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STRATEGIC ORIENTATIONS, DISTINCTIVE COMPETENCES AND FIRMS PERFORMANCE IN THE CONTEXT OF MANUFACTURING FIRMS: A REVIEW OF LITERATURE

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Abstract

The relationship of strategic orientation-performance linkages is central in strategic management research. The choice of strategic orientation is key in determining the overall performance of a firm. This paper examines business strategic orientations of manufacturing firms based on the strategic orientation typology developed by Miles and Snow (Prospector-Analyzer-Defender-Reactor). The role played by a firm involves use of distinctive competencies of experienced managers, good use of technology as well as good customer service and the role played by business environment in linking strategic orientations and performance exploration. The study sought to conceptualize the concept of strategic orientations, distinctive competencies and how the two relate to a manufacturing firm's performance. To fulfill this task, the study was guided by the following objectives: To review the extent of theoretical literature on strategic orientations, distinctive competence and manufacturing firm's performance, to review the extant empirical literature on strategic orientations, distinctive competence and manufacturing firm's performance, to identify the emerging theoretical and empirical gaps on the linkage between strategic orientations, distinctive competence and manufacturing firm's performance, to propose a conceptual framework linking strategic orientations, distinctive competence and manufacturing firm's performance, to propose areas for further research on strategic orientations, distinctive competence and manufacturing firm's performance. To advance these propositions; three theoretical foundations were adopted: resource-based view, core competence and resource dependency theories. The resulting empirical review exposed contextual and content gaps that form the basis for advancing the propositions of this paper. The paper provides a better understanding of the phenomenon of strategic orientation, distinctive competencies and performance based on the weaknesses identified in empirical and theoretical literature reviewed. The paper suggests that future research should use other strategic orientations and distinctive competencies.

Keyword: Strategic Orientation, Distinctive Competences, Environmental Factors and Miles and Snow Typology.

Introduction

Competition has a direct influence on behaviour, but economic models show that the effect may be ambiguous. According to Willig (1987) model, Wiling demonstrates two offsetting effects of increased competition on the incentives for managers to exert effort. Whilst increased competition makes profits more sensitive to managerial effort, it depresses the firm's demand for its output, which in turn dampens profits and hence blunts the incentive, (Willig, 1987). The desire to perform better than our competitors applies to nearly every area of our lives. Startup firms compete for financial and human capital, existing companies compete for future growth, (Rothaermel,2013) In every competitive situation, the winners are generally those with better strategic orientations. Therefore, firms need to take time and invest enough in coming up with strategic orientations that fits its environment for it to be competitive. Apparently, organizations are differentiated by the type of strategic orientations they make. Organizations with better strategic orientations always perform bette (Rothaermel, 2013).

Within every industry, organizations are considered to have distinct competence, that is, capabilities that their competitors lack (Snow ,1980). In as much as a particular organization may not have some of the strengths that its competitors possess, it can as well perform well if it possesses capabilities of its own. Snow,1980 suggested that functional areas, for instance, general management, production, marketing or selling may become distinctively competent. Regardless of the level, a distinctive competence represents these activities in which a firm, or one of its units does better relative to its competitors (Selznick, 1949, 1952, 1957).Corporate-wide distinctive competencies such as corporate R&D, outstanding executives, centralized marketing, can result in greater performance by organization(Newman,1982). Competence in marketing can for instance be achieved through good pricing strategies, advertising campaigns and market research strategy.

The aims of this paper are exploring the existence of significant associations between strategic orientation and the performance of the firm, distinctive organizational capabilities and, certain managerial characteristics. A well-known typology of business-level strategies—Miles et al, (1978) , which serves as the conceptual framework for this study. This paper mainly focuses on Miles and Snows (1978) typology (Defenders, prospectors, analyzers and reactors) as types of strategy choices at business level and its relationship with the firm´s distinctive competences and organizational performance. Miles and Snows (1978) typology of strategic orientation will be selected for two major reasons. First, because of its widespread use in the academic literature on strategy (Snow & Hambrick, 1980; Snow & Hrebiniak, 1980; Hambrick, 1983; Smith, 1986; Miller, 1988; Golden, 1992).

According to Miles and Snow (1994), the success of an organization depends on a process of external (the environment) and internal (strategy, structure, processes and ideology) adaptation. This process begins by aligning the organization to the market in an attempt to answer to or help form the present and future needs of customers. This alignment sets the company's strategy. In other words, this type of analysis seeks to assess the organizational adaptation to a changing environment through the study of the relationship between strategy, structure and processes (Miles&Snow, 1978). This adaptation of strategy to the competitive environment has been called by the authors "adaptive cycle" and its stages consist of the solutions given to the following problems: Entrepreneurial Problem: product-market domain, success position, monitoring the environment and growth policy; Engineering Problem: technological objectives, technological scope, and technological orientation; Administrative Problem: main administrative function, planning attitude, organizational structure and control, (Miles *et al.*, 2009).

