS

This chapter discusses the implications of the statistical results presented in the previous chapter. The derived results conclude this research report. The chapter provides a general discussion of the statistical findings, especially the findings of descriptive statistics and hypothesis-testing. The limitations of the study and recommendations for future research are also discussed next. Lastly, a conclusion for the research report is presented. The research questions for this study were:

- What is the impact of strategic alignment on organizational firm performance in the multinational manufacturing context?
- What are the impacts of competitive strategies on manufacturing firm performance?
- What are the impacts of marketing strategy and manufacturing competitive priorities on firm performance?

The data for this study was collected from middle-level and top-level manufacturing managers in a multinational context. Approximately, 40% of the participants stayed more than 12 years with their company; this number goes up to 50% collectively, for survey participants who have been with the company for 8 years or more. For competitive strategies dimensions, respondents believed that their firms have slightly put more emphasis on cost leadership compared to their competitors. In addition, emphasis on differentiation strategies and strategic focus in manufacturing firms has a lesser extent compared to cost leadership strategies. This should be related to the nature of manufacturing and the importance of production simplification, and process standardization which is not necessarily aligned with product development /

differentiation objectives. In other words, manufacturing organizations may hold their competitive position in the market by focusing on cost reduction strategies, and ultimately offering specialty products rather than differentiating themselves by innovations and distinctive competencies that competitors cannot copy.

5.1 Marketing Strategies Influence on Firm Performance

Market strategy construct in this study entailed assessment of customer orientation, competitor orientation and intra-communication between manufacturing and sales departments. The results of mean analysis showed that manufacturing organizations rated themselves as performing slightly above average than their competitors pertaining customer needs monitoring. Among all the indicators for market concentrate, manufacturing organizations rated highest in customer loyalty, orientation and serving to their needs. This indicates the importance of maintaining existing customers to them. This finding is in line with previous research market orientation area, where research results showed that customer orientation and satisfying existing customers is a priority to compete in the market (Wei, 2017). Findings from this survey showed that leaders in manufacturing departments have a slightly more awareness of the business strategy compared to their competitors. This may indicate that manufacturing leaders in this study tend to align operational resources with the market more effectively; and this can eventually enhance company's position to gain distinctive competencies over the competitors. Cravens (2000) argued that all marketing strategies involve a search for gaining a competitive advantage or something unique that a firm does based on its strengths and distinctive competencies that competitors cannot copy (Day & Wensley, 1988; Bharadwaj & Varadarajan, 1993; Belch & Belch, 1993; Brooksbank, 1994;

Varadarajan & Cunningham, 1995). These findings reveal that the evolution of competitive advantages might be taken place in conjunction with customer orientation, and in particular existing customer to maintain competitive position in the market.

The results of hypothesis testing in this study validates previous research findings (Wei, 2017; Ata, Zehir & Zehir, 2018) that marketing concentrate strategies and firm performance are significantly correlated. Previous research also showed market orientation has direct influence on differentiation and firm performance (Wei, 2017); however, as hypothesis testing in this study showed the indirect impact of marketing strategies on firm performance at the presence of competitive strategies dimensions is insignificant. This finding is in line with a research (Wei, 2017) where indirect effect of focus on cost strategy as a mediating variable, along with market orientation and firm performance examined. The insignificance reflected in the regression model might be due to the design of the construct for competitive strategies. The competitive strategies construct actually represents both resource and market-based oriented approaches, while marketing concentrate construct formulated based on the market direction. The other reason that may explain this statistical insignificance amongst all these three constructs is the nature of manufacturing organizations where economies of scale and operational efficiency over innovation and differentiation [market-based approach] preferred. Thus, the findings suggest that customer orientation is a major driver of a firm's marketing strategy and should be addressed as a chief element of competitive strategies in manufacturing organizations. Efforts related to customer satisfaction, customer retention and loyalty monitoring, and ultimately customer relationship management should be used to achieve financial performance. This does not mean that strategic decision makers to

neglect innovation, market-oriented affairs, and quickly responsiveness to the behaviors of competitors in order to improve marketplace and achieve sustainable competitive advantage. In order to build a strong position in the market, they need to proactively monitor competitors' movements and collect market information. In parallel, they need to develop greater coordination among the functions within the firms committed towards satisfying existing customers. These efforts result in achieving superior performance for the manufacturing firms. Key customers can play as an important source of information and act as a bridge to connect manufacturing organizations to the market, relay end customers' feedback and share information about the latest movements of the competitors.

