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Julkaisun nimike Kilpailukykyisten toimintojen saavuttaminen ja säilyttäminen turbulentsissa liiketoimintaympäristössä: Mitä ja Miten?		
Tiivistelmä Operatiivisen ja strategisen johtamisen kirjallisuudessa on korostettu monia tekijöitä kuten resurssivalintoja ja operatiivista päätöksentekoa, strategista suunnittelua ja toimintaa sekä kilpailuetujen valintaa. Näitä tekijöitä on korostettu yrityksen kilpailukykyisten toimintojen lisäksi myös organisaation suorituskyvyn lähteinä. Johtamiskäytännöt ovat kuitenkin osoittaneet kilpailukykyisten toimintojen saavuttamisen ja säilyttämisen monesti epäonnistuneen etenkin kun liiketoimintaympäristössä on ollut turbulenssia. Tämän tutkimuksen perusteella voidaan väittää epäonnistumisten johtuvan pääsääntöisesti yrityksen resurssivalintojen ja operatiivisten päätösten, strategisen suunnittelun ja toiminnan sekä kilpailuetujen valitsemisen välisestä epäsuhdasta. Väitöskirja on yhdistelmä neljästä julkaisusta, joissa on käytetty sekä kvalitatiivisia että kvantitatiivisia metodeja. Tutkimuksen tuloksena on yleispätevä viitekehys, joka voi toimia tukena johtajille ja päätöksentekijöille heidän vastatessaan yrityksen resurssivalinnoista ja operatiivisista päätöksistä, strategisesta suunnittelusta ja toiminnasta sekä kilpailuetujen valinnasta. Viitekehys kehitettiin neljän eri vaiheen kautta. Ensimmäiseksi painotettiin kilpailuetuihin liittyvien vaihtoehtokustannusten tai moneen rinnakkaiseen painopisteeseen liittyvien haasteiden ymmärtämistä. Seuraavaksi tutkimuksessa kehitettiin viitekehys tehokasta strategista suunnittelua, toimeenpanoa ja valvontaa varten. Kolmanneksi strategisten tavoitteiden ja päämäärien saavuttamiseksi resurssivalintojen ja operatiivisten päätösten on oltava linjassa. Siksi päätettiin kehittää viitekehys, joka auttaa linjaamaan resurssivalinnat ja operatiiviset päätökset arvoketjussa, jonka jälkeen malli verifioitiin empiirisesti. Lopuksi nämä neljä julkaisua on yhdistetty oikeuttamaan väite, jonka mukaan organisaation kilpailukykyyn maksimoimiseksi yrityksen on yhdistettävä resurssivalinnat ja operatiivinen päätöksenteko, strateginen suunnittelu ja toiminta sekä kilpailuetujen valinta. Väitöstutkimus antaa monin tavoin panoksensa yrityksen, turbulentsin liiketoimintaympäristön, yrityksen kilpailukykyyn ja organisaation suorituskyvyn teorioista kertovaan kirjallisuuteen. Lisäksi tässä tutkimuksessa kehitetyt konseptit ja argumentit auttavat parantamaan operatiivisen ja strategisen johdon johtamiskäytäntöjä. Näin ollen ehdotettujen konseptien ja viitekehysten käyttöönoton avulla yritys voi saavuttaa ja säilyttää kilpailukykyisen toimintansa turbulentsissa liiketoimintaympäristössä.		
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Abstract <p>A number of factors have been emphasized in operations and strategic management literature, such as resource choice and operations decisions, strategic planning and actions, and the choice of competitive priorities. These factors have been highly emphasized not only as the source of a firm's competitive operations, but also as the source of its organizational performance. However, managerial practice shows that the act of gaining and sustaining competitive operations has often failed, especially when the business environment is turbulent. Through this research, we argue that this failure is mainly due to the lack of fit between a firm's resource choice and operations decisions, strategic planning and actions, and the choice of competitive priorities.</p> <p>This dissertation is a combination of four publications approached through both qualitative and quantitative methods. A generalized framework has been proposed as a final outcome, which might act as a point of reference for managers and decision makers when correlating a firm's resource choice and operations decisions, strategic planning and actions, and the choice of competitive priorities. The generalized framework was developed following four different steps. First, emphasis was given to gaining an understanding of the dilemma of trade-off or multi focus among competitive priorities. Second, the research developed a framework for effective and/or efficient strategic planning, implementation, and monitoring. Third, to meet strategic objectives and goals, there must be a proper alignment between resource choice and operations decisions; therefore, emphasis was placed on developing a framework that helps to align resource choice and operations decisions in the value chain, which was then verified empirically. Finally, these four publications have been combined to justify the argument that, to maximize organizational competitiveness and performance, there must be concurrence between a firm's resource choice and operations decisions, strategic planning and actions, and the choice of competitive priorities.</p> <p>This dissertation provides several contributions to the literature in the fields of theory of the firm, turbulent business environments, firm competitiveness, and organizational performance. Moreover, the concepts and the arguments developed in this research help to enhance the managerial practice of operations and strategic management. Hence, through the implementation of the suggested concepts and the framework, a firm can gain and sustain competitive operations in turbulent business environments.</p>		
Keywords Operations management, competitive priorities, turbulent business environment, strategic management, multi focus, trade-off, barriers to strategic planning		

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Abbreviations

SMEs	Small and medium-sized enterprises
BSC	Balanced scorecard
CDO	Competitively distinct operation
RBV	Resource based view
IO	Industrial organization
SWOT	Strengths, weaknesses, opportunities, and threats
HEO	High efficiency operations
OP	Operational performance
ET	Environmental turbulence
FP	Financial performance

List of Publications

- [1] Timilsina, B. (2015). Competitively Distinct Operations as a Key for Superior and Sustainable Business performance: An Example from Walmart. *Management*. 10 (3): 273-292.
- [2] Timilsina, B., Forsén, N., Takala, J., & Malek, N. A. A. (2016). Which One to Choose Multi Focus or Trade-Off among Competitive Priorities? Evidence from Finnish SMEs. *Management and Production Engineering Review*, 7(1), 77-88.
- [3] Timilsina, B. (2016). Does competitively distinct operation enable performance in turbulent business environment? A study on Finnish SMEs. *Management and Production Engineering Review*, 7(3), 94-104.
- [4] Timilsina, B. (2017). Overcoming the Barriers of Strategic Planning, Implementation, and Monitoring in Turbulent Business Environment: A Qualitative Study on Finnish SMEs. In Milan, B. V. (Eds.), *Optimal Management Strategies in Small and Medium Enterprises*, 226-248. IGI Global, USA.

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1 INTRODUCTION

Developments in the field of science and technology, innovations in products and services, the globalization of companies and rapidly changing customer needs have generated more complexities and uncertainties in the business environment. The greater the complexities and uncertainties in the business environment, the higher the level of environmental turbulence experienced by a firm. Previous research has shown that small and medium-sized enterprises (SMEs) are operating in a highly dynamic and turbulent business environment (Pekkola, Saunila, & Rantanen, 2016). In order to compete, survive and grow, firms must be able to anticipate, respond and adapt to the changing business environment, satisfy different stakeholders and explore all possible performance dimensions (Pekkola et al., 2016). With the increase in environmental turbulence, firms are facing more and more difficulties in identifying and exploiting strategies. This is mainly for two reasons. First, it is difficult to predict the changes occurring in the market because the required information may not always be available; even if the information is available, it may not be reliable for decision making. However, managerial decisions in SMEs are highly influenced by the external environment, specifically from customers and the competition (Smith & Smith, 2007). Second, in turbulent times, there is a need to consider a greater number of factors in managerial decision making. In the absence of timely and relevant information, organizations often face difficulties in projecting the results of their own actions. This might lead to performance constraints, while there is also a possibility that organizations may lose stability in the market. Therefore, the act of gaining and sustaining competitive operations in turbulent business environments has become more demanding and challenging. Here, gaining and sustaining competitive operations in turbulent business environments refers to the act of making an effective and/or efficient steady response to the changing business environment, which aims to get results in terms of positive and continuous organizational growth.

Turbulence in the business environment can present both opportunities and threats. In comparison to large organizations, SMEs are confronted with more threats than opportunities; even under a stable business environment, SMEs face challenges to the maintenance of their strategic position. This might be due to the fact that SMEs in general have limited access to resources, such as time, money, information and human capital (Van Gils, 2005). However, a better alignment between resource choice and operations decisions, competitive priorities, and strategic planning is the key to gaining and sustaining competitive operations in turbulent times. Therefore, this dissertation focuses on ways to foster the

competitiveness of SMEs in turbulent business environments, mainly from three perspectives. First, suggesting companies to adopt multi focus strategies; second, overcoming barriers to strategic planning, implementation, and monitoring; and third, aligning resource choice and operations decisions in the value chain. The results of this study are not only of interest for managers and decision makers, but also for future researchers who wish to delve further into the field of operations and strategic management.

1.1 Background of the research: Justifying the research gap

In their study, Prochno & Corrêa (1995) concluded that in turbulent environments, not only is a fast response to frequent and sudden change necessary, but the solutions also needs to be different and unique. For this purpose, there are a number of methods and frameworks that help to develop better strategies, such as Porter's five force model (Porter, 1980), Ansoff's matrix (Ansoff, 1957), Glueck's approach (Glueck, 1976), balanced scorecard (BSC) (Kaplan & Norton, 1992) and many more tailor-made approaches. However, managers are facing difficulties in gaining and sustaining competitive operations in turbulent business environments, in which traditional methods of planning seem to be less efficient. This means that the methods found in the current literature are not sufficient to meet the requirements of a highly unpredictable business environment. For example, BSC is resource intensive and does not respond well to turbulent business environments (Pekkola et al., 2016). Furthermore, these existing methods and frameworks are complex; often, managers find it difficult to use them in practice. Most importantly, the current literature in the field of operations and strategic management has given less importance to understanding the ways in which SMEs anticipate and respond to the changing business environment.

Also, it is challenging to allocate time and resources in identifying meaningful work, because people like to think about how things have been done rather than generating new ideas to overcome a problem (Theobald, 1994). There is the possibility of depending on mental models to compete in the changing environment and of ignoring changes occurring on a physical level; this may lead to small issues becoming big issues, and the firm will not be able to handle the situation (Hodgkinson, 1997). *The higher the environmental uncertainty the less easy it is for the company to forecast and plan for the future* (Koufopoulos & Chrysochoidis, 2000, p.380). This indicates that it has become more challenging

for companies to determine their futures due to increasing uncertainty and risk (Bryan, 2002). Besides these facts, there is not much empirical evidence on whether and how companies come up with their strategic plan; instead, the evidence from the corporate sector suggests that the process of strategic planning is highly exaggerated with limited opportunities for innovation (Grant, 2003). In order to manage uncertainties, a strategist should be able to develop flexible strategies which can be used in different scenarios (Abraham, 2005). In practice, business scenarios change rapidly; hence, it has become more difficult to predict the future (Boehlje, Gray, & Detre, 2005) because companies fail to match strategies with internal needs (Takala, Leskinen, Sivusuo, Hirvelä, & Kekäle, 2006). This leads to more complexity and challenges, especially in terms of decision making (Perrott, 2008). There are a number of frameworks for managing changing business scenarios, such as logical incrementalism, sense and respond, emergent strategy, improvisation, etc. (Raynor, 2007). In fact, turbulent business environments can only be managed through the proper planning, formulation, and implementation of strategies (Oparanma, Hamilton, & Jaja, 2009).

Practically, it is seen that managers can identify market uncertainties, but that strategies are stable for a specific period (Jurse & Vide, 2010). A firm can accommodate the changing environment within the scope of its resources and capabilities (Makkonen, Pohjola, Olkkonen, & Koponen, 2014) if and only if there is a match between identified strategies, resource choice and operations decisions, and the changing business environment. The existing literature in the field of operations and strategic management has emphasized the importance of firm resources for the successful implementation of strategies; yet, little is known about how a firm can align its resource choice and operations decisions in the value chain. In a similar manner, there is a lack of frameworks to support strategic planning, implementation and monitoring among SMEs. This indicates that there is need for a dynamic decision support system to help managers and decision makers in making strategic decisions on a rolling basis.

1.1.1 Research questions and research objectives

There is common agreement among business practitioners and academic researchers on the need for a better understanding of optimization strategies that enable sustainable operations and business expansion. Because of rapidly changing business environments, gaining and sustaining competitive operations has become more complex and challenging, especially for SMEs. Therefore, the

main objective of this dissertation is to assist the managerial act of gaining and sustaining competitive operations in turbulent business environments. To sustain competitive operations, a firm first needs to be competitive. In order to be competitive, a firm needs to continuously streamline its resource choice and operations decisions with the pace of change in business environments. However, gaining and sustaining competitive operations in changing business environments depends on the firm's ability to formulate strategic plans and policies, align resource choice and operations decisions in the value chain, and make appropriate choices for its competitive priorities, i.e., to either focus on cost, quality, time, flexibility or a combination of these priorities. Here, the basic idea is to create superior value from organizational resources and capabilities. Therefore, this research focuses on the impact of environmental turbulence on organizational performance, and tries to explore the basis on which a firm can gain and sustain competitive operations in changing business environments. More specifically, this thesis aims to address the following two research questions.

1. What are the main drivers for gaining and sustaining competitive operations in turbulent business environments?
2. How can resources, capabilities and core competencies be integrated to gain and sustain competitive operations?