Miles and Snow's typology, based on empirical studies ranks companies or business units into four distinct adaptive strategic orientations, namely: prospectors; defenders; analyzers and reactors (Gimenez ,1998). *Defender* type achieves competitive advantage by becoming more successful in existing markets with existing products, with the lowest level of uncertainty compared to other strategic types. The company maintains internal focus by concentrating on a narrowly defined product-market domain with a corresponding loss of adaptability to changes in the environment. *Prospector* type achieves competitive advantage by company entering markets with new products, by being innovative and by quickly embracing new technologies. The company maintains external focus on constantly adapting to market changes, but with a possible significant loss in operational efficiency. *Analyzer* type is a strategic combination of the first two types. *Reactor* type does not achieve a competitive advantage due to the lack of a clear and concise connection between structure and strategy.

During the 1980s and early 1990s decades, a rich body of research was published based on Miles and Snow´s (1978) initial contributions to the study of business-level strategies. Snow and Hrebiniak (1980), examined the relationships between strategy, distinctive competences, and organizational performance. Their findings indicated that firms studied perceived the four strategy types proposed by Miles and Snow (1978) to be present in the selected industries—plastics, semiconductors, automotive, and air transportation. Their findings also indicated that defenders, prospectors and analyzers showed competence in general and financial management; defenders and prospectors had identifiable but different configurations of distinctive competences, while analyzers´ special capabilities were less apparent; reactors had no consistent pattern of distinctive competence; and, although only at a suggestive level, defenders, prospectors, and analyzers outperformed reactors in competitive industries, but not in highly regulated industries.

Hambrick (1983), explored how industry environment influenced the effectiveness of Miles and Snow´s strategic orientation and how these strategic orientations differed in their functional tendencies. The author reported that defenders and prospectors differed in their performance tendencies depending on the nature of the environment and the performance measures used. Defenders outperformed prospectors in terms of current profitability and cash flow in every type of environment examined: growth, mature, non-innovative and innovative industries. Prospectors outperformed defenders in terms of market share gains, but only in innovative industries. In these industries, prospectors were rewarded for their adaptive stance. In non-innovative industries, prospectors engaged in "unnecessary" adaptation, making them receive a no share reward while incurring low profits and cash flows. Smith, Guthrie and Chen (1986) conducted a study in 47 electronic manufacturing firms that investigated Miles and Snow´s typology and its relationship with organizational size and organizational performance. The authors reported that defenders, analyzers and prospectors performed equally well and consistently outperformed reactors; in relation to firm size, defenders performed better than analyzers as small firms, prospectors performed better than defenders and analyzers as medium to large firms, and analyzers performed better as very large firms.

Shortell and Zajac (1990), conducted a study that explored the reliability and validity of Miles and Snow (1978) typology. Based on data from a sample of 400 organizations in the hospital industry (collected at two points in time), the authors examined dimensions of the typology using both perceptual self-typing and archival data. The authors reported several insightful results, among others: that prospectors were more likely to place emphasis on new service and market development strategies; defenders had the lowest percentage of their services in high-growth areas as opposed to prospectors that had the highest percentage in high-growth areas-analyzers occupied and intermediate position. Golden (1992) used Miles and Snow´s typology to investigate which decisions and activities should be controlled by strategic business units (SBU) and which should be controlled by the corporate management. The author reported that SBU´s with an external strategic orientation should control environmental monitoring activities and strategic decision analysis, while SBU´s with an intra-organizational orientation should control activities related to operation activities.

Distinctive competences are capabilities that an organization possesses but its competitors do not (Snow & Lawrence ,1982). Recent evidence denotes a performance decline for some firms using the portfolio approach. Kiechel (1982), Yavitz and Newmam (1982) argue that performance could be improved through development of corporate level distinctive competencies linked to success across a firm separate businesses. A systematic corporate emphasis on application of distinctive competences can greatly enable a firm to improve its performance. Experienced top managers, quality products/services and effective customer service gives a firm distinctive competence. Simply, having a resource or a capability is not enough. An enterprise must make good use of its resources or capabilities. The process of strategy making provides the opportunity to discover the specific use and identify the aspirations or intentions to which that use is linked. A distinctive competence is a strategic capability, that is , a capability which has strategic value. The possession of certain distinctive competences influences the nature of the strategy adopted. The strategy shows which activities an organization should develop, and which functional areas or activities are of greatest importance to the organization. It indicates which distinctive competences are important to that strategy,(White, 2004).