5.2 Influence of Manufacturing Competitive Dimensions on Firm Performance

The findings of the survey revealed that manufacturing leaders believed their firms put more emphasis on quality, over their competitors. After quality, they have also selected delivery from reliability standpoint. This is somehow in line with Prabhu, Thangasamy, and Abdullah's (2020) research. From the six competitive priorities assessed in this study, manufacturing firms selected delivery and quality as most important players amongst manufacturing competitive priorities. Similar results were shown in another study in the Indian service sector. The researchers have shown quality and delivery were the most distinctive competitive priorities (Idris & Naqshbandi, 2019). Generally, manufacturing organizations with a focus on cost reduction may emphasize more on the quality not just to satisfy customers but also to lessen rework costs. Same reasoning pertaining cost leadership and maintaining existing customers may explain why delivery [reliability] is chosen as one of the most important priorities.

The results of hypothesis testing showed that manufacturing dimensions directly affect financial firm performance. This study showed that flexibility (product portfolio, and price), followed by quality significantly affect firm performance. Idris and Naqshbandi (2019) assessed competitive priorities for organizations with low financial performance and high financial performance. Their research showed cost, followed by quality/delivery are the most important competitive priorities for high-performing organizations, while low-performing firms' top most competitive priority is quality/delivery. Another empirical study on Chinese manufacturers found that high-performing manufacturers adopt flexibility as their chief emphasis, while cost efficiency is mainly emphasized by low-performing manufacturing firms (Li, 2000). As expected the results of regression analysis in this study showed manufacturing competitive priorities directly affect financial performance. On the other hand, loading factors from CFA results showed only product flexibility and price flexibility can significantly play as important indicators for when all four latent construct jointly function together to impact financial performance. This was re-assessed through regression and Pearson correlations. The findings of this survey is consistent with the previous findings by emphasizing on the impact of quality on firm performance (Idris & Naqshbandi, 2019). However, unlike Idris and Nqshbandi's (2019) study manufacturing firms in this study did not select delivery as their main priority. This might be related to the financial performance status or size of the firms studied in this research. For instance an empirical research conducted by Hussain, Ajmal, Khan, and Saber (2015) showed that small manufacturing companies put more emphasis on "know what" knowledge attribute by focusing more on flexibility and quality as two dimensions of competitive priorities. There are a number of directions in

which this research can be extended. Further research may consider and classify manufacturing organizations based on size, revenue, capacity and market position and re-explore the impacts of manufacturing competitive priorities for each class of firms.

5.3 Corporate Impact on Firm Performance

This study addressed how corporate group and business unit interactivities may formulate and impact firm performance. Findings also examined the correspondence between coprorate link and competitive strategies on overall financial success of the firm. The three Porter's model dimensions of cost leadership, differentiation and strategic focus, were borrowed to constrcut competitive strategies variable. The results of mean analysis show that multinational manufacturing organizations rated highest emphasis on integrating of purchasing power and lowest on sharing organizational resources amongst the group compared to their competitors. This indicates that manufacturing organizations tend to leverage global buying power as part of their competitive cost leadership strategy. In addition, it also indicates utilizing global organizational knowledge and sharing expats among the group is still under utilized. The previous research has also supported such findings by emphasizing on the importance of organizational support system, and knowledge sharing to fortify market power or competitive position (Luo & Zhao, 2004). The results of mean analysis also is consistent with the notion of organizational learning and knowledge transfer as a strategic capability particularly for multinational organizations (Edmondson & Moingeon, 1996; Kidger, 2001). The other lowest scores of mean analysis was related to global marketing program integration; this suggests that manufacturing organizations require corporate support, tailored to the specific host market.