1.2 Research design: The process and approach adopted in the dissertation

The concept of competitively distinct operations in aligning resource choice and operations decisions was introduced in publication 1, and justified by citing the example from Walmart, which was then empirically tested and verified in publication 3 in consideration of the quantitative (closed-ended) survey conducted among managers of SMEs from Finland. Similarly, in publication 2, justifications for adopting multi focus competitive priorities was provided based on quantitative survey conducted among managers of SMEs from Finland. Likewise, in publication 4, a qualitative (open-ended) survey was conducted among managers of SMEs from Finland to understand current practices of strategic planning, implementation, and monitoring; there was also emphasis placed upon understanding the competencies of a good strategic planner, as well as barriers to strategic practice and potential solutions. Finally, the results and findings from each publication were combined to answer the main research

questions. From a methodological point of view, this dissertation adopts mixed methods in the process of summary writing. However, considering each publication, both qualitative (publications 1 and 4) and quantitative methods (publications 2 and 3) have been adopted. Depending upon the nature and scope of the publications, both deductive and inductive approaches have been employed. Likewise, the individual publications considered in this dissertation take different philosophical stands: constructivism, critical theory, and positivism. However, the final summary writing process follows pragmatism as its philosophical stand, supported by the narrative interpretation and abductive approaches. The research design of this dissertation is shown in the following diagram, Figure 1, which illustrates the relationship between the different concepts adopted in this research. Details of the methods and methodological justification are provided in chapter 3.

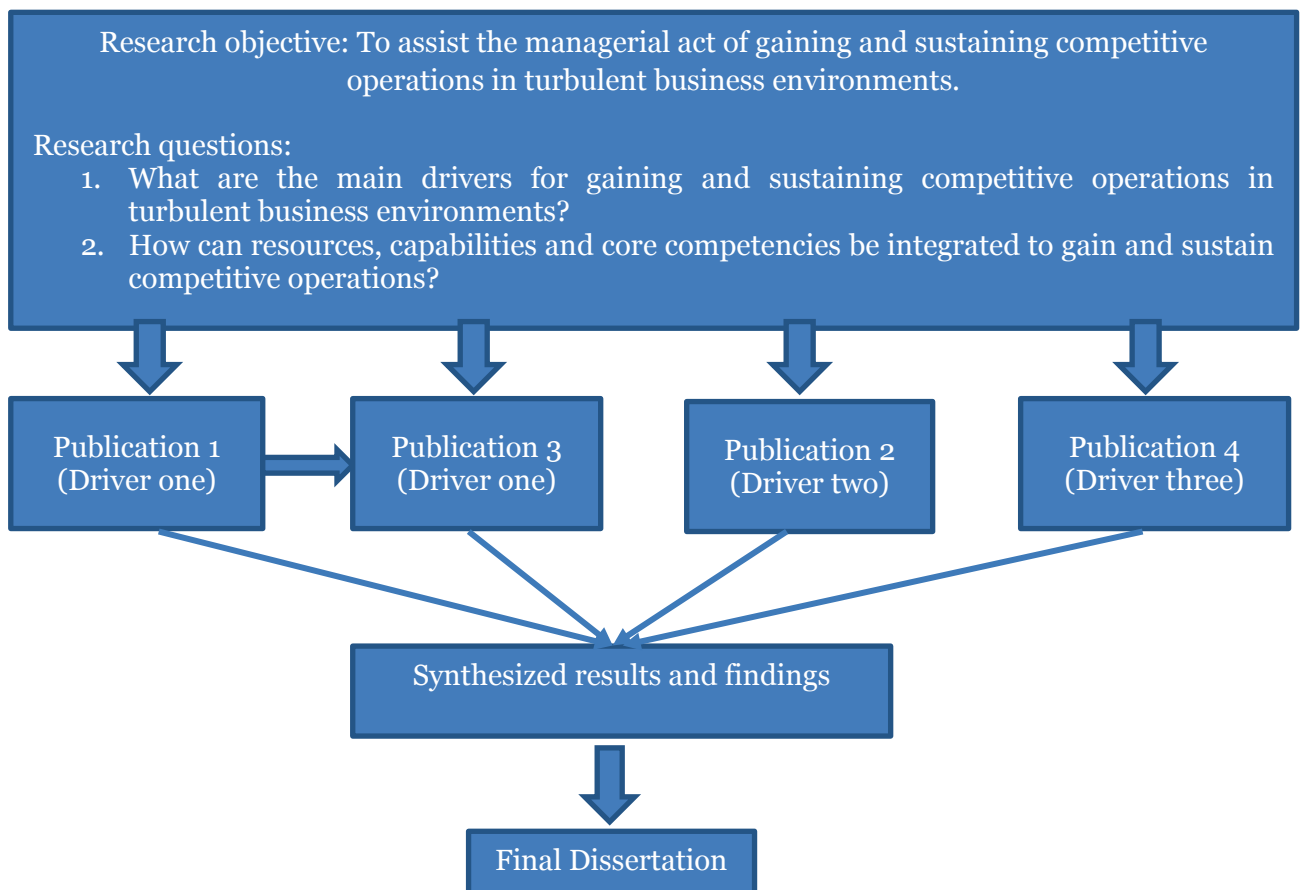


Figure 1. Research design

In order to answer the main research questions and to meet the research objective, the research questions were broken down into four different publications, as shown in Figure 1. The research questions and objectives

respective to each publication are as mentioned below. The order of publication is based on the date of publication.

Publication 1: Competitively distinct operations as a key for superior and sustainable business performance: An example from Walmart

Research questions:

- How can operations be made competitively distinct?
- How can resource choice and operations decision be integrated in the value chain (i.e., input - process - output)?

Research objectives:

- To develop a framework for aligning resource choice and operations decisions in the value chain (i.e., input - process - output).
- To identify the source of superior and sustainable business performance.

Publication 2: Which one to choose multi focus or trade-off among competitive priorities? Evidence from Finnish SMEs

Research questions:

- Does the relationship between business environment, competitiveness and firm performance vary with the choice of competitive priority?
- How does the competitive priority over time impact the relationship between business environment, competitiveness and firm performance?

Research objectives:

- To identify the relationship between business environment, competitiveness, and firm performance.
- To identify the hierarchy of importance between competitiveness and business environment for improving firm performance.

Publication 3: Does competitively distinct operation enable performance in turbulent business environment? A study on Finnish SMEs

Research questions:

Does competitively distinct operation (CDO) enable performance in turbulent business environment?

Research objectives:

- To assess empirically the relationship between CDO, high efficiency operations, and operational performance.
- To assess the impact of environmental turbulence on operational performance and financial performance.

Publication 4: Overcoming the barriers of strategic planning, implementation, and monitoring in turbulent business environment: A qualitative study on Finnish SMEs

Research questions:

- What are the barriers in strategic planning and implementation?
- What is the process of strategic planning and implementation in practice (i.e. what does a strategic planner think and do in practice in the process of strategic planning and implementation)?
- Why do strategic planning and implementation fail in practice?

Research objectives:

- To identify the critical factors facilitating and/or disrupting the strategic planning and implementation.
- To present a framework for effective and/or efficient strategic planning, implementation and monitoring.

Thus, by answering these research questions separately by means of the four above mentioned publications, the study answered the main research questions and met the research objective. Likewise, the research also contributed to theories of operations and strategic management, such as the resource based view (RBV) and industrial organization (IO) theory. From the managerial practice point of view, the results and findings of this study will help them to make wiser strategic and operational decisions.

1.3 Significance of the study: Why is the study important?

The significance of this study can be explained from three aspects. First, this study aims to facilitate managers to initiate and influence their present actions and identify better competitive priorities to adopt in the future. Second, this study investigates managers' perceptions of current strategic management practices and has developed a framework for efficient and/or effective strategic planning, implementation and monitoring. Third, a framework to align resource choice and operations decisions has been presented, which can provide significant ground for managers in rational decision making. Hence, a firm can gain and sustain competitive operations in turbulent business environments. Most importantly, there is a lack of studies that focus on an analytical framework for managing strategic and operational issues faced by SMEs. A better understanding of the internal and external operating environment not only allows SMEs to meet the performance expectations of different stakeholders, but

also helps to prolong its life (survival and growth). Therefore, the strategic value of aligning the internal and external business environment cannot be ignored.

SMEs are sources of entrepreneurship, employment and innovation; therefore, they are highly acknowledged as major contributors to economic growth and the competitiveness of nations. Approximately 80% of global economic growth is generated by SMEs (Jutla, Bodorik, & Dhaliwal, 2002); more than 95% of companies worldwide are SMEs (Holtzblatt & Tschakert, 2011). According to statistics from 2013, there are approximately 283,290 enterprises in Finland; of these, 0.2% are large enterprises of 250 or more employees; 0.9% are medium-size enterprises of 50–249 employees; 5.5% are small enterprises of 10–49 employees; while 93.4% are micro-enterprises of 1–9 employees. Likewise, the percentage of employment provided by large, micro, medium and small enterprises are 35%, 26%, 18% and 21%, respectively. (The Federation of Finnish Enterprises, 2013). This means that in Finland, 98.8 % of enterprises are SMEs and provide approximately 65% of all jobs. By the end of first quarter of 2016, the export share of SMEs in Finland was about 15% (Tuuli, 2016).

In spite of the common agreement as to the importance of SMEs, strategic planning, implementation and monitoring, the alignment of resource choice and operations decisions in the value chain, as well as the reasons for maintaining strategic focus, are poorly defined in the literature dealing with SMEs. There is a scarcity of research into SMEs that focuses on ways of gaining and sustaining competitive operations in turbulent business environments. Indeed, the research on SMEs allows us to have better understanding of how SMEs can enhance their competitiveness and ensure their survival and growth in changing business environments. Such an understanding would enable researchers, management consulting firms, business practitioners and policy makers in developing plans and policies that not only enhance the competitiveness of SMEs, but also encourage entrepreneurship.

1.4 Structure of the dissertation

This dissertation is divided into seven different chapters. The first chapter starts with the background of the study and the research gap. The research questions and objectives are presented. Next, the research design describes the process of research, i.e., how the research is going to be carried out from start to end; this is then supported with the significance of the study, highlighting the importance of the research both for researchers and business practitioners. The second chapter

presents the theoretical foundation of the dissertation, in which different theories and concepts are highlighted within the scope of this dissertation. The third chapter describes the research methodology, where a brief introduction to the research paradigms and the philosophies, research approaches and methods, the research approach of this study, methodological justification, the procedure of data collection and analysis, the summary writing, and the reliability and validity of the study are presented. The fourth chapter summarizes the results and findings of the four different publications included in this dissertation. The fifth chapter is concerned with the synthesized results and findings, followed by theoretical contributions and managerial implications. The sixth chapter discusses the results and findings of the dissertation as a whole, supported by previous research within the scope of this dissertation. The research limitations and future research possibilities are also discussed. Finally, chapter seven will provide brief concluding remarks on the entire dissertation.

2 THEORETICAL FOUNDATION

The main objective of this study is to support managerial efforts to gain and sustain competitive operations in turbulent business environments. The argument of this chapter is that, in order to gain and sustain competitive operations, there must be a fit between a firm's operations and strategies. The fit between a firm's operations and strategies can be best achieved through competitive priorities, i.e., in practice, competitive priorities help to ensure that a firm's operations are in accordance with its strategies. Here, a firm's operations refer to the act of resource choice and operations decisions, while strategies refer to strategic planning, implementation, and monitoring. Likewise, competitive priorities refer to cost, quality, time, and flexibility. Publications 1 and 3 are concerned with resource choice and operations decisions, publication 2 is concerned with selecting competitive priorities and publication 4 is concerned with strategic planning, implementation, and monitoring. The relevant theories and concepts are well defined in each publication (for details, see publications 1-4). However, this chapter will provide an introduction to the fundamental theories and concepts that shape the foundation to this dissertation.

2.1 Turbulent business environments: Understanding the dimensions

Fast changes in technology, innovation in products and services, short product and service life cycles, frequently changing customer needs and requirements, the globalization of companies, and intense competition to survive and grow are the common characteristics of the present business environment. At the same time, these factors are the source of opportunities, as well as the cause of dynamism, complexity and uncertainty in the business environment. According to Smith, Sinha, Lancioni, & Forman (1999) environmental turbulence is the result of complexity, dynamism and uncertainty. Here, turbulence in the business environment refers to high levels of change in the business environment, which has resulted in increased uncertainty and unpredictability, making it difficult to map cause-effect relationships between different variables in decision making (Borch & Batalden, 2015). A dynamic and rapidly changing business environment plays an influential role in a firm's survival, growth and performance (Alexander & Britton, 2004). As noted by Heirati, O'Cass, Schoefer, & Siahtiri (2016), competitive intensity and environmental turbulence both have an influence on

firm performance. Indeed, it is reasonable to argue that in order to survive and grow, a firm must be able to adapt to changes occurring in the business environment, whether they be social, political or economic. In business practice, an assessment of environmental factors allows a firm to formulate better strategies and better allocate resources to respond to changes in the business environment (Bagautdinova, Safiullin, & Minnahmetov, 2014). This means that the better the knowledge a firm has of factors related to environmental turbulence, the better the probability of maintaining its competitive advantage. Therefore, it is wise to have an understanding of the dimensions of turbulent business environments.

In the literature, turbulence in the business environment has been described using different terms. For example, changes in the external environment (market, technology, demand, customer requirement or competition), uncertainty, unpredictability, unstable, complexity (Cadogan, Diamantopoulos, & Siguaw, 2002; Jaworski & Kholi, 1993; Bourgeois III & Eisenhardt, 1988; Dess & Beard, 1984; Brown & Eisenhardt, 1998; Ansoff, 1979), variability, complexity and illiberality (Child, 1972), unfamiliar (Souder & Song, 1998), hostile (Covin & Slevin, 1989; Khandwalla, 1977; Miller, 1987), heterogeneous (Khandwalla, 1977; Miller, 1987), munificence, dynamism and complexity (Aldrich, 1979), uncertain (Khandwalla, 1977), complex (Duncan, 1972), dynamic (Dess & Beard, 1984; Duncan, 1972; Emery & Trist, 1965; Miller, 1987), volatile (Bourgeois III, 1985), and dynamism, complexity, munificence and hostility (Rosenbusch, Rauch, & Bausch, 2013). However, the majority of the terms used to describe turbulence in the business environments are concerned one way or another with the firm's capabilities or market uncertainty.