Strategic orientation is defined as the general outline of an organization's strategy, while omitting the strategy detail content and strategy implementation as pending (Slater et al., 2006). Other researchers explain strategic orientation as the organization's ability to combine and develop internal and external capabilities (Teece et al., 1997; Zhou et al., 2005). However, most research on strategic orientation consists of three dimensions; (market orientation, learning orientation, and entrepreneurial orientation) that have been widely used to measure firm's performance (Grawe *et al.,* 2009; Reulink, 2012; Grinstein, 2008; Paladino, 2007). The effect of strategic orientation on firm's performance was examined through numerous studies. Calori and Sarnin (1991) found empirical support for the correlation between cultural dimensions. They defined it as management practices, symbols, different strategies, and revenue growth.

On the other hand, strategic orientation is the most common attribute studied in strategic management literatures, it is interesting to note that there have been very few attempts at evaluating its effect on firm performance in manufacturing firms (Franczak *et al.,* 2009). It can be argued that strategic orientation may have direct implications on Manufacturing firm's performance (Miller&Friesen, 1984; Messeghem, 2003). According to other studies, strategic orientation can also be used to measure a firm's performance. McGrath and MacMillan (2000) have argued that the entrepreneurial and strategic management perspectives have a strong interrelationship. (Hakala,2011), studied strategic orientation literature with four dimensions (market, technology, entrepreneurial and learning orientations). The conclusion of this study was that strategic orientations are viewed as principles that instruct and influence the activities of a firm and produce the actions intended to ensure its performance. Hakala further argued that firms should develop and use multiple orientations.

Statement of The Problem

The current competitive organizational context is characterized by rapid and profound changes. These changes end up making organizations adopt agile and flexible strategic postures to gain competitive advantages that guarantees a superior position in the market. Manufacturing firms are more prone to this turbulence due to the homogeneous nature of their products. Maintaining the competitive advantage is a dynamic strategic activity that never ends, (Hung *et al.,* 2007). Organizations, their strategies, their structures and the management of them has become ever more complex. Among the reasons for this are the increasing turbulence and propensity to change in the business environment, and the tendency for multiproduct-multinational organizations to become commonplace. Organizations need to know where they are, where they are going and how to manage the changes, (Thompson, 2015).

For organizations to cope with the world, which is dynamic and emergent due to changing technologies, fashion and competitors, they must harness all their strategic resources and choose strategic orientations that will help them have sustainable competitive advantage. Organizations are failing not because of lack of resources but because of lack of a proper strategic orientations. Many organizations both public and private are finding it hard to survive in the long run due to wrong strategic orientations. Organizations have failed to match resources and opportunities effectively to satisfy customer expectations hence meet performance targets in the process, (F. Martin *et al.,* 2013). The study examined the influence of strategic orientations and distinctive competences on performance of manufacturing firms.

Objectives of the study

The study is purposed to meet the following objectives:

i. To review the extant theoretical literature on strategic orientation, distinctive competence and manufacturing firm's performance.
ii. To review the extant empirical literature on strategic orientation, distinctive competence and manufacturing firm's performance.
iii. To identify the emerging theoretical and empirical gaps on the linkage between Strategic orientation, distinctive competence and manufacturing firm's performance.
iv. To propose a conceptual framework linking strategic orientation, distinctive competence and manufacturing firm's performance.
v. To propose areas for further research on strategic orientation, distinctive competence and manufacturing firm's performance.

Conceptual Review

Strategic Orientations

Strategic orientation is related to the decisions that businesses make to achieve superior performance. Strategic orientation is an organization's direction for reaching a suitable behaviour in order to attain superior performance. Competitor and customer orientations are the most important for organizations to achieve long term success (Al-Mohammad, 2010; Lau, 2011). On the other hand, some research indicates that strategic orientation does not automatically lead to better performance (Hao&Song,2016). However, according to the most recent research that has been conducted in advanced countries, the role of market orientations and competitive advantages is still unclear especially. To fill this gap, researchers studied real estate banks in al-Dewaniya province to clarify the role of strategic orientations and competitive advantages in reaching successful performance. Moreover, the strategic orientation has deep effects on different organization's dimensions, like effectiveness and competitive advantage and it indicates the value of organization's trend to discover, create and maintain a set of responds suitable to the environment .According to Hult and Ketchen,2001the examination of market orientation is in the domain of strategy researchers as much as it is for marketing researchers. In short, strategic orientation involves the implementation of strategic trending that guides the activities of an organization to embedded behaviours that achieve permanence in optimal conditions for the business Strategic orientation is therefore important in finding out the organization's chances and abilities support environment and to secure competitive advantage for itself.