The extant research has established that competitive priorities and strategic alignment are vital to firm performance. Accordingly, the findings of Misangyi et al. (2006) suggest firm performance can be positively impacted by corporate parents due to the parent company's capability to provide a stable resource rich environment. Misangyi et al. (2006) concluded relative outperformance is expected from multi-business corporations compared to single-business corporations. Since the scope of the firm theoretically affects profitability (Williamson, 1975; Rumelt, 1974), Misangyi et al. (2006) indicated corporate strategy does matter in profitability. In addition, another research's findings suggested alignment between corporate link and competitive strategies may increase gains from enhanced capability utilization (Luo & Zhao, 2004). Similarly, what this study addressed was the relationship of financial performance and the role of corporate support strategies to integrate the group and its impacts on firm performance. The results of hypothesis testing show strong impacts of competitive strategies through mediating factor of corporate link on firm performance which appear to be consistent with prior contributions (Luo & Zhao, 2004). In other words, findings addressed that corporate link is strong for those emphasizing on cost leadership, differentiation and strategic focus strategies.

5.4 Co-alignment Impact on Firm Performance

The notion of alignment or a form of orchestration amongst various underlying constructs of firm performance empirically assessed in this study. The findings of the survey revealed that alignment as a pattern of interactions or a pattern in a stream of important decisions is not fully explained by the model made from the five constructs applied in this research. As mentioned, this is likely related to the sample size used in this

study. As Venkatraman (1990) proposed, there are several ways to look into the concept of fit in strategy research. Some of these perspectives include ANOVA, cluster analysis, path analysis, profile deviation analysis through Euclidean distance, and Confirmatory Factor Analysis when four or multiple constructs exist. Fit as covariation, and measuring internal consistency showed the degree of significance effect on firm performance. Although internal consistency for each construct showed alignment within the patterns for all measures embedded in each construct, the CFA model testing does not fully explain the co-alignment among decision in key areas of operations and marketing. Looking at SRMR and the ratio of chi-square to degrees of freedom, the model would partially suggest that all latent constructs in this study are directly and positively related to financial performance and partially supports the hypothesis of co-alignment and its impact on firm performance. The results indicate that coherence of the internal decisions at different manufacturing leadership levels can influence interface processes. Reviewing literature showed detrimental firm performance is expected when marketing and manufacturing strategies are not co-aligned. Conceptually, strategic alignment is a reflection of the internal logic among interrelated constructs of strategies. Implementing surveys for both operations and marketing managers to examine their perceptions on business strategy and understand where the gaps among those two are, utilizing expats at global level, reinforcing integrated marketing research programs to track competitors' activities, and conducting regular inter- and intra-departmental open discussion sessions are some of the methods manufacturing leaders can benefit from to improve co-alignment. With implementing a strategic alignment, the performance of functions,

processes and teams is orchestrated and accordingly attainment of organizational goals may happen swifter.

5.5 Conclusion

Overall, this study was built on previous theoretical and empirical research. It contributes to the existing body of literature in three ways. In addition to the theoretical contribution, the results of this study have implications for practice. The results provide insights for managers working in the manufacturing sector. First, despite theoretical support for a model linking manufacturing competitive priorities, competitive strategies, marketing concentrate, corporate strategy and financial performance, a simultaneous empirical investigation of all of these aspects within multinational organizational context has been lacking. The study addressed this absence and developed a model linking all of these latent variables. Secondly, this study constructed a reliable and valid instrument for measuring all these scales. A measurement model for capturing competitive strategies from three dimensions of Porter model, entailing cost leadership, differentiation and strategic focus. Also, a construct in the model specified for capturing manufacturing competitive dimensions, namely quality, delivery and flexibility first proposed and embedded in this study. The model also entailed three focuses of marketing strategies, called customer orientation, competitor orientation and inter-functional communication. Finally, a measurement model to focus on parent company strategies to explore the notion of strategic alignment in multinational manufacturing enterprises. The organizational components of these structures were developed and tested.