Based on this discussion, it is reasonable to say that turbulence in the business environment is the measure of the difference between market uncertainty as experienced by a firm and its capability. This is simply because of the fact that two firms operating in the same business environment may have experienced different opportunities, competition, and performance, depending upon their capability. Therefore, the dimensions of a turbulent business environment can be classified as shown in the following diagram, Figure 2.

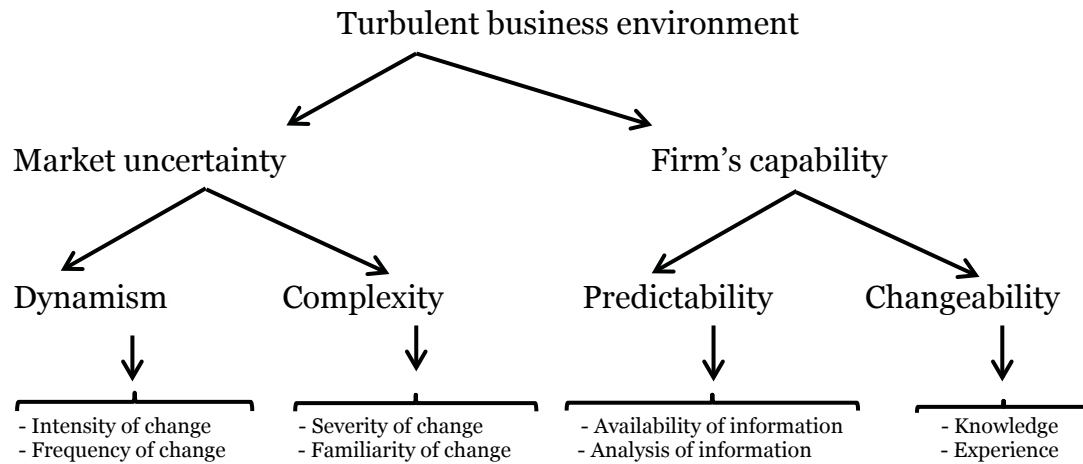


Figure 2. Elements of a turbulent environment

Source: Modified by the author based on Volberda & Bruggen (1997), Ansoff & McDonnell (1990), and Smith et al. (1999).

As shown in the above diagram, Figure 2, the turbulent business environment can be divided into two main dimensions: market uncertainty and the firm's capability; these can be further divided into four sub-dimensions, with dynamism and complexity on the one hand and predictability and changeability on the other. The following explanation clarifies our understanding of the considered main dimensions and sub-dimensions of a turbulent business environment.

Firm's Capability: This refers to the skills of a firm in performing core functions, i.e., the working of its people and system, and what and how things are done. It can also be defined as efficiency in overcoming problems. Some examples of a firm's capability are the ability to use and apply knowledge, the mastering of technology, the mastering of production and management methods. According to Grant (2003), a firm's capability (organizational capability) is its capacity to manage specific issues by utilizing resources. This helps in the creation of firm-specific competency, which could provide a competitive advantage. Somehow, a firm's capability resembles the RBV of strategy (Prahalad & Hamel, 1990; Grant, 1991; Barney, 1991; Ulrich, 1993; Wernerfelt, 1984). However, a firm's capability is determined by two factors: predictability and changeability.

- **Predictability:** This can be defined as the analysis of events in terms of repetition, course of action, behaviour, and knowing the nature of possible future outcomes. A firm's capacity for predictability depends on the quality of its available information, its analysis and interpretation.

- **Changeability:** Changeability means the capability of a firm to utilize internal and external resources to overcome undesirable conditions while still maintaining the desired level of performance. Factors like experience and knowledge affect a firm's ability to be changeable. In order to survive in the turbulent environment, a firm should be able to maintain a constant stream of change.

Market Uncertainty: This refers to conditions where available information, knowledge and experience, are not sufficient or do not allow decisions to be made or the future outcome of an event to be predicted. Under such conditions, go with the flow, a strategic concept proposed by Chakravarthy (1997), could be the best strategy to cope with new circumstances. According to Beckman, Haunschild, & Phillips (2004), uncertainty could be either firm-specific or market-level. Uncertainty, whether it is firm-specific or market (industry)-specific is characterized by dynamism and complexity.

- **Dynamism:** Environmental dynamism represents patterns of change in customer needs and the offerings made by organizations to meet market requirements over time (Wijbenga & van Witteloostuijn, 2007). According to Ansoff (1979), environmental dynamism is the degree and speed of change in an environment. It refers to the degree of instability (Dess & Beard, 1984; Li & Simerly, 1998). Uncertainty in service or product development (Iansiti, 1995), the unpredictability of the environment (Tegarden, Sarason, Childers, & Hatfield, 2005), and short-lived competitive advantages (Bierly & Daly, 2007) are the common effects of environmental dynamism. Therefore, environmental dynamism can be measured by analysing the intensity and frequency of change (Volberda & Bruggen, 1997). Here, intensity refers to the degree of being intense or harmful to an organization, while frequency refers to the rate of occurrence of harmful events.
- **Complexity:** Environmental complexity is the degree of heterogeneity and organizational response or concentration to its environment (Child, 1972; Robbins & Judge, 2013). It is a set of environmental factors which affect the organization (Narayanan & Nath 1993). According to Black & Farias (1997), complexity depends mainly on five factors, which are: the number of firms in the market, the availability and reliability of information, the understanding and use of information, and the time of response. A similar view is proposed by Vasconcelos & Ramirez (2011), and says complexity is a measure of lacking information, it's the function of ignorance made in working principles. Therefore, the environmental

complexity can be analysed in regards to the severity and familiarity of change.

2.2 Criticism to RBV: Aligning resource choice and operations decisions

RBV has been widely accepted as a potential theory in the operations and strategic management literature in terms of explaining sources of a competitive and sustainable competitive advantage, as well as differences in performance among competing firms. A firm can have a competitive advantage if its resources are valuable and rare; it can have a sustainable competitive advantage if the firm can protect it from imitation and substitution (Barney, 1991). Likewise, the heterogeneity of resources, ex post limits to competition, imperfect mobility, and ex ante limits to competition are the four basic characteristics of resources that guarantee a competitive advantage (Peteraf, 1993). As noted by Malek et al. (2015), RBV was introduced to overcome the barriers of strengths, weaknesses, opportunities, and threats (SWOT) analysis and generic strategies. They claim that the concept of RBV can be used to gain a competitive advantage in turbulent business environments. In contrast, Shuen, Feiler, & Teece (2014) argue that the assumptions made in RBV are applicable to a static environment, and ignore the influence of the external business environment (Hitt, Xu, & Carnes, 2016). Furthermore, previous research adopting RBV as a theoretical lens neglects to explain how human resource can be managed in the creation of valuable resources (Barrick, Thurgood, Smith, & Courtright, 2015). The basic assumption of the RBV is that a firm competes in the marketplace on the basis of its resources and capabilities to gain superior performance (Peteraf & Bergen, 2003), but Hitt et al., (2016) argue that there is confusion in understanding the meaning of resources and capabilities. Here, the question is: What are resources and capabilities? In the literature, a firm's resources have been classified as tangible, e.g., capital, building, warehouse, structure and infrastructure, and intangible, e.g., knowledge, skills, and goodwill (Amit & Schoemaker 1993; Barney, Wright, & Ketchen, 2001). Likewise, a firm's resources have also been classified as physical, financial, human, and organizational (Barney & Hesterly, 2012). In business practice, resources are productive assets that can be converted into final products or services (Amit & Schoemaker, 1993), an input to operational function. *The word "resource" refers to something an organization can draw on to accomplish its goals* (Kozlenkova, Samaha, & Palmatier, 2014, p.5). Likewise, capabilities are the firm's ability to use its resources to generate the desired output (Amit & Schoemaker, 1993); capabilities are the firm's ability to convert

resources (input) to a final product or service (output) (Dutta, Narashiman, & Rajiv, 1999). On the other hand, Makadok (2001, p.389) argues that capabilities are *an organizationally embedded nontransferable firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm*. Let's consider the input - process - output paradigm, according to which process mediates the relationship between inputs (raw materials) and output (final product and service). We refer to processes as a firm's operational capability, *a collection of coupled processes that use resources to transform certain inputs into desired outputs, while monitoring performance towards the achievement of desired objectives* (Sodhi, 2015, p.1378). In this vein, Dutta et al., (1999) argues that operations capabilities are a set of complex tasks that help not only to make efficient flow of materials (input), but also to make effective use of production facilities and technology. This shows that fundamental ideas and constructs in RBV are being used without clear distinction (Leiblein, 2011). For these reasons, we argue that resources and organizational capabilities are not the same thing; in fact, they are a separate body of knowledge. However, resources and organizational capabilities are the central construct of RBV (Kozlenkova et al., 2014). A firm competes and repositions its competitive landscape within the scope of its resources and capabilities (Makkonen et al., 2014). This means that its choice of resources and operations decisions play an important role in a firm's growth and survival.

Aligning resource choice and operations decisions

Operations can be defined as the act of gaining higher customer satisfaction and net profit while reducing waste, cycle time, capital investment, and operating costs (Slack, Chambers, & Johnston, 2001; Slack & Lewis, 2011). In fact, operations add value and converts inputs (resources) into desired outputs (goods or services) (Schonberger & Knod, 1994). With proper operations management, any organization can optimize its resources and increase system reliability. The effectiveness of a firm lies in the operationalization of its competitive priorities: cost, quality, time, and flexibility through the process of resource deployment, i.e., how resources are being perceived, actualized, and deployed. According to Zott (2003), the economic performance of a firm is affected by its operational routine, resources, and competencies. A firm with higher levels of competence (operations, integrative and functional) will have higher levels of performance (McDermott, 2003). Hence, the firm's operations not only need to be competitive, but also distinct in the sense that its operational routine cannot be easily copied and implemented by competitors. Therefore, when the firm's operations are highly efficient, cost effective, and difficult for competitors to imitate and implement easily can be termed as competitively distinct operations.

Here, the underlying assumption is to improve organizational efficiency and productivity, foster cost optimization by aligning resource choice and operational decisions, and obtain superior business performance. Furthermore, the conceptualization of strategy, the sharing of strategic responsibility within the firm and putting focus on organizational (operational) capabilities helps to deal with environmental turbulence (Chakravarthy, 1997). On the other hand, turbulence in the business environment can also be taken as an extent or measure of resource transfer between firms. To create balance in the resource transfer mechanism, business entities should make adjustments in their daily operations (but how?). However, the firm's operations need to be strategic and value-adding in nature, because different factors like price, quality, product performance, features, and variety are influenced by operational routine. Through operations, interactions between different functional areas become easier; also it acts as a tool to solve complex problems. In order to maintain the desired performance level, the rate of resource exchange needs to be balanced with the rate of change in the internal and external operating environment.

Resource allocation is a move towards the optimization of opposing objectives that share common resources (Vincent & Hu, 2014). By examining resource allocation, one can know the functional priorities of an organization. In practice, resource allocation (tangible and intangible) can be considered as a strategic approach for shaping operations and operational routine and for improving products and service offerings. Resource allocation plays an important role in the performance outcomes of an organization (Chen & Hsu, 2010) by increasing the performance of weak operations. Using the example of process industries, Susarla & Karimi (2011) say that optimal resource allocation and lean operations helps to reduce production costs because the productivity of a plant relies on the resource allocation profile.

Resources are the sources of operations, better the available resources effective the operations. Therefore, the quality and effectiveness of a firm's operations can be determined by its choice of resources. The effective and efficient utilization of resources allows a firm to be competitive (Hung-Nan & Cochran, 2005) in operations. Resource allocation is a detailed and comprehensive plan for a specific task in order that resources can be used to their maximum, while operations drive all the resources towards this organizational goal. Therefore, if the resource choice and operations decisions are time-specific and goal-oriented, they can be considered as the source of a competitive advantage. In other words, operations guarantee better performance through the available resources. Resource allocation and operations are the core functions of any firm; either of

these functions affects each other mutually. To have better economic efficiency and to maximize the utility of available resources, there must be a logical and coherent relationship between resource allocation and operations decisions.

In turbulent business environments, managers often get confused in their decision making, which affects the process of resource choice and operations decisions. However, resource choice and operations decisions have to be made on the basis of a firm's current business priorities and strategic objectives, i.e., cost, quality, time, and flexibility. It is possible to respond to environmental shifts through patterns of resource allocation, but an increase in slack resources reduces the organizational response to the changing environment (Cheng & Kesner, 1997). In the same environment, an organization with better resources experiences less environmental uncertainty in comparison with one with poor resources (Milliken, 1990). In a performance-oriented firm, managers should be able to optimize resource use and cost; at the same time resources need to be concentrated on areas promising better results rather than on solving problems. According to Kraatz & Zajac (2001), competence and resources play a functional role in organizational success. Therefore, there must be a good fit between resource choice and operations decisions; a poor fit might lead to below average performance.

Based on the above discussion, two conclusions can be drawn. First, resource choice and operations decisions are the two vital aspects of a firm's strategy and performance. Second, for better organizational performance, resource choice and operations decisions need to be aligned in the value chain (input – process – output). However, the question is how can this be done in practice? This leaves the door open for the development of a framework that could help in making effective/efficient resource choices and operations decisions in the value chain. By doing this, the criticism of the RBV can also be reduced to some extent.