Strategic orientations are description of how resources allocation and coordination patterns are brought into, embedded, adopted, and/or enacted at some level within the firm. Here, the term orientation is described as firm's tendency to adopt particular norms, and acts or function in specific way (Cadoganet al., 2012). Several attempts have been made to capture a frame of mind of the term orientation that managers employ in strategic development process. For instance, a manager may be described as having buffering orientation when faced with volatile or hostile environment, coping orientation when self-assurance is absent, adaptation, and innovation when manager is aggressive, and neurotic personality when manager is unstable (Wood & Robertson, 1997). However, the strategic management literature have produced a body of research that focuses on the identification and understanding of firm strategic orientations within and across industry that are used to examine the relationship between strategy and performance (Avci, Madanoglu, & Okumus, 2011).

The fundamental principle or assumption underlying strategic orientation hinges on the belief that substantive strategy underpins strategic actions (Lau & Bruton, 2011). Strategic orientation has long been believed to influence the degree to which strategies within an organization are coherent or assertive. Strategic typologies; prospector, defender, analyzer and reactor (Ramaswamy, Thomas, & Litschert, 1994). while comparative approach to strategic orientation seeks to evaluate strategy by way of multiple traits or dimension that are general to all organization (Morgan & Strong, 2003). Venkatraman (1989b) Conceptualized strategic orientation into six dimensions: aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness. The phenomenal research interest in the broad notion of strategic orientations emerged as a consequence of observing firms' preferences, behaviour and performance outcome, which bring into examination construct like market orientation, cost orientation, technological orientation, sales orientation, entrepreneurial orientation, learning orientation, and market orientation (Cadogan et al., 2012

Distinctive Competences

Prahalad and Hamel (1991) coined the term distinctive competencies to distinguish those fundamental capacities for the strategy of the enterprise. According to these authors they are those that make an out of proportion contribution to the value for the final client or to the efficiency whereupon this value is given and provide a base to enter new markets. I.e., they generate competitive advantages in the enterprise. Generally, a competitive advantage is defined as that one easily non-imitable aspect of the enterprise, with possibilities of being maintained in the future, in which it is positioned over his competitors and which makes him obtain better enterprise results (Carmeli, 2004). There are therefore three elements associated to this concept: a characteristic of the enterprise that stays in time and difficult to imitate, a comparison with the competitors and a practical utility of that characteristic that manifests itself in obtaining, somehow, better enterprise results (O' Donnell et al., 2002). In principle, any characteristic of the enterprise could be a source of competitive advantage. This causes that the literature on competitive advantages has considered different aspects that make it difficult for a clear classification to know where these are. In order to put in order, the elements that take part in this classification it is necessary to start off from a model that facilitates the study of competitive advantages (Carmeli, 2004; Hall, 1992). In general, they have been considered that the sources of competitive advantages are so much in the internal as external factors of the enterprise (Grant, 2005).

Manufacturing Firms Performance

Business performance is a broad concept that includes both financial performances, as well as operational performance indicators. Performance measurement depending only on financial indicators is not enough so non-economic indicators (market share, product development or production efficiency) are used for measuring business performance (Dahan & Shoham, 2014). Moreover, achieving superior performance represents a central area in strategic management and marketing management (Tutar, 2015). In the same view (Reijonen *et al.,* 2015) argued that the financial measurement is not sufficient for understanding the organizational performance because the complexity of the factor's variables. Non-financial measurement has increased due to this observation. Furthermore, performance is an ongoing and flexible process that includes managers and those who they manage acting as partners within the organization. A work environment that is set out on how they can best work together to achieve the required results will lead to performance. Performance is the end result of activities. It includes the actual outcomes of strategic management process (Agha, 2012). Literature review on organizational performance clearly shows a general finding of all researchers that there is no single universal measure that can be utilized to asses overall organizational performance. Also, classical financial measurements are unacceptable as indicators for organizational performance. Many performance measurements and models have been developed and supported by various authors, such as: profitability, productivity, efficiency, effectiveness, adoptability, growth, innovation (Harrim, 2010).

Thus, organization performance is affected by many factors with different outputs. These outputs can be either economical such as profit margin, raise of new investments or some types of different types. or characteristics which cannot be measured. Business performance is a measurable result and the organizational decision includes the success and accomplishment. Costs are the basic parts of the performance, while performance includes competitive purpose, spiritual prevalence, reliability, flexibility, quality and rapidity (Amirkhani& Reza, 2015). Performance could be estimated in both subjective and objective methods. For this purpose, there are three types of indicators that have been mostly adopted in organizational performance studies: growth, profitability and market share expressed by financial or non-financial indicator. Since financial indicators and performance indicators are even weakened, particularly in the changing competitive environment, non-financial performance should be represented in order to fill the gap of incomplete information (Zehir *et al.*, 2015).