The results showed the measurement was effective and most of hypotheses retrieved from the literature were supported in this study. This model with all mentioned

constructs can be empirically investigated to further the exploration of the role of corporate, particularly where vertical organizational integration applies, in multinational context. In other words, role of parent company in strategy making and alignment can be studied as an independent variable to the formulation of competitive strategies. Much of the literature to date in parent-subsidiary strategy formulation is predominantly conceptual with little empirical support. The notion of strategic alignment in multinational context can be also empirically studied by applying Structural Equation Modeling (SEM) with a larger sample and presence of different scales of firms (e.g., number of employees, revenue standpoint, market share). It is expected that this study to provide insights for further research related to effective strategic formulation, configuration and deployment in manufacturing sector. This study provides implications for managers that reflections on the understanding of customer needs, competitors' activities, as well as operational performance can assist with more strategic consensus and interface and eventually to improve overall organizational performance. Knowledge sharing amongst the operations and marketing functions, as well as corporate and subsidiaries can help to mitigate potential conflicts, and promote overall corporation's performance through participatory decision making process.

5.6 Limitations and Future Research

This study considers a limited set of variables. For instance, firm performance was examined from financial standpoint, and corporate was only examined from supporting standpoint [governing perspective was not considered]. Also, this research does not concentrate to distinguish the effect of direct and indirect variables on firm performance. This research also disregards the impact of size of sample used in this study

for conducting CFA as a type of structural equation modeling. For future research, it would be more useful to use a higher number of experts to cross-validate and tune the measurements of the factors used in the study more. Competitive strategies, in the future researches, can be examined independently to understand the impact of focused companies on firm performance. Future research can include other important factors that are associated with organizational performance. Due to data accessibility and lower response rate concerns, this research utilized the convenient sampling plan that may affect generalizability of the findings of this research. With having a larger sample size with a random sampling method, future researchers may divide the firms based on their low and high performance and then examine the impacts of corporate link, competitive strategies, and co-alignment notion on manufacturing performance.

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APPENDIX A: IRB APPROVAL LETTER

INFORMED CONSENT TO PARTICIPATE IN RESEARCH
[Mass Email Survey Consent – Executives/Department Heads/Managers]

Project Title: Competitive Strategy and Firm Performance in Multinational Manufacturing Organizations: A Focus on Strategic Alignment
Investigator: Kianoosh Ebrahimi, Leadership Doctoral Program, M: +1 (270) 790-7183 / Email: Kianoosh.Ebrahimi@rkw-group.com; Kianoosh.Ebrahimi682@Topper.wku.edu
Faculty Advisor: Dr. Marguerita DeSander, WKU EARL, marguerita.desander@wku.edu

You are being asked to participate in a project conducted through Western Kentucky University. The University requires that you give your agreement to participate in this project.

You must be 18 years old or older to participate in this research study.

A basic explanation of the project is written below. Please read this explanation and email the researcher any questions you may have. If you then decide to participate in the project, please continue to the survey. You should keep a copy of this form for your records.

1. **Nature and Purpose of the Project:** The purpose of this proposed research is to explore the impact of alignment of marketing functions [from internal customer standpoint] with manufacturing capabilities as external fit on manufacturing firm performance in order to achieve its strategic objectives. In other words, this study is going to examine organizational performance by focusing on level of consistency between operations and marketing strategies in a multinational context. You are being asked to take part in this study because you are an expert in your leadership capacity in Operations and/or business development domains. Your expertise level and personal experience will provide insight of great value to this study and to the improvement and development of strategic fit as well as firm performance.

2. **Explanation of Procedures:** If you take part in this study, you will be asked to share your understanding of perceptions about strategic priorities, availability of resources, corporate impact on integration of activities and alignment, Porter's model dimensions towards organizational strategic standpoint, market concentration, firm's performance at the current organization in comparison with the competitors. You will then be shown a questions by clicking on Yes to proceed. All responses will be stored with your permission. The survey may not take more than 15 minutes. You may stop participating in the survey process at any time.

3. **Alternatives:** You have the alternative to choose not to participate in this research study.

4. **Discomfort and Risks:** This research is considered to be minimal risk. There exist no other known health risks associated with this method of research beyond those encountered in daily life.

5. **Benefits:** We will not pay you for the time you volunteer while being in this study. There are no known benefits specifically to you for taking part in this study.