2.3 Competitive priorities: Dilemma of multi focus or trade-off

A competitive priority shows the strategic and operational emphasis of a firm; therefore, it has been considered as a key decision variable for both operations (Boyer & Lewis, 2002) and strategic managers. Competitive priorities enable an organization to identify achievable goals in translating strategies into operations, as well as to choose the right course of action (Jitpaiboon, 2014). On the basis of their identified competitive priorities, companies can differentiate their products

or service offering and create value in the eyes of their customers. However, in the context of the present business environment, which is characterized by intense competition, frequently changing customer needs, and innovation in science and technology, companies are struggling more and more to find sources of competitive advantage. For the majority of companies, it has become more difficult to maintain a competitive advantage over a longer period of time. In their studies, Awwad, Al Khattab, & Anchor (2013) found a strong relationship between competitive priorities and competitive advantage, and concluded that competitive priorities are a strong means of competitive advantage and the source of a firm's survival in turbulent business environments. There is general agreement that competitive priorities form the basis for competitive advantage. But, what are competitive priorities? The operations and strategic management literature shows no consensus on the dimensions of competitive priorities. Ward, Bickford, & Leong (1996) have considered cost, quality, time/delivery, and flexibility as the four basic dimensions of competitive priorities. Likewise, some researchers have argued that innovation is an additional dimension of competitive priorities (Leong, Snyder, & Ward, 1990). In addition to these, collaboration (Saarijärvi, Kuusela, & Spence, 2012) and sustainability (Netland & Frick, 2017) have also been identified as dimensions of competitive priorities. This shows that firms are striving to gain a competitive advantage based on their core capabilities. Therefore, competitive priorities can be defined as the capabilities that allow a firm to gain a competitive edge in a competitive, dynamic, and turbulent business environment. According to Díaz-Garrido, Martín-Peña, & Sánchez-López (2011), competitive priorities are the organizational goals which must be achieved to guarantee a competitive advantage. However, for a firm to sustain a competitive advantage, a firm's operations and resource choices, its supply chain, its supplier network, etc., must be coordinated through strategies and meet the operational needs of its identified competitive priorities. In business practice, specifically, the competitive priority (cost, quality, time, and flexibility) has an impact on each and every functional area of an organization. Therefore, it is reasonable to claim that cost, quality, time, and flexibility are the four basic competitive priorities around which rest of the organizational functions revolve, whether it be human resource management, research and development, resource choice and operations decisions, or infrastructure development, among others. Furthermore, Christiansen, Berry, Bruun, & Ward (2003) have noted that there is a high level of agreement in the literature that cost, quality, time, and flexibility are the most important competitive priorities. For this reason, in this dissertation these four dimensions are considered as the main dimensions of competitive priorities.

According to Ahmad & Schroeder (2002), competitive priorities are not static; instead, they change over time according to changes in the business environment. The underlying objective of competitive priorities is to gain a competitive advantage by differentiating the product-service offering in a way that is hard for a firm's competitors to imitate (Ahmad & Schroeder, 2002). Competitive priorities are not only important in manufacturing, but also for service-oriented firms (Prajogo & McDermott, 2011). Competitive priorities add value to operations strategies; however, the effectiveness of operations strategies lies in an understanding of the ways how competitive priorities create values in the eyes of the customer (Davis, Aquilano, Balakrishnan, & Chase, 2005). According to Miles & Snow (1984), firms that can align their operations to the changing business environment can perform better in comparison to firms whose operations do not match the changing business environment. In order to adapt to change, a firm must be able to integrate the changes occurring in the business environment into their strategies (Reeves & Deimler, 2011). The process of scanning and evaluating the business environment not only enables the identification of new opportunities, but it also enables strategic choices to be made (Palese & Crane 2002). This argument is consistent with that of Jabnoun, Khalifah, & Yusuf (2003, p.19), who argue that *environmental uncertainty plays a central role in strategy formulation, for it affects not only the availability of resources to the firm and the values of its competencies and capabilities, but also customer needs and requirements, as well as the competition*. Furthermore, a sustainable competitive advantage is the result of the organization's capabilities to adapt to changes occurring in the business environment (Reeves & Deimler, 2011).

The majority of the operations and strategic management literature claims that there is a need to continuously scan the business environment and to make necessary adjustments in response to identified opportunities or operational flaws. This helps not only to gain a competitive advantage, but also to sustain it. It is also important to maintain the desired level of organizational performance. Does this mean that a trade-off between competitive priorities is irrelevant in the context of a turbulent business environment? In order to maintain its competitive advantage, how should a firm react to the changing business environment? Should it focus on one dimension of competitive priorities or should it have multi focus strategies? The literature has presented support for both trade-off (e.g., Boyer & Lewis, 2002; Pagell, Melnyk, & Handfield, 2000; Skinner, 1969) and the cumulative (e.g., Ferdows & De Meyer, 1990; Takala, 2002) use of competitive priorities. Here, trade-off refers to choosing one competitive priority over another, while cumulative refers to the simultaneous use of competitive priorities. Thus, the previous research shows inconclusive

results in identifying a trade-off or multi-focus approach to competitive priorities, especially with regards to the turbulent business environment.

2.4 Strategic planning, implementation, and monitoring: Overcoming the barriers

The short life cycle of product and service offering, frequently changing customer needs, innovation in technologies, increasing competition, the globalization of companies, etc., are not only sources of dynamism, but have also increased the complexity of the business environment. Hence, managers and decision makers are facing more and more challenges than ever before. In order to compete, survive and grow, a firm must react fast and respond to the needs of changing market situations ahead of its competitors (Jabnoun et al., 2003). Companies that fail to respond to changing business environments may decline in the market. According to Albright (2004, p.41), *environmental scanning helps to focus the organization's strategic and tactical plans on those external forces that may threaten its stability and turn those potential problems to its advantage*. Therefore, scanning and understanding the possible consequences of the changing business environment are important (Moon & Ruona, 2015) before formulating strategies. A firm competes and maintains its competitive position by utilizing its resources and capabilities (Peteraf & Bergen, 2003) through strategic actions and plans. This is due to the fact that a firm's resources and capabilities are the foundations of its strategies (Grant, 1991; Feurer & Charbaghi, 1995; Grant & Jordan, 2015), a concept in RBV.

The process of strategic planning, implementation, and monitoring is the managerial act of utilizing organizational resources and capabilities to overcome the threats arising from the internal and external business environment. Here, strategic planning is referred to a process through which a firm matches its internal strengths to existing/evolving market opportunities. Scanning of business environment, assessing of strengths, weaknesses, opportunities, and threats helps to identify market opportunities, strategic objectives and goals, as well as helps to find the means of competitive advantage. The effectiveness of strategic planning lies in the firm's ability to collect, analyse and interpret the information, and predicts the future business scenario. Strategic implementation means putting strategic plans into practice, which is critical to organizational success. Finally, monitoring means the act of systematically reviewing progress and ensuring that organizational strategies are heading in the right direction. The operational efficiency of a firm highly depends on the degree of interlink between

operational and strategic planning. This is because in any organization, resource choice and operations decisions are made in the light of operational and strategic planning. In other words, the operational plan specifies how a firm puts its identified competitive priorities into practice to support its strategic objectives.

Strategic planning, implementation and monitoring has two specific goals: (i) matching the operating environment with organizational objectives and (ii) gaining a competitive advantage considering potential moves by competitors (Jabnoun et al., 2003). Furthermore, the author argues that, as soon as a firm identifies changes in the business environment, there must be an assessment of strategic moves so that a better interaction between strategies and the operating environment can be maintained. This means that the assumption of RBV and IO theory can be used to better explain the managerial act of strategic planning, implementation, and monitoring. According to RBV, a firm's competitiveness results from its capabilities to create and exploit valuable resources (Peteraf, 1993; Barney, 1991; Barney, Ketchen, & Wright, 2011); this is an internal perspective. On the other hand, IO theory deals with the external environment of firms and supports the notion that the external business environment is crucial for organizational success. According to Wilson (2012), RBV is inward looking while the IO approach is outward looking in terms of strategy. According to the author, IO theory answers the question of what the opportunities and threats arising from the business environment are, while RBV answers the question of how organizational strength can be increased and weakness reduced. Furthermore, Wilson (2012, p.169) says that *when there is a shift in the industry it requires the IO approach to analyze the situation and determine where the firm is and where it should be (industry positioning). It takes RBV to decide on the resources and operational capabilities required to take it to the new position (resource picking)*. This indicates that RBV and IO theories complement each other (Mahoney & Pandian 1992; Drnevich & Kriauciunas, 2011) in shaping a firm's strategy and sustaining a competitive advantage. On the other hand, the existing framework and methods for strategic planning, implementation, and monitoring share the same underlying assumptions, i.e., scan the business environment and make an interpretation (plan); based on this understanding, make the necessary changes (implementation); and finally, perform the evaluation (monitoring). This is also the core idea behind RBV and IO theory, i.e., to make a fit between internal competencies and the external environment through strategic actions that mobilize organizational resources and capabilities. Furthermore, Raduan, Jegak, Haslinda, & Alimin (2009) argue that IO theory provides guidelines for the assessment of external forces, while RBV provides the guidelines for enhancing competitive advantage. Indeed, RBV and IO theory both

serve as foundations of strategic management (strategic planning, implementation, and monitoring).

There are two approaches to strategic management: static and dynamic (Sivula, Kantola, Vanharanta, & Salo, 2014). According to the authors, static strategic management assumes that the business environment is stable and follows a simple procedure: plan and implement. On the other hand, dynamic strategic management assumes that the business environment is continuously changing and advocates for strategic needs to be changed every now and then according to the needs of the changing business environment. In the literature, there exist a number of frameworks and methods for strategic practice (planning, implementation, and monitoring). However, the claims made by different authors show that the rate of strategic failure is high. For example, Higgs & Rowland (2005) have noted that the success rate of strategic change is less than 30%. According to Mankins & Steele (2005), companies only achieve on average 63% of the financial performance included in their strategic plan. Furthermore, Franken, Edwards, & Lambert (2009) claimed that there is a 34% failure rate in strategy implementation. According to Raps (2005), successfully implemented strategies range from between 10 and 30%. The reasons for this failure could be attributed to weak implementation (Waterman, Peters, & Phillips, 1980), the lack of a better strategy (Mankins & Steele, 2005) and, most importantly, the idea that *traditional approaches to strategy.....assume a relatively stable and predictable world* (Reeves & Deimler, 2011, p.136). In fact, organizations are operating in highly turbulent business environments. This shows that there is a need for a framework that could guide managers and strategic planners in proactive strategic planning, implementation, and monitoring. Likewise, the failure of organizational strategies could also be attributed to the lack of managerial competencies in strategic planning, implementation, and monitoring. This is because, after all, strategic planning, implementation, and monitoring is a managerial task; in an organization it's the responsibility of top management to identify key objectives and prioritize them. Therefore, managers and decision makers should be equipped with a certain level of competencies. Through the managerial practice of strategies, a firm is able to reconfigure its resource structure to overcome the challenges of a changing business environment (Johnson, Scholes, & Whittington, 2005). According to Gibson & Birkinshaw (2004), a firm that can take advantage of the existing competition (a perspective of RBV) and identify future opportunities (a perspective of IO theory) can have a sustainable competitive advantage. The aim of business strategies is to find ways in which a firm can move ahead of the present competition and find a better strategic position for the future (Kavitha, Karthikeyan, & Devi, 2013). Furthermore, as discussed above, RBV and IO theory provide an inside and

outside perspective of a firm's operations respectively; thus, this guarantees a certain level of strategic alignment. Here, strategic alignment means consistency between different organizational functions, resources, and capabilities (Mintzberg, 1978); these are key aspects of strategic implementation (Williams, D'Souza, Rosenfeldt, & Kassae, 1995). On the other hand, the importance of competitive priorities cannot be ignored in the context of strategic management. According to Tushman & O'Reilly (1996), through competitive priorities a firm ensures its long term adaptation to the changing business environment, while strategic alignment ensures its continuous improvement. Likewise, strategies are plans that drive organizational resources towards desired goals (Azevedo, Almeida, van Sinderen, & Pires, 2015) and connect a firm with its operating environment (Grant, 1991; Ralston, Blackhurst, Cantor, & Crum, 2015). According to Bryson (1988), strategic plans provide guidelines for managers and leaders in maintaining organizational stability. In business practice, where there is fast change in a firm's operating environment, the plan made today potentially may not be useful in the long term. Thus, the need for a dynamic framework to enhance the managerial practice of strategies (planning, implementation, and monitoring) cannot be ignored, especially considering the present business environment, which is highly uncertain, complex, and turbulent. Likewise, following the failure rate of strategies in practice, it is interesting to investigate the reasons behind it.

As discussed above, this dissertation assumes that a framework including both the perspectives of RBV and IO theory might help not only in efficient/effective strategic planning, implementation and monitoring, but also in reducing the failure rate of strategies.

2.5 Synthesis of the research concept: The relationship between a firm's operations, strategies, and competitive priorities

As discussed in the above section (2.1, 2.2, 2.3, and 2.4), it is clear that the managerial act of gaining and sustaining competitive operations in turbulent business environments is highly influenced by three key factors: a firm's operations (alignment between resource choice and operations decisions), competitive priorities, and strategic planning, implementation and monitoring. Also, it is reasonable to claim that these three factors are highly interconnected to each other. The interconnections between these three factors are shown in the following diagram, Figure 3.