Therefore, performance measurement has been defined as the process of quantifying activities that lead to performance, from the perspective of strategy. Organizations achieve their goals by satisfying their customers with higher efficiency and effectiveness than their rivals (Maurya et al., 2015). Organizational performance can be seen as a multi-dimensional structure that includes more than simply financial performance. It is described as the scope to which the organization is capable to match the scope of its stakeholders and its own needs for survival. Although financial and operational results are inter-related, they nevertheless reflect different faces of organizational performance and their normal direction is complicated (Lau, 2011). Deutsher *et al.,* (2015) presented a few reasons for using a subjective performance measurement. First, given that many organizations in the sample are privately held, respondents may be resistant to detect secret objective financial data. Second, as profit levels differ across industries, subjective performance measures are more suitable in some studies. Third, objective performance measurement may not adequately indicate the financial condition of high-technology organizations. Therefore, the present study provides interesting insights concerning the effect of a strategic orientation and the relationship with performance. For the above reasons, this study will be using subjective measures in real estate banking.

Issues Arising from Conceptual Review

The literature reviewed has vividly exposed the nature of constructs explored in explaining the linkage between strategic orientation, distinctive competence and manufacturing firm's performance. The constructs are operationalized through indicators that have great consequences in the relationship under consideration. At a conceptual level, these seem to cover all the major possible organizational responses to new circumstances: innovate (prospector), follow promising new developments (analyzer), consolidate (defender) or wait for the unfolding developments (reactor). (Hambrick, MacMillan & Barbarosa, 1983), distinctive competence and performance (Snow & Hrebiniak, 1980); manufacturing and service strategies (Adam, 1983); strategic awareness (Hambrick, 1981); environmental scanning (Hambrick, 1982); strategic choice (Burgleman, 1983; Seger, 1989); and compensation strategies (Broderick, 1986; Gomez-Mejia,1992). Empirical results also provide strong support for reliability and validity of the strategic orientations indicators in Miles and Snow Typology (Shortell & Zajac, 1990).

In addition, a close observation of many researches, indicate that researchers have applied both financial and non-financial indicators to performance. Until recently, companies concentrated on the use of financial performance measures as the foundation of performance measurement and evaluation purposes. As such, management accounting researchers, Otley, (1999) and Norreklit, (2000) have criticized relying solely on financial performance measures. As a result, companies started to include key non-financial measures within their performance measurement systems to provide managers with the appropriate information about their overall company situation (Ittner and Larcker, 2001; Speckbacher *et al.,* 2003). Interestingly, researchers are engaged in studying performance measurement systems, especially performance measurement frameworks and strategic performance measurement systems. In view of the above, to effectively discover how strategy choices affect performance, financial indicators of return on investment and market share and non-financial indicators of customer satisfaction and social responsibility have been employed.

Review of Relevant Theories

The conceptual discussion has revealed the nature of the key constructs in the conceptualization of the linkage between strategic orientation, distinctive competence and manufacturing firm's performance. The discussion on this linkage has raised several issues that necessitate an examination of the relevant theories that can further explain the phenomenon. Theories used in explaining how a firm acquires and utilizes resources within and outside its operating environment have gained popularity in explaining the strategy choice-performance relationship. The paper has considered the postulates and contribution of the following theories; Resource based view, core competence and resource dependency theories. A theoretical framework is a set of interrelated concepts that guides an investigation, determining the scope and rationale of the use of certain concepts to solve problems such as a real conceptual map. Strategy cannot be categorically defined, it depends on the point of view, the level of analysis and the study's objective. The construction and understanding of this framework is important to establish boundaries, theoretical and practical applications for the concept.

Resource Based View Theory

The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage, Barney, (1991), Peteraf and Barney, (2003). First, this model assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Secondly, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms; (that is where some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate). Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage.

The argument goes "If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market" (Cool, Almeida Costa & Dierickx, 2002). Like the Chicago School tradition, the RBV is an efficiency-based explanation of performance differences; (Barney, 1991; Conner, 1991; Teece, Pisano & Shuen, 1997; Peteraf & Barney, 2003); "performance differentials are viewed as derived from rent differentials, attributable to resources having intrinsically different levels of efficiency [...] in the sense that they enable the firms to deliver greater benefits to their customers for a given cost (or can deliver the same benefit levels for a lower cost)", (Peteraf & Barney, 2003). The assumed heterogeneity and immobility are not, however, sufficient conditions for sustained competitive advantage. According to Barney (1991), a firm resource must, in addition, be valuable, rare, and imperfectly imitable and substitutable in order to be source of a sustained competitive advantage. In her 1993's paper, Peteraf presents four conditions underlying sustained competitive advantage: superior resources (heterogeneity within an industry), ex post limit to competition, imperfect resource mobility and ex ante limits to competition. Peteraf and Barney (2003) makes it clear that Barney's (1991) and Peteraf's (1993) frameworks are consistent whenever some terms are unambiguously defined.