WKU IRB# 21-014
Approved: 8/05/2020
End Date: 4/10/2021
EXPEDITED
Original: 8/05/2020

6. **Confidentiality:** You will be asked to provide your identifiable data at certain points in this study and on this consent form. Your identity will only be used to link responses together in the data set. All personally identifiable data will be kept confidential and no references to your name or data will be made available in reports on this study. We must keep your study records as confidential as possible. The principal investigator will keep a copy of your audio recordings and/or email correspondences in a locked file cabinet for three years as required by the IRB. After one year of use, all data will be placed in a locked file cabinet for three years. Transcripts will be saved on a secured server and access to the files will be password protected. After three years has lapsed, the researchers will destroy all notes, transcriptions, and recordings (if any). Your opinions will not be used by any other professionals and will not be used in any other research. We may publish what we learn from this study. If we do, we will not let anyone know your name/company name. We will not publish anything else that would let people know who you are.

7. **Refusal/Withdrawal:** Refusal to participate in this study will have no effect on any future services you may be entitled to from the University. Anyone who agrees to participate in this study is free to withdraw from the study at any time with no penalty.

You understand also that it is not possible to identify all potential risks in an experimental procedure, and you believe that reasonable safeguards have been taken to minimize both the known and potential but unknown risks.

Your continued cooperation with the following research implies your consent.

THE DATED APPROVAL ON THIS CONSENT FORM INDICATES THAT
THIS PROJECT HAS BEEN REVIEWED AND APPROVED BY
THE WESTERN KENTUCKY UNIVERSITY INSTITUTIONAL REVIEW BOARD
Robin Pyles, Human Protections Administrator
TELEPHONE: (270) 745-3360

WKU IRB# 21-014
Approved: 8/05/2020
End Date: 4/10/2021
EXPEDITED
Original: 8/05/2020

APPENDIX B: IRB REVIEW

INSTITUTIONAL REVIEW BOARD
OFFICE OF RESEARCH INTEGRITY

DATE: August 5, 2020

TO: Kianoosh Ebrahimi
FROM: Western Kentucky University (WKU) IRB

PROJECT TITLE: [1637921-1] Competitive Strategy and Firm Performance in Multinational Manufacturing Organizations: A Focus on Strategic Alignment
REFERENCE #: IRB 21-014
SUBMISSION TYPE: New Project

ACTION: APP
ROVED APPROVAL DATE: August 5, 2020
EXPIRATION DATE: April 10, 2021
REVIEW TYPE: Expedited Review

Thank you for your submission of New Project materials for this project. The Western Kentucky University (WKU) IRB has APPROVED your submission. This approval is based on an appropriate risk/benefit ratio and a project design wherein the risks have been minimized. All research must be conducted in accordance with this approved submission.

This submission has received Expedited Review based on the applicable federal regulation.

Please remember that informed consent is a process beginning with a description of the project and insurance of participant understanding followed by an *implied* consent form. Informed consent must continue throughout the project via a dialogue between the researcher and research participant. Federal regulations require each participant receive a copy of the consent document.

Please note that any revision to previously approved materials must be approved by this office prior to initiation. Please use the appropriate revision forms for this procedure.

All UNANTICIPATED PROBLEMS involving risks to subjects or others and SERIOUS and UNEXPECTED adverse events must be reported promptly to this office. Please use the appropriate reporting forms for this procedure. All FDA and sponsor reporting requirements should also be followed.

All NON-COMPLIANCE issues or COMPLAINTS regarding this project must be reported promptly to this office.

This project has been determined to be a MINIMAL RISK project. Based on the risks, this project requires continuing review by this committee on an annual basis. Please use the appropriate forms for this procedure. Your documentation for continuing review must be received with sufficient time for review and continued approval before the expiration date of April 10, 2021.

Please note that all research records must be retained for a minimum of three years after the completion of the project.

If you have any questions, please contact Robin Pyles at (270) 745-3360 or irb@wku.edu. Please include your project title and reference number in all correspondence with this committee.

APPENDIX C: SURVEY

This letter has been electronically signed in accordance with all applicable regulations, and a copy is retained within Western Kentucky University (WKU) IRB's records.