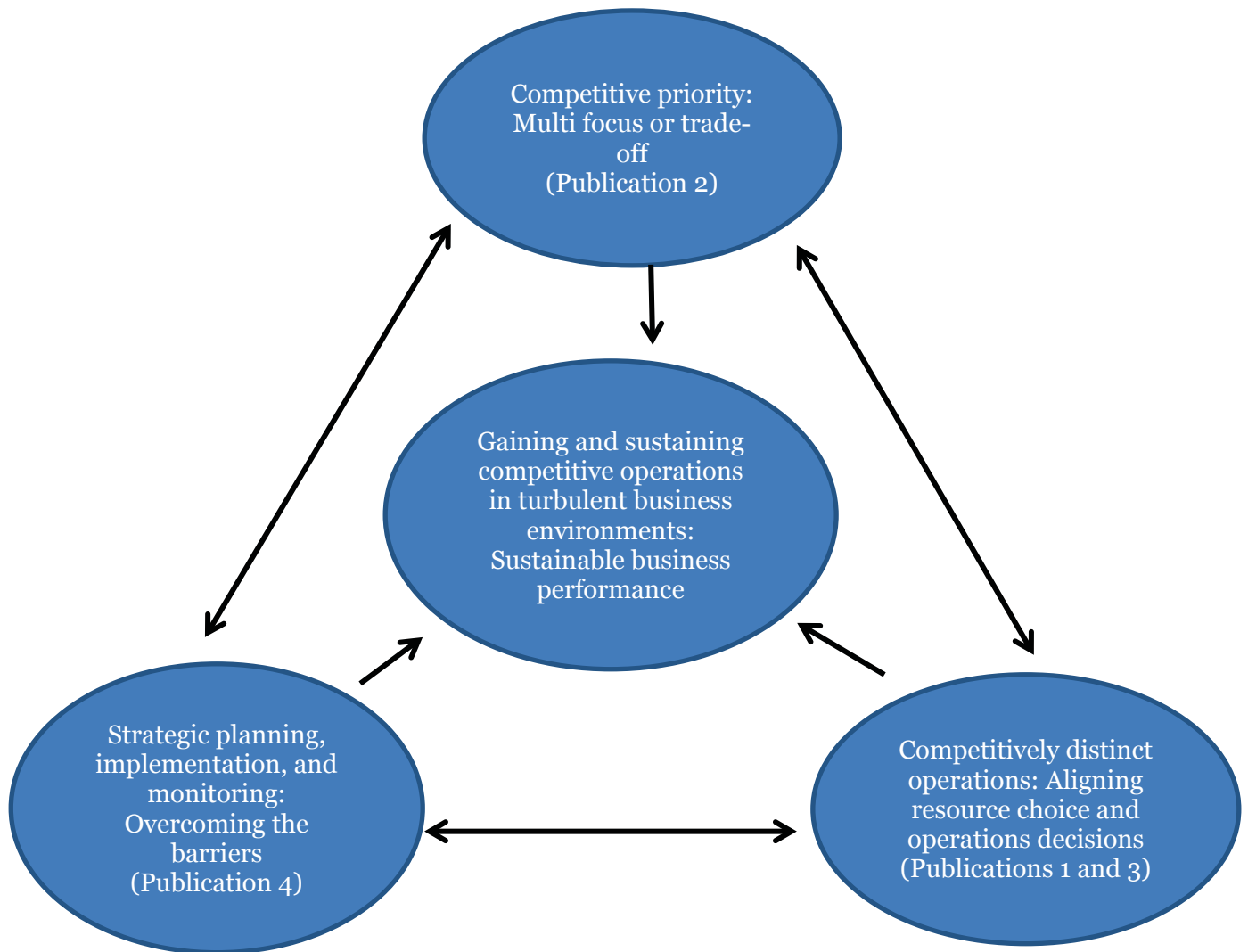


Figure 3. Research concept

As shown in the above diagram, Figure 3, this dissertation connects the literature with concepts streaming from operations and strategic management. Theories and concepts like RBV, IO, competitive priorities, turbulent business environment, and strategic planning, implementation and monitoring, provide the theoretical background to the study. However, as discussed in the above section (2.1, 2.2, 2.3, and 2.4), a few questions need further investigation and explanation for a better understanding of the practical and theoretical relevance of these concepts in the field of operations and strategic management.

3 RESEARCH METHODOLOGY

Research methodology refers to the justification and explanation of why particular tools and techniques (e.g., interviews, questionnaires, surveys, experiments, case studies, focus groups, grounded theory, etc.), research methods (qualitative, quantitative or mixed method), guiding principles (philosophies and research paradigms) and research approaches (inductive, deductive or abductive) have been adopted in conducting study.

3.1 Research paradigm and philosophies

A piece of research is an investigation in which information is collected and analysed with a view to understanding, describing or predicting the results that might help to advance our knowledge around the research question. According to Creswell (2003), a piece of research consists of three steps: the identification of the research question, the collection of the necessary data, and a response to the research question. However, for the research to be scientific, it must follow a research paradigm and should take a philosophical stance. According to Boucher (2014, p.2316), philosophical stances *are pragmatically justified perspectives or ways of seeing the world*. According to Holden & Lynch (2004), a knowledge of philosophy helps a researcher to explore and compare other possibilities when conducting the research. Thus, the philosophical stance allows a researcher to build a strong argument as to why particular methods have been applied in a research paradigm (Scotland, 2012). Research paradigms are sets of common beliefs, agreements or frameworks supported by theories and a set of practices, which guide a researcher in exploring, understanding, and addressing the research problems (Cohen, Manion, & Morrison, 2011) in a research discipline. The choice of research paradigm guides the philosophical stance, which in turn guides the choice of research methods (Guba & Lincoln, 1994) to be adopted in conducting a scientific and meaningful piece of research. This indicates that philosophical stances and research paradigms are two vital aspects of scientific research. The following Table 1 summarizes different types of research paradigms, as argued by different researchers.

Table 1. Type and number of research paradigm as argued in the literature

Authors	Research paradigm
Guba & Lincoln (1994)	Positivism, post-positivism, critical theory, and constructivism.
Tashakkori & Teddlie (1998)	Positivism, post-positivism, pragmatism, and constructivism.
Rossmann & Rallis (2003)	Positivism, critical interpretivism, humanism, and critical realism.
Creswell (2003)	Post-positivism, advocacy/participatory, constructivism, and pragmatism.
Guba & Lincoln (2005)	Positivism, post-positivism, critical theories, constructivism, and participatory/cooperative.
Creswell (2014)	Post-positivism, transformative, constructivism and pragmatism.
Note: In the literature, it has been argued that critical realism is a subset of positivism and that critical humanism is subset of interpretivism. Interpretivism has been considered as a subtype of constructivism. The participatory paradigm has been characterized as advocacy and cooperative.	

As shown in the above Table 1, Creswell (2003), Guba & Lincoln (1994), Rossmann & Rallis (2003) and Tashakkori & Teddlie (1998) have advocated for four research paradigms, but are slightly different from each other. However, one could say (or so it seems to me) that the underlying assumptions of these paradigms are more or less the same. A few years later, Guba & Lincoln (2005) further advocated for five types of research paradigm. As noted by Morgan (2007) earlier in 1985 Guba & Lincoln have argued for only two research paradigms. Likewise, Creswell (2014) used the term transformative to represent the advocacy/participatory research paradigm. This shows inconsistencies and disagreement as to the number and types of research paradigm, which has raised confusion among researchers. For example, Morgan (2007, p.60) raises questions like *what constitutes a paradigm.....who gets to define and label the paradigms that are included in that list*. However, based on the works of the authors in Table 1, we have summarized the most commonly adopted research paradigms in social and behavioural science (see the following Table 2).

Table 2. Comparing the most common research paradigm

Research Paradigm	Positivism	Post-positivism	Critical theory	Pragmatism	Constructivism
Philosophical stance	Reality can be understood through observation and measurement.	Reality can be understood but with caution because knowledge and values affect reality. Science is fallible.	Reality is the result of the judgement and criticism of society over time.	Reality exists if and only if the ideology/propositions can be put into practice.	Reality can be understood through our perception, gained through our knowledge and experience. This means post-positivists are constructivists. Reality is socially constructed.
Ontology	Naive realism: There is an objective reality that can be understood through the laws by which it is governed, research is pure, and values are kept separate from facts.	Critical or transcendental: There is a critical or transcendental objective reality, because research cannot be pure as values affect the observed facts.	Historical realism: Reality exists and has been created and shaped by outside forces, i.e., contexts change over time.	Reality is the practical/constructed effect of ideas, i.e., external reality is acceptable based on the explanation that produces the best desired outcomes.	Relativism: There is no universal truth, reality is constructed by social and contextual understanding.
Epistemology	Acceptable knowledge can be derived from the epistemologies of positivism and realism, i.e., analysing observation, facts, and figures. No interference from researcher. Here, realism means that there is real cause behind a phenomenon, which can be observed and the explanation can be derived.	Knowledge is derived in similar ways to positivism. The derived knowledge is never fully apprehended because the researcher's values impact the process of knowledge creation. Therefore, the effort here is to reduce the impact of the researcher's values in the process of research.	Acceptable knowledge can be derived through judgement and criticism of society over time, i.e., all knowledge and theories must be examined in terms of history, social belief and the situational context.	Acceptable knowledge can be derived by integrating objective and subjective point of views, i.e., anything leading to a pragmatic solution is useful.	Acceptable knowledge can be derived through interactions between the researcher (values, beliefs, and experience) and the phenomenon being studied. Here, the goal is to understand multiple realities.

Research methods	Primarily quantitative, but qualitative methods can also be adopted to generate testable hypotheses.	Primarily quantitative, but qualitative methods can also be adopted to generate testable hypotheses.	Primarily qualitative (critical analysis, historical analysis), but quantitative is also possible.	Mixed methods (a combination of qualitative and quantitative).	Qualitative – interpretive and discourse analysis.
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As shown in Table 2, each research paradigm follows specific (i) ontology: scientifically accepted beliefs about the nature of reality and acceptable knowledge, which take two different forms – objectivism and subjectivism. Here, objectivism means that knowledge is external to the social actor and can be observed through objects and events, i.e., knowledge is based on reality independent of the researcher, while subjectivism holds that knowledge is based on a human's way of conceptualizing reality, i.e., knowledge is based on perception and conceptual activity; (ii) epistemology: the ways in which reality is discovered and acceptable knowledge is derived and developed in a field of study, i.e., it answers the question of what constitutes acceptable knowledge; and (iii) research methods: specific techniques for selecting cases, measuring and observing aspects of social life, data gathering and refining, and analysing data and reporting on results. (Creswell, 2003; Saunders, Lewis, & Thornhill, 2009). Irrespective of the research paradigm and philosophical stance, each piece of research follows either inductive or deductive reasoning (Saunders et al., 2009). Inductive reasoning is suitable when the research interest is to develop general principles to explain the phenomenon under observation, while deductive reasoning is suitable when the research interest is to verify the general principles through observations. Both of these approaches are opposite to one another; one is to develop theories and explanations, while the other is to test and validate these theories and explanations.

3.2 Research approach and methods: A comparative analysis

In one way or another, most research in operations and strategic management is concerned with an understanding of the role of human resources, strategies, operations decisions, resource management, etc. and their impact on overall organizational growth (e.g., sustainability, competitiveness, financial gain, etc.). This impact is better examined and explained either through qualitative or quantitative research methods. However, the recent trend in academic research shows that a mixed method approach (an integration of qualitative and

quantitative research) is developing as a third research method (Creswell, 2003; Hall, 2013) in social science. Over the past few decades there has been an ongoing debate over the advantages and disadvantages of qualitative, quantitative, and mixed methods. In practice, these three methods follow different philosophical assumptions, research strategies, and methodologies. Here, philosophical assumptions means the basis for the knowledge claim; the general procedure of research is research strategies; while the detailed procedure of data collection, analysis and writing is the methodology (Creswell, 2003). This means that the choice of research methods is driven or influenced by the philosophical stand taken by the researcher in answering the research question (Holden & Lynch, 2004; Cameron, 2011). According to Bryman (2012), the choice of research method depends on its suitability in addressing the research question. However, there has been a well-established norm that helps a researcher to make a methodological choice. For example, a qualitative research method is suitable if the researcher is interested in knowing/understanding/exploring respondents' views, opinions or patterns of behaviour for an activity, or if they want to delve deeper into new/unexplored areas and build a theory. A quantitative method is suitable if the researcher is interested in knowing the impact of one activity over another or testing/confirming the results obtained from qualitative research, testing a theory or expanding an existing theory. Quantitative methods require numeric data upon to which statistical and mathematical operations can be performed. Mixed methods are suitable if a researcher is interested in exploring the probable reason for a certain activity/phenomenon and also wants to know its impact on correlated activities, in other words, it is suitable for theory building and testing simultaneously in a single piece of research. More specifically, a decision about the choice of research method depends on the answer to five key questions: What does the researcher want to explore/study? What kind of data is needed to answer the research question? How can the data needed for answering the research question be collected? What is the source of the data (i.e., primary or secondary)? How can the data be analysed in response to the research question? Most importantly, a researcher should be able to reconcile the philosophy, methodology and research questions (Holden & Lynch, 2004), so that the research problem can be addressed in the best possible manner. The following Table 3 shows a basic comparison between qualitative, quantitative, and mixed methods.