Many of Foss and Knudsen's (2003) additional conditions relate to the competitive environment, thus supporting my claim for the integration of the competitive environment and the RVB in a single framework. Finally, Gimeno (1999) states that the resource-based research "has emphasized the lack of ability of imitators or rivals to erode the market position of a firm as a necessary condition for sustainability, implicitly assuming that any rival capable of eroding the position will do so, and cannot be restrained from pursuing that course of action". Extending my framework to grasp multimarket reality will allow me to consider, in analyzing sustainability, both the ability and the motivation as drivers of competitive behaviors.

The Core Competence Theory

The theory's proponents (Hamel *et al.,* 1989, Prahalad & Hamel, 1990, Sanchez et al., 1996), postulate that an organization's superior performance is based on a collection of desired skills which are part of the organization's collective learning and/or on collective aptitudes that add-up to the organization's culture. These they call 'core competencies. Core competence theory emphasizes the importance of 'proactive organizational development' by proposing an organization must start building on its strengths 'now' to develop the core competencies necessary to be successful in its markets in the future. It is the idea of focusing on what an organization does best that resides at the center of core competence theory's notion of proactively aligning organizational resources and (potential) future market requirements (Prahalad & Hamel, 1990, Hamel & Prahalad, 1994 and in construction: Chinowsky & Meredith, 2000). The further the organization moves away from what it does best, the more likely it will fail to meet its objectives.

Core competence theory promotes the notion that 'competing for future opportunities' is more important than 'competing for present opportunities. In light of this, the goal for organizations should be to develop an independent point of view about future opportunities and how to exploit them (Hamel & Prahalad, 1994). Underlying the theory's philosophy is the 'core competence development' process. This starts with an organization's leadership identifying and understanding its existing core competencies, in tandem with developing a foresight of desirable core competencies for markets in which it may choose to compete. This exercise can provide the organization with direction regarding its development, as it highlights the skills and collective aptitudes it needs to develop.

Leadership should then steer the organization towards that direction, by exhibiting the strategic intent (SI) to do so (Hamel & Prahalad, 1989,1991). Subsequently, leadership needs to create a 'roadmap' for the implementation of its strategic plan, referred to in core competence theory as 'strategic architecture' (SA) (Hamel & Prahalad, 1991; 1993). Having done that, core competence theorists advocate that the organization can develop its core competencies quicker and more cost effectively than competitors by 'stretching and leveraging' the resources and core competencies it already possesses. Core competence theory postulates that organizations following this 'exhibiting strategic intent' to 'stretching and leveraging' process, and the principle of 'focusing on what their organization does best', will pursue intended strategies with greater success than competitors who do not (Prahalada & Hamel, 1990, Sanchez & Heene, 1997).

Resource Dependence Theory

Organizational success in resource dependency theory (RDT) is defined as organizations maximizing their power (Pfeffer 1981). Research on the bases of power within organizations began as early as Weber (1947) and included much of the early work conducted by social exchange theorists and political scientists. Generalization of power-based arguments from intra-organizational relations to relations between organizations began as early as Selznick (1949). RDT characterizes the links among organizations as a set of power relations based on exchange resources. RDT proposes that actors lacking in essential resources will seek to establish relationships with (i.e., be dependent upon) others in order to obtain needed resources. Also, organizations attempt to alter their dependence relationships by minimizing their own dependence or by increasing the dependence of other organizations on them. Within this perspective, organizations are viewed as coalitions alerting their structure and patterns of behavior to acquire and maintain needed external resources. Acquiring the external resources needed by an organization comes by decreasing the organization's dependence on others and/or by increasing other's dependency on it, that is, modifying an organization's power with other organizations. Although RDT was originally formulated to discuss relationships between organizations, the theory is applicable to relationships among units within organizations.