Competitive Strategy and Firm Performance in MNE's - Mass Email

Start of Block: Default Question Block

Note

Thanks for your participation in this survey.

The survey encompasses 9 questions and should not take your time for more than 15 minutes.

Page Break

Attached Forms

The followings are a document of informed consent as well as the cover letter. Please read them carefully before continuing with this survey.

Informedconsent 21 014 8.5.2020 page 1 1

Click to write the question text

Page Break

Q1 How long have you been with the company?

- 1 to 3 years (1)
- 4 to 7 years (2)
- 8 to 12 years (3)
- More (4)

Q2 How long have you been in leadership and management positions with your career path?

- 1 to 5 years (1)
- 6 to 10 years (2)
- 11 to 15 years (3)
- 16 to 20 years (4)
- More (5)

Q3 Within the company, I belong to.... (please select only one that majority of your activities are more focused on)

- Operations (1)
- Sales & Marketing / Commercial (2)

Page Break

Note

The following questions are about your *perspectives* only. If you have been with the company for five years or more your examinations will be based on the past five years; otherwise it will be based on the length of your stay with the company.

Page Break

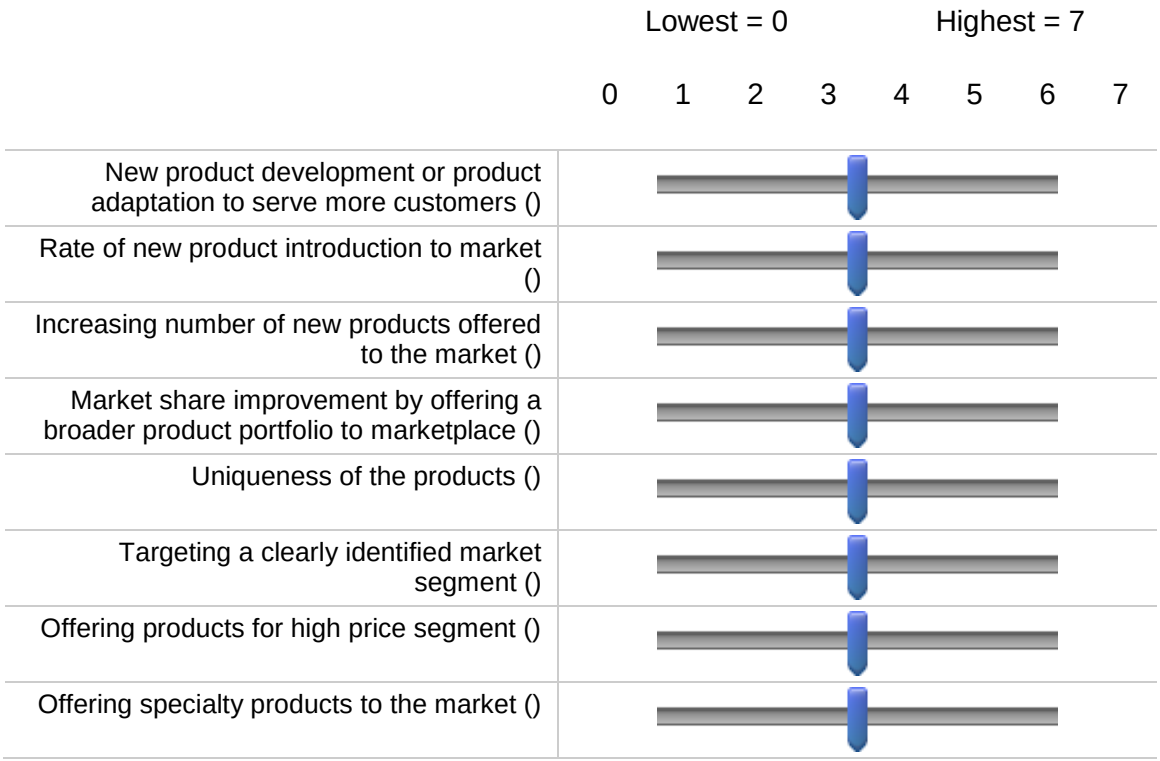
Q4 In the past five years, how would you assess the extent of focus on the following cost-leadership strategies from your business unit compared to your major competitors. The seven-point Likert scales will be from 1 (lowest) to 7 (as highest emphasis).