Table 3. Comparative analysis of qualitative, quantitative and mixed methods

Measures	Qualitative	Mixed Method	Quantitative
Definitions	A method of inquiry where a researcher tries to explore the reasoning, opinions and understanding of the target research sample towards a particular phenomenon or behaviour through non-numerical data.	A method of inquiry where a researcher tries to understand the facts about a social phenomenon by integrating the characteristics (data, methods, methodologies, research paradigms, and interpretations) of both qualitative and quantitative research methods in a single study or a set of related studies.	A method of inquiry where a researcher tries to explain the cause and effect relationship between variables through numeric data.
Research objectives	Theory building, description, exploration, and discovery.	Multiple objectives: Theory building and testing.	Theory testing, description, explanation, and prediction.
Scientific approach	Inductive or “bottom-up”. Generate new hypotheses and theories for further analysis.	Deductive and inductive. Both theory building and testing is possible.	Deductive or “top-down”. Test hypotheses and theories through data analysis.
Philosophical assumptions	Positivism, post-positivism, constructivism, and critical theory.	Pragmatic assumptions following the characteristics (research philosophies) of both qualitative and quantitative methods.	Positivism and post-positivism.
Nature and source of data	Qualitative data gained mainly through unstructured interviews, focus groups, case studies, participant observations (words, images, themes, and categories), open-ended surveys, etc. Data are mainly of a qualitative nature.	Closed-ended measures, open-ended observations. Mixture of numeric variables, words, images, and interpretations. Data are mixed (qualitative and quantitative) in nature.	Quantitative data gained mainly through closed-ended surveys, experiments, case studies, structured interviews, an already existing dataset, etc. Data are mainly numerical variables.
Data analysis method	Text, image and theme analysis.	A mixture of text, images, theme and statistical analysis.	Statistical analysis.
Reliability and validity	Reliability: Consistency of results and findings. Validity: Appropriateness of research tools, process and data in answering the research question.	Reliability and validity of the study can be established through inference quality, i.e., logically justified conclusions following an appropriate scientific approach (deductive, inductive or abductive) and data quality, i.e., the trustworthiness of collected data, how it has	Reliability: Test-retest (a different test should produce similar results) and internal consistency (measured through reliability score, i.e., Chronbach’s alpha). Validity: Content validity (pre-testing of measures, expert opinion, previous

		been collected, what is the source of the data, and so on.	studies) and construct validity (measured in terms of convergent and discriminant through correlation coefficient).
Results, findings, and reporting	Qualitative studies follow a narrative approach in presenting results and findings, which needs to be supported with contextual description, categories, themes, and respondent statements. This means that the results and findings are respondent-centred.	Mixed method research follows practices from both qualitative and quantitative studies. Here, the inclination of a researcher lies in statistical findings supported with in-depth narrative description and the identification of overall themes. This means that both narrative and descriptive approaches are valued equally in presenting results and findings.	Quantitative studies follow a descriptive approach in presenting results and findings, which needs to be supported by numerical values in terms of correlations, mean, median, and modes. Here, statistically significant results and findings are valued more; this means that the results and findings are researcher-centred.

Source: Author's understanding based on Creswell (2003), Wisdom, Cavaleri, Onwuegbuzie, & Green (2012), Johnson & Christensen, (2004), Mkansi & Acheampong (2012), Hall (2013), and Venkatesh, Brown, & Bala (2013).

In the literature, there was found to be contradictory opinions about mixed method research. For example, Guba & Lincoln (1994) argue that the theoretical assumptions behind qualitative and quantitative methods are so different that, if combined, they would destroy the philosophical foundation of each method. Sale, Lohfeld, & Brazil (2002) also support this view, saying that qualitative and quantitative methods cannot be combined for cross-validation or triangulation purposes, but can be combined for complementary purposes in a study. In contrast, Johnson, Onwuegbuzie, & Turner (2007) argue that the mixed method approach co-exists between qualitative and quantitative methods. The comparative Table 3 (above) also shows that the mixed method approach overlaps the characteristics of both qualitative and quantitative methods, but follows its own characteristics to be represented as a separate or third research paradigm. The proponent of the mixed method approach agrees on the pragmatic nature of mixed methods (Johnson et al., 2007), which means that qualitative and quantitative methods can be combined in a piece of research according to the needs of answering the research questions both pragmatically or epistemologically and philosophically or logically (Brannen, 2005; Johnson et al., 2007). Some research questions cannot be approached through a single paradigm (Leech & Onwuegbuzie, 2009). Therefore, a combination of qualitative and quantitative methods is best to answer the research questions, because the qualitative and quantitative methods are complementary in nature (Denscombe,

2008; Teddlie & Tashakkori, 2010). Indeed, the mixed method is a practical approach to answering the research question, according to which the different characteristics of qualitative and quantitative methods can be combined to answer the research questions, as and when needed. However, when considering the mixed method approach, one should understand why there is need for it.

3.3 Research approach of this study

Rather than using mathematical models and algorithms, operations research should focus on identifying and solving management problems, implementing solutions in practice and putting emphasis on sustaining the solutions in turbulent environments (Meredith, Raturi, Amoako-Gyampah, & Kaplan, 1989). This thought has been supported by Kiridena & Fitzgerald (2006), who say that operations management is an applied field and therefore researchers working in the field of operations management are expected to produce readily usable knowledge. This means that pragmatism, a philosophical stance that sees problems through a practical approach, is more compatible with research in the field of operations management, as well as with strategic management research. Philosophically, pragmatism supports the notion that a problem should be approached from the viewpoint of its practical meaning and implications, as well as practical criticism to solve the problem; the focus of the researcher lies in identifying practical solutions or lessons learned. According to Meredith et al. (1989, p.298), pragmatism is *directly useful to the operations manager, been so important to the field, and to industry and society*. Based on this discussion, it is reasonable to claim that the mixed method approach, an integration of qualitative and quantitative approaches, is not only a better fit for the philosophical stance of this dissertation, i.e., pragmatism, but also to the applied nature of operations and strategic management.

This dissertation consists of four publications focusing on the areas of operations and strategic management. Table 4 below summarizes the research method, data analysis and the nature, and source of the data for each publication considered in this dissertation.

Table 4. Research methodology and source of data

Publications	Research methodology	Source of research data
Publication 1	It follows the qualitative method. The proposed framework was developed and justified on the basis of available information from the existing literature on Walmart, following the inductive approach. Philosophically, this paper follows the critical theory and constructivism assumption.	The required information in support of the developed framework was collected from the existing literature on Walmart. In a similar manner, financial indicators for Walmart for nine consecutive years were obtained from Morningstar (an investment research and management firm).
Publication 2	It follows the quantitative research method. The data were analysed in two ways: first, cross comparison (general analysis) and second, Pearson's correlation test was carried out using SPSS software and following the deductive approach. Philosophically, this paper follows the positivist assumption.	The required data were collected through closed-ended survey questions, i.e., a quantitative survey was conducted among managers of SMEs from Finland over a period of three years. There were 467, 596 and 171 respondents participating in the survey in the years 2013, 2014 and 2015 respectively.
Publication 3	It follows the quantitative research method. The data were analysed through structural equation (SEM) modelling using the partial least squares (PLS) method using SmartPLS 2.0 software and it follows the deductive approach. Philosophically, this paper follows the positivism assumption.	The required data were collected through closed-ended survey questions, i.e., a quantitative survey was conducted among 61 managers of SMEs from Finland.
Publication 4	It follows the qualitative research method. The data were analysed through thematic analysis and following the inductive approach. Philosophically, this paper follows the constructivism assumption.	The required data were collected through open-ended survey questions, i.e., a qualitative survey was conducted among 36 managers of SMEs from Finland.
Final dissertation (assimilated summary of publications)	The final dissertation is the assimilated summary of the above publications, following both qualitative and quantitative methods. Therefore, it does not have different data, but instead combines the results and findings from the four different publications included in this dissertation. Methodologically, the final meta-inference follows the mixed method, taking pragmatism as its philosophical stand. The process of summary writing (a narrative interpretation) adopts the abductive approach, supported by both inductive and deductive reasoning.	

As shown in Table 4, the publications compiled in this dissertation include both qualitative and quantitative research. For example, in publication 1, the theoretical framework for aligning resource choice and operations decisions has been developed qualitatively by citing examples from Walmart; this is then verified quantitatively in the context of Finnish SMEs in publication 3. Likewise,

both inductive and deductive approaches have been adopted according to the nature of the research questions and the objectives of each publication included in this dissertation. Finally, the results and findings of the individual publications have been combined and narrated as a potential solution to the dissertation title *Gaining and Sustaining Competitive Operations in Turbulent Business Environments: What and How*. Thus, the final dissertation follows the mixed method approach, one of the three major research paradigms: qualitative, quantitative and mixed method (Johnson et al., 2007).

3.3.1 Justification for adopting mixed method research

Mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding and corroboration (Johnson et al., 2007, p.123). This thought has been supported by a number of authors (e.g., Giddings, 2006; Palmer, 2008; Plano Clark, Huddleston-Casas, Churchill, O'Neil Green, & Garrett, 2008), who say that mixed method research provides a better understanding of the research problem than qualitative or quantitative methods alone. Likewise, the literature on the mixed method approach shows that mixed method research is suitable when (i) more than one analytical interest is to be explored in understanding interrelated issues or phenomena; (ii) the research is multi-phase, i.e., exploring interrelated issues or phenomena from different angles; (iii) there is a need for different but complementary data in answering the research question. This means that the incorporation of mixed method research in a study enhances the reliability and validity of the study. Consequently, Harwell (2011) poses a question about the common understanding of mixed methods, for example, what constitutes a mixed method study? He also asks whether the mixed method approach is a combination of both qualitative and quantitative research approaches in a study or if a study must (i) contain questions for mixed method, (ii) have data that must be analysed through both qualitative and quantitative analysis, (iii) require the interpretation of these analyses to be combined. Furthermore, Harwell (2011) has raised the question of the point at which the study mixing should be undertaken; should it be when designing the study, during data collection/analysis or when interpreting the results? On the other hand, Ihantola & Kihn (2011) argue that the findings, conclusions, policy recommendations, and analysis and interpretation from qualitative and quantitative studies can be mixed to form meta-inferences. Here, meta-inference

refers to an integrative view of the findings achieved from qualitative and quantitative methods so that the inference becomes better and more accurate (Venkatesh et al., 2013). Following this discussion, mixed method research can also be referred to as a set of studies (qualitative and quantitative) carried out separately, but whose results and findings are combined together to answer the central research question, as in the case of this dissertation.

On the other hand, Steenhuis & Bruijn (2006) argue that there is a weak connection between the research on operations management and business practitioners. Therefore, managers are unable to understand either the solution or the problems that the researcher is trying to address in operations management through quantitative (Meredith et al., 1989) or qualitative research alone. In fact, operations and strategic management is considered to be a field of applied science which requires more practical solutions rather than theoretical explanations of a problem. This can be best achieved through mixed method research because it provides *the most informative, complete, balanced, and useful research results* (Johnson et al., 2007, p.129) in response to the research question. Thus, for the purpose of this dissertation, the pragmatic research paradigm is the most appropriate approach to elicit the managerial act in gaining and sustaining competitive operations in turbulent business environments. Therefore, the mixed method approach was adopted. This view is consistent with researchers who argue that the co-existence of multiple paradigms is possible in a study (e.g., Venkatesh et al., 2013). According to Meredith et al., (1989, p.320), *to make true contributions to both research and practice, we must enlarge our repertoire of methodologies and apply those that are most appropriate, efficient, and effective for the situations at hand*. This also indicates the appropriateness of mixed method research in operations and strategic management. However, the research question, the experience of the researcher, and the targeted audience are the basic three criteria that shape the research approach to be followed in a study (Creswell, 2003). Indeed, when considering the research questions and the research objectives (see chapter 1 for details), the mixed method approach is a perfect match for the research methodology to be used in this dissertation. However, the research questions of the individual research papers included in this dissertation have not been approached through the lens of the mixed method approach; instead, qualitative or quantitative methods have been employed depending upon the scope and nature of the study (see Table 4 for details).

Thus, according to this discussion, pragmatism as a research paradigm and the use mixed method research is justified in this dissertation.

3.3.2 Data collection, analysis, and summary writing

As indicated in Table 4 (see section 3.3), the data required for this dissertation were collected and analysed both qualitatively and quantitatively, depending upon the scope and nature of the study. For example, in publication 1, a framework was developed for aligning resource choice and operations decisions in the value chain, citing an example from Walmart. In publication 3, the framework developed in publication 1 was tested and verified empirically by considering survey data from Finnish SMEs. Likewise, the data required for publications 2 and 4 were also collected by means of a survey among the managers of Finnish SMEs. This shows that the unit of analysis in this dissertation is both on an individual and firm level. It is individual in the sense that (i) the framework was developed according to Walmart's success story in the literature; (ii) managers were the data source (publications 2, 3, and 4). It is on a firm level in the sense that each respondent in the survey represents a different firm. Here, the unit of analysis means what the focus of the study is and who the targeted participant in the study is (Mäntysalo, 2016). Both qualitative and quantitative methods have been employed in completing the individual publications. However, the final dissertation (an assimilation of the publications) follows a mixed method approach (see section 3.3.1 for explanation). The process of summary writing (assimilation of the publications) starts with inductive analysis, supported by deductive reasoning based on our own research, theories and the literature. This means that the dissertation as a whole (an assimilation of the publications) follows abductive reasoning, an approach according to which the inference is developed based on the best possible set of explanations meeting certain conditions, which are often insufficient and/or incomplete in explaining certain phenomena individually. A summary of the research methods of this dissertation is provided in Table 4 (see section 3.3). An in-depth explanation of the data collection procedure and methods of analysis (tools and techniques) is discussed in detail in the individual publications (for details, see publications 1-4).