Proposed Theoretical Framework

The call for a theoretical model

The reviewed conceptual and empirical literature in this study have brought out several constructs in the linkage between strategic orientations and performance in the context of manufacturing performance. In specific, the study has brought forth the constructs of strategic orientation, Miles and Snow's typology, distinctive competence, business environment and firm performance. In view of the objective of the paper, scholars need to come up with a model that emerges from the interaction of these constructs. The task therefore is to come up with a theoretical model that links strategic orientations and performance in the context of manufacturing firms. From both ontological and epistemological standpoints, a theoretical framework is important if the current knowledge in strategic orientation, distinctive competencies and firm performance is to advance to new levels. According to Nachmias, (2004), a theoretical framework supports a theory in a research study, introduces and describes the theory that explains why the research problem under study exists. A theoretical framework permits the researcher to evaluate assumptions more critically and address questions of why and how. Thus, the current study can now suggest a

The Proposed Theoretical Framework

The conceptual and theoretical elements have been provided in the previous sections thus making it possible to present the proposed theoretical framework that integrates the concepts in a cohesive model, represented in the diagram below. The theoretical framework below demonstrates the linkage between strategic orientations, distinctive competence and manufacturing firm's performance. The proposed theoretical model demonstrates a direct causal relationship between strategic orientations and performance depending on the mix of the four strategic orientations. However, the model illustrates that distinctive competences such as experience of managers, technology and customer service mediates the relationship between strategy and firm performance. Below is the linkage between variables.

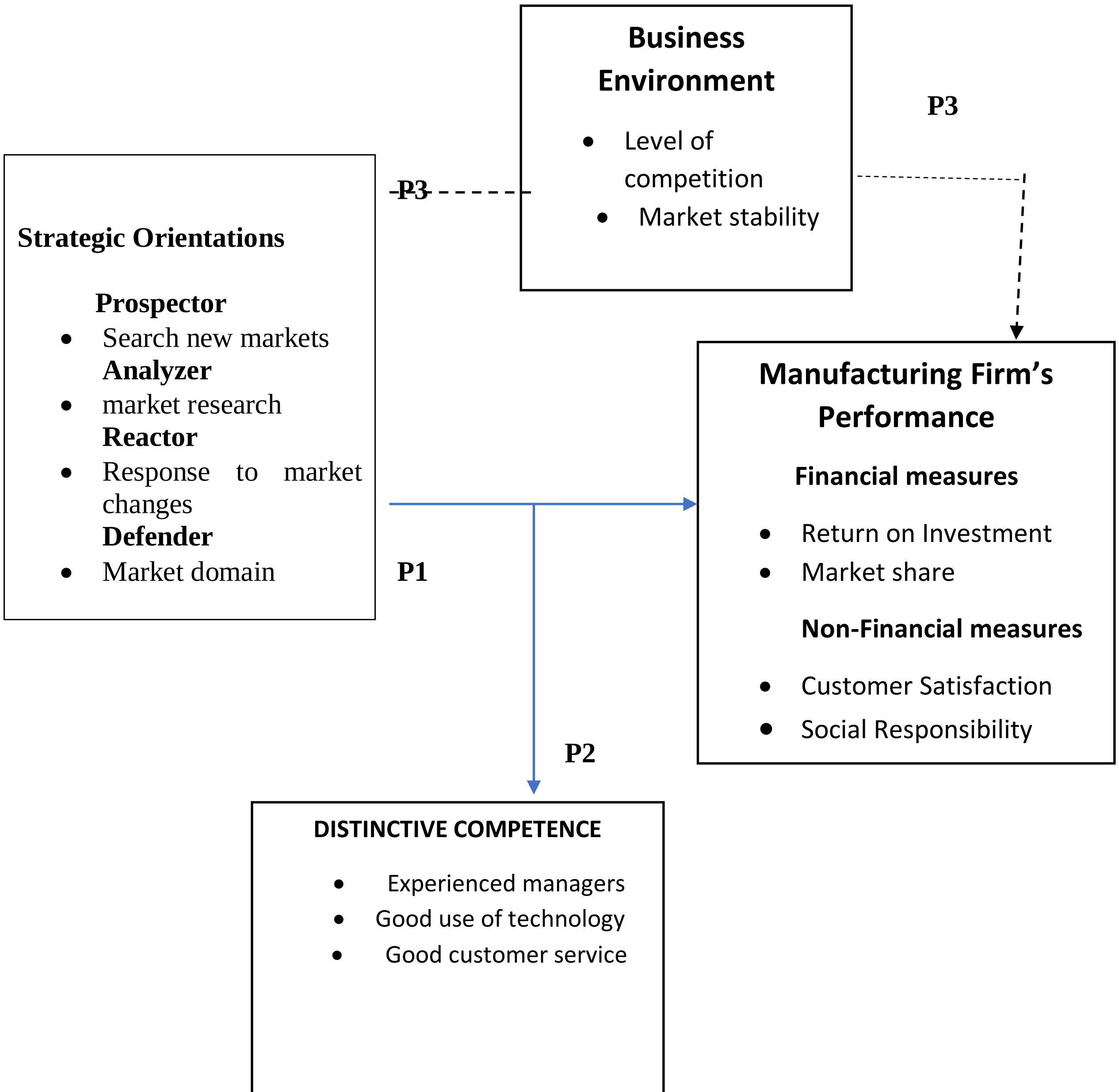

Figure 1: Theoretical Model
Source: (The Author, 2019)