Lowest = 0 Highest = 7

	0 1 2 3 4 5 6 7
Raw material buying power ()	
Securing multiple sourcing of all raw materials ()	
Actively finding ways to reduce operational costs ()	
Operating efficiency [e.g., reducing down times, process wastes] ()	
Production capacity utilization [e.g., more throughput to compensate costs] ()	
Tight control of general/administrative expenses ()	

Page Break

Q5 In the past five years, how would you assess the extent of focus on the following differentiation and focus strategies from your business unit compared to your major competitors. The seven-point Likert scales will be from 1 (lowest) to 7 (as highest emphasis).

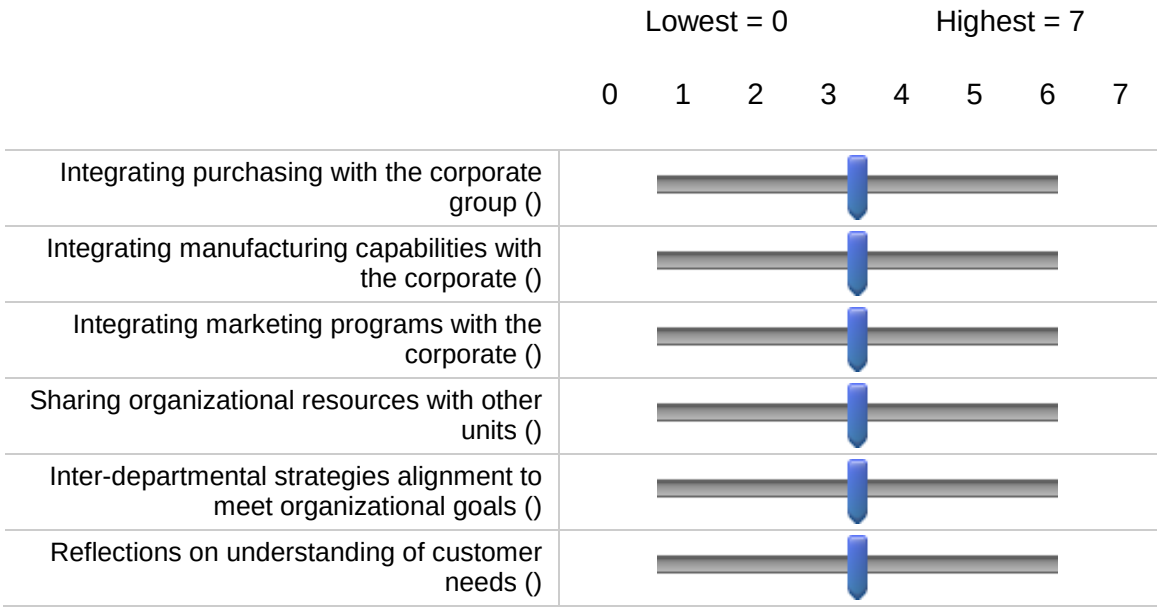


Page Break

Q6 In the past five years, how would you assess the extent of focus on the marketing strategies from your business unit compared to your major competitors. The seven-point Likert scales will be from 1 (lowest) to 7 (as highest emphasis).

Page Break

Q7 In the past five years, how would you assess the extent of focus on inter-connection with the corporate and internal communication within your company compared to your major competitors. The seven-point Likert scales will be from 1 (lowest) to 7 (as highest emphasis).



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Q8 In the past five years, how would you assess your unit performance compared to your main competitors with the following for relative competitive performance factors. The seven-point Likert scales will be from 1 (lowest) to 7 (as highest emphasis).

Lowest = 0 Highest = 7

	0 1 2 3 4 5 6 7
Sales growth ()	
Overall competitive position in the market ()	
Growth in profit ()	
Market share change ()	

Page Break

Q9 Based on your overall perspective, in the past five years, please indicate the degree of emphasis which your unit has placed to the following manufacturing competitive priorities compared to your main competitors. The seven-point Likert scales will be from 1 (lowest) to 7 (as highest emphasis).

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