3.3.3 Reliability and validity of the study

Reliability and validity provides the study with trustworthiness. Here, reliability refers to the accuracy and consistency of the results and findings, i.e., if the study is repeated using the same measures and procedures, the results and findings are

expected to be the same (Yin, 2009). Validity refers to the coherence between measures and the phenomena of the study, i.e., how well a construct can measure the concepts that it has designed to measure (Singleton & Straits, 2009). Generally, the reliability of a study can be established through an extensive review of the theory and literature, construct and measures, arguments based on critical evaluations of previous studies, and through following current discussions around the subject of interest. Likewise, the validity of a study can mainly be established in three ways: construct validity, internal validity, and external validity. The higher the level of reliability and validity, the greater the quality of a piece of research. In a study, construct validity shows the level of operationalization or correctness of the selected measures in understanding the phenomenon under examination, internal validity shows the cause-effect relationship between the observation and the interpretation, while external validity shows how well the results and findings of the study can be generalized (Yin, 2009). The reliability and validity of the individual publications can be expected to augment the likelihood that the reliability and validity of the dissertation as a whole is trustworthy (see publications 1-4 for details explanation of reliability and validity of individual publications). Here, reliability and validity is concerned with the quality of the research, i.e., how well the research can be believed and trusted, and whether it evaluates and explains the phenomenon under study. According to Venkatesh et al. (2013, p.41), the quality of research *will help editors, reviewers, and readers understand whether meta-inferences are consistent with the research objectives and make substantive theoretical contributions*. This view has been supported by Onwuegbuzie & Johnson (2006, p.48), who say that *by validity of a research study, its parts, the conclusions drawn, and the applications based on it can be of high or low quality, or somewhere in between. Research needs to be defensible to the research and practice communities for whom research is produced and used*. Ihantola & Kihn (2011) point out that the validity and reliability of a mixed method approach depends upon the components (of qualitative and quantitative approaches) applied to mixed method research, and also on how the meta-inferences are drawn. In this dissertation, the most important question is how well a firm can gain and sustain competitive operations in turbulent business environments on the basis of the results, findings and recommendations made through the assimilated summary (meta-inferences) of four different research publications.

The final dissertation is the sum of four publications, which are already published in peer reviewed international journals and a book. Therefore, it is reasonable to claim that the knowledge and ideas shared throughout this dissertation are reliable and have been validated internally and externally. They have been validated internally in the sense that the reliability and validity of each

publication has been established separately (see publications 1-4 for details), and externally in the sense that each publication has been published in peer reviewed journals and a book, which means that the ideas presented in each publication has already been examined and accepted in the scientific community. Furthermore, not only the synthesized results and findings of this dissertation (see chapter 6 for details) but also the results and findings of the individual research publications (see publications 1-4 for details) have been compared and supported by previous research within the scope of this dissertation; this also justifies the reliability and validity of the study. As discussed in the above section, this dissertation follows a mixed method approach as a whole (meta-inference). Therefore, the reliability and validity of the study can be established through the inference quality and the data quality respectively (Venkatesh et al., 2013). Here, *inference quality refers to the accuracy of inductively and deductively derived conclusions in a study or research inquiry.....data quality refers to the degree to which collected data (results of measurement or observation) meet the standards of quality to be considered valid (e.g., trustworthiness) and reliable (e.g., dependable)* (Venkatesh et al., 2013, p.35).

Furthermore, following the research approach of this study, the conclusion has been derived following the abductive approach, supported by both inductive and deductive reasoning; likewise, the measures, source and analysis of the data in each individual publication are justified as valid and reliable. For example, in publication 4, the reliability and validity was established through intercoder reliability, careful documentation and the interpretation of results. In publication 1, the reliability and validity was established through the use of authentic and reliable literature, a critical analysis of theories, and arguments based on previous studies. Furthermore, from start to finish, writing of the publication has been appropriately addressed in terms of purpose, scope, and format. Likewise, in research publications 2 and 3, the reliability and validity was established both through arguments based on previous literature and through statistical correlation. The value of Chronbach's alpha was found to be 0.780 to 0.812 and 0.70 to 0.92 in publications 2 and 3 respectively. Furthermore, the values of composite reliability and average variance extracted were found to be between 0.80 and 0.95 and 0.42 and 0.86 respectively, in case of research publication 3. (See publications 1-4 for details explanation of reliability and validity of individual publications.)

4 SUMMARY OF THE PUBLICATIONS AND RESEARCH FINDINGS

This chapter summarizes the four publications (three journal articles and one book chapter) included in this dissertation. The publications and their overall objectives, research findings, and contributions are explained in brief. Each publication addresses different aspects of operations and strategic management, which contribute to the act of gaining and sustaining competitive operations in turbulent business environments. Table 5 below shows the information contained in the publications.

Table 5. Publications at a glance

Particulars	Publication 1	Publication 2	Publication 3	Publication 4
Title	Competitively Distinct Operations as a Key for Superior and Sustainable Business Performance: An Example from Walmart	Which One to Choose Multi focus or Trade-off among Competitive Priorities? Evidence From Finnish SMEs	Does Competitively Distinct Operation Enable Performance in Turbulent Business Environment? A Study on Finnish SMEs	Overcoming the Barriers of Strategic Planning, Implementation, and Monitoring in Turbulent Business Environment: A Qualitative Study on Finnish SMEs
Corresponding author	Binod Timilsina	Binod Timilsina	Binod Timilsina	Binod Timilsina
Co-authors	-----	Nina Forsén, Josu Takala, Nurul Aida Abdul Malek	-----	-----
Gone through blind peer review before publication	Yes	Yes	Yes	Yes
Publishing journal/publisher	<i>Management</i> , Slovenia	<i>Management and Production Engineering Review</i> , Poland	<i>Management and Production Engineering Review</i> , Poland	IGI Global, USA
Main results and findings	A framework has been proposed for aligning resource choice and operations decisions in the value chain	The results and findings of the study support the notion that the cumulative use of competitive priorities can	The concept of competitively distinct operations developed in publication 1 was verified and tested	Potential barriers to strategic planning, implementation, and monitoring and their solutions have been identified. A framework has been proposed for effective

	(input –process –output), which make organizational operations competitively distinct. Hence, this leads to a superior and sustainable business performance.	be a useful tool in managing the complexities raised by a turbulent business environment. It provides a point of reference for managers in identifying an appropriate strategic focus, i.e., choosing between multi focus and trade-off among competitive priorities.	empirically in consideration of turbulent business environments. Thus, the results and findings are expected to help managers to maintain the desired level of performance in turbulent business environments.	and/or efficient strategic practice. Likewise, the competencies of a good strategic planner have been identified. The results and findings of the study are expected to overcome the barriers to strategic planning, implementation, and monitoring in turbulent business environments.
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All of the publications have gone through a blind peer review process and have been published by internationally recognized journals and a publisher (see Table 5). In publications 1, 3 and 4, the corresponding author is the sole contributor. In Publication 2, the introduction, literature review and hypothesis, methodology, results and findings, and discussion and conclusion are all written by the corresponding author; however, contributions were made by co-authors as well. Nina Forsén's contribution was on the data analysis part, specifically in terms of the comparative analysis of the years 2013-2015 (see publication 2). Nurul Aida Abdul Malek's contribution was also in the data analysis part, specifically in the correlation analysis presented in Tables 6 and 7 (see publication 2) and its interpretation. Josu Takala's contribution was in the discussion and conclusion section, as well as his commenting on the entire structure and writing of the publication.

4.1 Publication 1: A brief summary

Research objectives, findings, and contributions

The purpose of this publication was to develop a framework that helps to secure CDO by aligning resource choice and operations decisions in the value chain (input – process –output), with a view to gaining and sustaining superior

business performance. By introducing the concept of CDO, the research also aims not only to highlight the dynamic nature of RBV, but also to provide the RBV with operational validity. The developed framework has been supported and justified theoretically by citing the success story of Walmart, taken from the existing literature.

RBV has been highlighted as one the most influential theories in explaining differences in performance among competing firms. At the same time there have also been criticisms, for example, that RBV is an incomplete theory, that RBV lacks a decision making mechanism, that the managerial role in integrating resources and value creating activities are not explained in RBV, among other things. This study positions itself within these contradictory views and introduces the concept of CDO, which aims to help managerial decision making over time. It thereby offers strong support to the dynamic nature of the RBV. Based on the literature that uses RBV as a theoretical lens, it can be concluded that a firm can have a competitive and sustainable competitive advantage; however, it does not guarantee either superior or sustainable business performance. For a firm to have superior and sustainable business performance, resource choice and operations decisions need to be aligned in the value chain (input – process – output) according to the needs of the changing business environment. In business practice, it is often claimed that 60-80% of a firm's direct expenses comes from operations alone, which means the process of resource coordination, configuration, utilization and deployment needs to be unique, cost efficient, and result-oriented. Most importantly, the operations need to be competitively distinct. But, in practice, how can resource choice and operations decisions be aligned in the value chain (input – process – output) in order to secure CDO? As a solution, a framework (see Figure 2, publication 1) has been developed. The act of aligning resource choice and operations decisions makes a firm's operations competitively distinct. Here, CDO means cost efficient operations decisions based on the optimal balance between resource choice and operations decisions, gained through cost-benefit analysis. Likewise, optimal balance refers to the best possible combination of resource choice and operations decisions, while cost-benefit analysis refers to the estimation of preliminary or expected benefits that could be gained by selecting a particular combination of resource choice and operations decisions. The study has identified cost of operations, opportunity cost, cost of resources and possible output as key parameters for making a cost-benefit analysis and the constant alignment between resource choice and operations decisions. By following different steps of the proposed framework (see Figure 2, publication 1), managers and decision makers can answer questions like: Does the resource choice increase or decrease the operating cost? What is the best combination of resource choice and operations decisions? How does the

optimal balance between resource choice and operations decisions affect net profit? What opportunities are being lost? Thus, the framework allows for rational decision making when identifying the best possible combination of resource choice and operations decisions.

In the study, it was found that for several years, Walmart has been able to maintain consistently above average revenues, operating income, net income, return on assets, and return on invested capital in comparison to its competitors (see Table 2, publication 1). It was found that, along with a lower gross margin and operating margin, Walmart is able to maintain higher values of revenue and net income. This signifies that Walmart is better at managing its operating costs. In a similar manner, higher and consistent return on assets and return on invested capital values from years 2005–2014 suggest that Walmart is efficient at resource deployment. Likewise, its above average financial achievement in terms of revenue, operating profit and net income over the years 2005–2014 suggests that Walmart is able to maintain its superior and sustainable business performance. In the study, it was concluded that Walmart's cost minimization strategies were the result of resource choices and operations decisions offering a perfect fit with low operating cost, opportunity cost, cost of resources and higher output. Thus, Walmart was found to be a good example of a successful business model where one can see how well resource choice and operations decisions have been aligned in the value chain by means of a cost-benefit analysis. Based on the research findings, it is expected that firms that integrate resource choices and operations decisions through a cost-benefit analysis should secure competitively distinct operations, leading to superior and sustainable business performance.

4.2 Publication 2: A brief summary

Research objectives, findings, and contributions

The objective of this study was to examine the relationship between the business environment, competitiveness and firm performance, and to justify the hierarchy of importance between competitiveness and the business environment in improving firm performance. The research also aims to provide guidelines for managers in reviewing and selecting competitive priorities to suit the changing business environment. Specifically, the research attempts to answer the question posed in the title, i.e., which one to choose multi focus or trade-off among competitive priorities?

The data required for the study were collected through a survey among managers of Finnish SMEs between 2013 and 2015. The data were analysed in two phases. In the first phase, a general comparative analysis was made showing that over the years', the business environment, competitiveness, and firm performance of Finnish SMEs have been slowly deteriorating. In the second phase, the Pearson correlation test was carried out to verify the proposed relationship between the business environment, competitiveness, and firm performance. The results of the correlation analysis revealed that the business environment, competitiveness and firm performance are positively correlated. Furthermore, the data were sub-categorized into four groups according to competitive priorities, i.e., cost, quality, time, and flexibility, as indicated by the respondents in the survey. This categorization was carried out to examine how the relationship between the business environment, competitiveness, and firm performance has varied over time. Once again, the Pearson correlation test was conducted. The result showed that the relationship between the business environment, competitiveness and firm performance is not consistent with competitive priorities, which is indicative of the dynamic nature of the cost, quality, time, and flexibility dimensions. Throughout the years 2013–2015, H1 (business environment and competitiveness) was the most significant, H3 (business environment and firm performance) was the least significant, while H2 (competitiveness and firm performance) remained in the middle. This implies that, in order to improve firm performance, one should stop blaming the business environment and instead put more emphasis on competitiveness. In a similar manner, the results showed that the correlation between the business environment, competitiveness, and firm performance are more significant in the case of multi focus competitive priorities than in the case of a single-focus competitive priority (see Tables 5, 6 and 7, publication 2). Furthermore, in 2015, 40% of survey respondents claimed that they have more than one variable as their competitive priority. Based on these facts, the paper concludes that the simultaneous use of competitive priority dimensions might be more favourable as a source of competitiveness and competitive advantage in order to improve firm performance. However, the managers have been encouraged to compare the results, findings and concepts presented in this study among themselves and to comprehend the specific answer to the question posed in the title. Thus, the research contributes to the literature on operations strategy, and sheds light on the importance of the business environment and competitiveness on a firm's performance.

4.3 Publication 3: A brief summary

Research objectives, findings, and contributions

The purpose of this publication was to go one step forward from the theoretical consideration made in publication 1; it empirically tests and assesses the relationship between CDO, high efficiency operations (HEO) and operational performance (OP). The study also seeks to assess the impact of environmental turbulence (ET) on OP and financial performance (FP). The results and findings contribute to the existing discussion on ways of mitigating the impact of changing business environments on organizational performance.