Issues Addressed In The Proposed Theoretical Framework

Strategic Orientations And Performance

There is variation in the performance of the strategic orientations, but the difference is insignificant. The results are consistent with the assumptions of Miles and Snow typology. The support for Miles and Snow's assumption that viable strategic orientations perform equally well in the long-run is overwhelming (Conant et al., 1990; Rajaratnam and Chonko, 1995; Jennings *et al.,* 2003; Parnell, 2010; Saraçet *al.,* 2014; Snow and Hambrick, 1980; Woodside et al., 1999). On the other side, the variations in performance among strategic orientations are consistent with many studies where it was found that environmental conditions, market efficiencies/deficiencies, level of competition, and innovativeness are the reasons of performance variations (Blackmore and Nesbitt, 2013, Hambrick, 1983, Snow and Hrebiniak, 1980,Zahra and Pearce II, 1990).

The presence of pure strategic orientations is almost negligible. The reason can be that in practice, firms adopt a greater variety of competitive strategic orientations that go far beyond the pure strategies created by theory. On the other hand, hybridization offers many strategic options at the business level for firms, irrespective of the industry they are in. This concept is getting space in literature (Pertusa-Ortega *et al.,* 2009; Pertusa-Ortega *et al.*, 2010; Salavou, 2013, 2015; Thornhill and White, 2007). The problems associated with pure strategic orientations might turn into arguments for the adoption of hybrid strategic orientations because in this way: they may address customer needs better; they may be more difficult to imitate; and they may generate a more flexible and wider view (Pertusa-Ortega *et al.*, 2009).

The poor performance of prospecting strategic orientations could be due to one of the reasons argued by Hambrick (1983), that there is a "liability of newness" and the cost of innovation in terms of: the development, production, and marketing of new products; modification of plants and equipment; establishment of new supplier arrangements and inventory buildups; skill set of sales and distribution personnel etc. According to Miles and Snow (1978), such organizations cannot prosper financially unless their markets continually seek new products. Therefore, the prospector strategic orientation, in its purest form, is relatively uncommon from the literature reviewed.

Proposition 1:

Firms should employ a hybrid of strategic orientations in a dynamic business environment Hybrid strategic orientations address customer needs better; they may be more difficult to imitate; and they may generate a more flexible and wider view, (Pertusa-Ortega *et al.*, 2009).

Distinctive Competence and Performance

According to Kim and Lim (1988), the ability of an organization to survive and succeed is influenced by various factors, some of which can and some which can't be controlled. Therefore, the performance of an organization is a function of the controllable and uncontrollable variables.

Proposition 2:A firm that possess distinctive competence will outdo others in the industry by improving its performance. Hence, there is positive relationship between distinctive competences and performance. Distinctive competences therefore effectively mediates the relationship between strategic orientation and manufacturing firms performance.

The role of Business environment

The type of the environment a firm operates determines the best strategic orientation thereafter determining the level of firm performance. There is variation in performance when different strategic orientations are adopted due to the level of competition and market stability. Thus, the paper proposes that :

Proposition 3: Where the market is unstable and competition very high, the hybrid of defender, analyzer and reactor strategic orientations may lead to higher performance. Business environment therefore moderates the relationship between strategic orientation and manufacturing firms performance.

Conclusion

The purpose of this theoretical paper was to review the extant theoretical and empirical literature on the linkage between strategic orientations and performance where Miles and Snow typology is applied. . The study also sought to identify emerging theoretical and empirical gaps on the linkage between strategic orientation, distinctive competence and performance. Extant literature reviewed indicates that a firm must choose a hybrid of strategic orientations depending on the business environmental conditions for it to achieve high performance. The literature reviewed also indicates that a firm must identify and properly utilize its distinctive competencies to improve on performance. A firm with right strategic orientations and having distinctive competencies will achieve high performance.

This paper proposed a framework for studying strategic orientations and distinctive competences in a more structured way that is, having a more elaborate support from strategy theory. As aforementioned, distinctive competences presently do play a central role in strategy choice. The type of strategic orientations an organization chooses has great impact on its performance. It is in this regard that, depending on the type of the environment, an organization has to carefully select the best hybrid of strategic orientations to apply for greater performance. In addition to contributing to literature on the linkage between strategic orientation, distinctive competence and performance, this paper did suggest other areas for further research. It identified a gap in Strategic orientations consideration. Miles and Snow's strategy typologies has been used. Further research should consider other strategic orientations. Moreover, a further research should consider other distinctive competencies rather than managerial experience, customer service and technology. Also, other environmental conditions apart from level of competition and market stability should be explored.

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