For the purpose of the research, two models were developed. In the first model, the relationship between CDO, HEO and OP was examined. Likewise, in the second model, the relationship between ET, OP and FP was examined. The proposed relationships between the different variables considered in this research were tested and validated using the correlation test and structural path modelling at different stages. The correlation test results showed a strong relationship between the examined variables. In a similar manner, the results of the structural path in the model showed a positive and significant relationship between CDO, HEO and OP. However, the direct relationship between CDO and OP was found to be insignificant. Likewise, the relationship between OP and FP was also found to be positive and significant. Furthermore, the relationship between ET and OP was found to be negative and significant. Similarly, the relationship between ET and FP was found to be negative and significant.

The calculated R-square values (coefficient of determination) were found to be above 10% in both of the models. For example, in research model one, the R-square value was found to be 0.354 and 0.244 for HEO and OP respectively. Similarly, in research model two, the R-square values were found to be 0.33 and 0.12 for FP and OP respectively. Thus, the impact of CDO on HEO and the consequent impact of HEO on OP (research model one), as well as the impact of ET on OP and FP and the consequent impact of OP on FP (research model two) was justified. Furthermore, the research concludes that CDO enables HEO (H1), that HEO has a positive and significant impact on OP (H2), that OP has a positive and significant impact on FP (H5), and finally that ET has a negative and significant impact on OP and FP (H3 and H4). Likewise, managers can assess how turbulent the business environment is (see measures of ET, publication 3); this assessment is expected to facilitate resource choice and operations decisions. Thus, based on the justified relationship between the variables (H1-H5), it is reasonable to claim that the concept of CDO can be a useful tool in reducing the

impact of ET on firm performance (see Tables 5, 6 and 7, publication 3). Indeed, the study provides a better understanding of the relationship between resource base and firm performance.

4.4 Publication 4: A brief summary

Research objectives, findings, and contributions

The objective of this study was to identify the critical factors facilitating and/or disrupting strategic practice, and to present a framework for effective and/or efficient strategic planning, implementation and monitoring. The study also aims to investigate the competencies of a good strategic planner. For this purpose, a qualitative survey was conducted among managers of Finnish SMEs.

The study confirmed nine specific tools that have been commonly adopted in strategic planning by Finnish SMEs. Namely, those tools are SWOT analysis, Porter's five force model, BSC, value chain analysis, the canvas strategy, critical success factor analysis, situation – task – action – result analysis, the blue ocean strategy, and Boston Consulting Group analysis. Of these tools, SWOT analysis was the most common, followed by BSC, Porter's five force model, and value chain analysis. Both the hiring of an external consultant and no use of strategic planning tools were noticed among the study sample.

There was found to be diversity in current strategic planning practice. For example, in strategic planning, both a top down approach and a bottom up approach are common in practice. Likewise, formal and informal strategic planning is also common in practice. The time horizon of strategic planning was found to range from between 1 year to 10 years in length. Usually, strategic updates are made two to four times a year. Strategic seminars and workshops involving top management, lower level employees, and network partners were also found to be common in strategic planning. Likewise, the process of strategic implementation and monitoring was found to be mainly concerned with the monitoring of daily organizational activities and projecting near future scenarios, but not too far into the future. Also, in some cases, there was found to be no clear monitoring or milestones. The board of directors, chief executive officer and owner are those in charge of implementation and are responsible for controlling strategic actions and plans. Strategic implementation through the unit's immediate supervisors was also found to be common in practice. Monitoring activities are carried out in different ways, for example, an office meeting every

other week, monthly follow-ups and annual evaluations or at the end of the project, even after a couple of years.

Current strategic management practice in Finnish SMEs shows that strategic planning, implementation, and monitoring are the operational functions guided by the competencies (see Table 4, publication 4) of a good strategic leader. The study has identified not only the barriers to strategic planning, implementation, and monitoring, but it has also presented the potential ways of overcoming those identified barriers (see Tables 2 and 3, publication 4). Based on the results of data analysis and supported by RBV and IO theory, a framework has been presented for systematic strategic planning, implementation, and monitoring (see Figure 3, publication 4). The study suggests that the processes of strategic planning, implementation, and monitoring are guided mainly by three factors: past experiences, present actions and future expectations. The researcher believes that the results and findings of this study might help managers of SMEs and strategic planners towards better strategic management practice, and hence to improve organizational performance in a changing business environment. Thus, the study contributes to the literature in the field of operations and strategic management, firm performance, and turbulent business environments.

5 SYNTHESIZED RESULTS AND FINDINGS

In this chapter, the results and findings of the four different publications included in this dissertation will be combined, and the synthesized results and findings will be presented in response to the main research questions and the objectives posed in the first chapter. Thus, the research title, the act of gaining and sustaining competitive operations in turbulent business environments, will be justified. Furthermore, the theoretical contributions and managerial implications of the dissertation as a whole will be highlighted.

5.1 Integration of publications: Answering the research questions

Traditionally, researchers in operations and strategic management have argued that by developing mission, vision and organizational objectives, a firm can have a competitive advantage which leads to better performance. However, considering the constantly changing business environment, it has become more and more challenging for companies to maintain the desired level of performance. This might be because of the fact that the optimal solutions proposed in operations research are context specific, offer the short-term solutions, and do not accommodate frequently changing managerial needs. According to Ackoff (1979, p.98) *the structure and the parameters of problematic situations continuously change, particularly in turbulent environments. Because optimal solutions are very seldom made adaptive to such changes, their optimality is generally of short duration.....For these reasons there is a greater need for decision/making systems that can learn and adapt quickly and effectively in rapidly changing situations that there is for systems that produce optimal solutions that deteriorate with change. Most operational researchers have failed to respond to this need.* Therefore, there is a need for a dynamic decision support system which could be used to respond to the challenges posed by turbulent business environments. It is commonly understood that, in order to maintain the desired level of performance, the rate of resource exchange needs to be balanced with the rate of change in the internal and external operating environment. As the turbulence of business environments increases, the firm must reconfigure its operations to adapt to change. Adapting to changing business environments can be best achieved collectively through a proper alignment of resource choice and operations decisions (publications 1 and

3), identifying appropriate strategic priorities (publication 2) and efficient and/or effective strategic planning, implementation and monitoring (publication 4). The following Figure 4 shows the interconnection between publications 1, 2, 3 and 4. In the literature, these activities have been described and discussed separately, but in practice, they are highly interconnected to each other (see Figure 4) and allow for better interaction between different functional areas within and outside of an organization. For example, strategic focus influences resource choice and operations decisions, which in turn influence strategic planning, implementation, and monitoring, and vice versa. Thus, it is reasonable to claim that all these activities are complementary in nature and enhance the managerial efforts of maintaining continuous improvement and adapting to the highly changeable business environment, hence gaining and sustaining competitive operations. Here, gaining and sustaining competitive operations means the act of making steady (efficient and/or effective) responses to the changing business environment with the aim of achieving positive and continuous organizational growth. This answers the first research question: *What are the main drivers for gaining and sustaining competitive operations in turbulent business environments?*

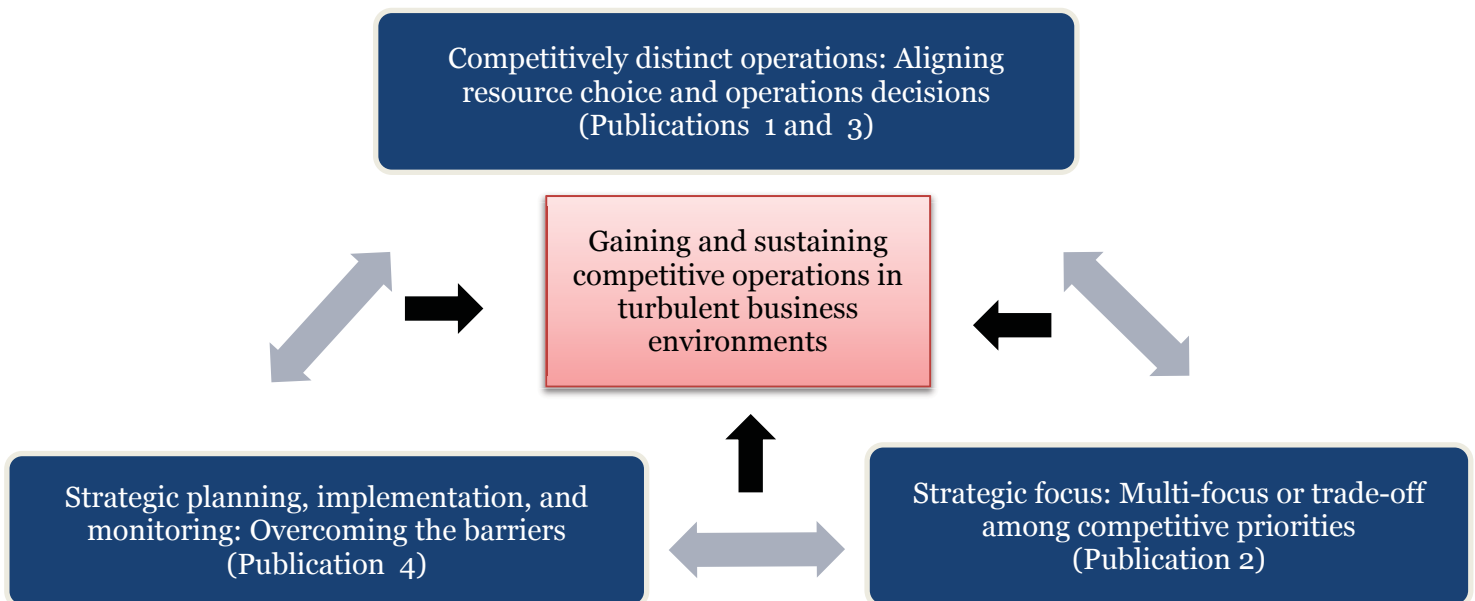


Figure 4. Interconnection between the publications

The success of any firm is often judged by the amount of profit it makes; therefore, either directly or indirectly, all four publications considered in this dissertation are concerned with improving productivity, efficiency and profitability. The publications are also concerned with the optimization of resources and improving system reliability. For example, in publication 4, along with the competencies of good strategic planner, a framework for effective and/or efficient strategic planning, implementation and monitoring was developed. This might help to overcome the barriers to strategic planning, implementation, and monitoring. In publication 2, emphasis was placed on understanding the nature of organizational strategic focus when it comes to changing business environments. This provides a guideline for managers in identifying appropriate strategic priorities, i.e., whether to go for multi focus or trade-off among competitive priorities. Likewise, to meet strategic objectives and organizational goals, resource choice and operations decisions must be properly aligned; therefore, in publications 1 and 3, emphasis was placed on developing a framework that helps to align resource choice and operations decisions in the value chain (input – process – output), and hence to secure competitively distinct operations. This answers the second research question: *How can resources, capabilities and core competencies be integrated to gain and sustain competitive operations?* (see also section 5.1.1.).

It is quite common for firms operating in the same market with similar resources and product portfolios to have visible differences in performance. Based on the results and findings of this dissertation, differences in performance can be accounted for three key questions: What is the strategic focus? How well are the resource choice and operations decisions aligned in the value chain? How well are the strategic plans implemented and monitored? A proper answer to these questions allows a firm not only to gain and sustain competitive operations in turbulent business environments, but also to maintain their desired level of performance. This is because, with the change in business environments, a firm must reconfigure its strategic focus (strategic focus particularly has an impact on resource choice, operations decisions, technological choices, etc.), realign its resource choice and operations decisions, and revise its strategic implementation and monitoring. The act of reconfiguration, realignment and revision helps to optimize resource use, makes organizational operations realistic, and maintains consistent levels of operational capability by increasing the focus of managers on changing business priorities and strategic objectives. This study confirms that, in turbulent times, organizational focus should be on the area that promises better results rather than on solving problems. This argument is consistent with the literature, in that it advocates the importance of competitive operations in

maintaining organizational success, especially in turbulent business environments.

Thus, the synthesized results and findings support the notion that, in order to gain and sustain competitive operations, there must be a fit between the identified competitive priorities, a firm's operations (resource choice and operations decisions) and strategies (strategic planning, implementation, and monitoring). The identified factors are so interdependent that it is almost impossible to say which one is more important than the others.

5.1.1 Framework in aligning competitive priorities, resource choice and operations decisions, and strategic planning, implementation and monitoring

A generalized framework to enhance the managerial act of gaining and sustaining competitive operations is presented in the following Figure 5, below. As shown in the Figure 5, competitive priorities form the basis for operations (resource choice and operations decisions) and strategic practice (strategic planning, implementation, and monitoring). Therefore, based on internal and external environmental analysis, a firm should identify the focus areas in which they want to compete. After all, a firm competes and gains a competitive advantage on the basis of competitive priorities, which help it to make best possible use of its resources and capabilities through identified strategies. Therefore, we argue that in order to gain and sustain competitive operations, there must be an alignment between competitive priorities, resource choice and operations decisions, and strategic actions and plans. In business practice, competitive priorities bind operations and business strategy in order to respond to the needs of a changing business environment, as shown in Figure 5. On the other hand, it is a great challenge for a firm to ensure that it gains and sustains a competitive advantage; this challenge becomes more intense in turbulent business environments. Therefore, if these three factors (see Figure 5) are aligned, a firm can have a better competitive landscape in the market. Furthermore, we justify that the concept developed in this dissertation will help managers and strategic practitioners to reduce their practical difficulties by helping them to identify better relationships between their identified competitive priorities, strategic actions and effective/efficient resource deployment in response to the needs of customers and the business environment.

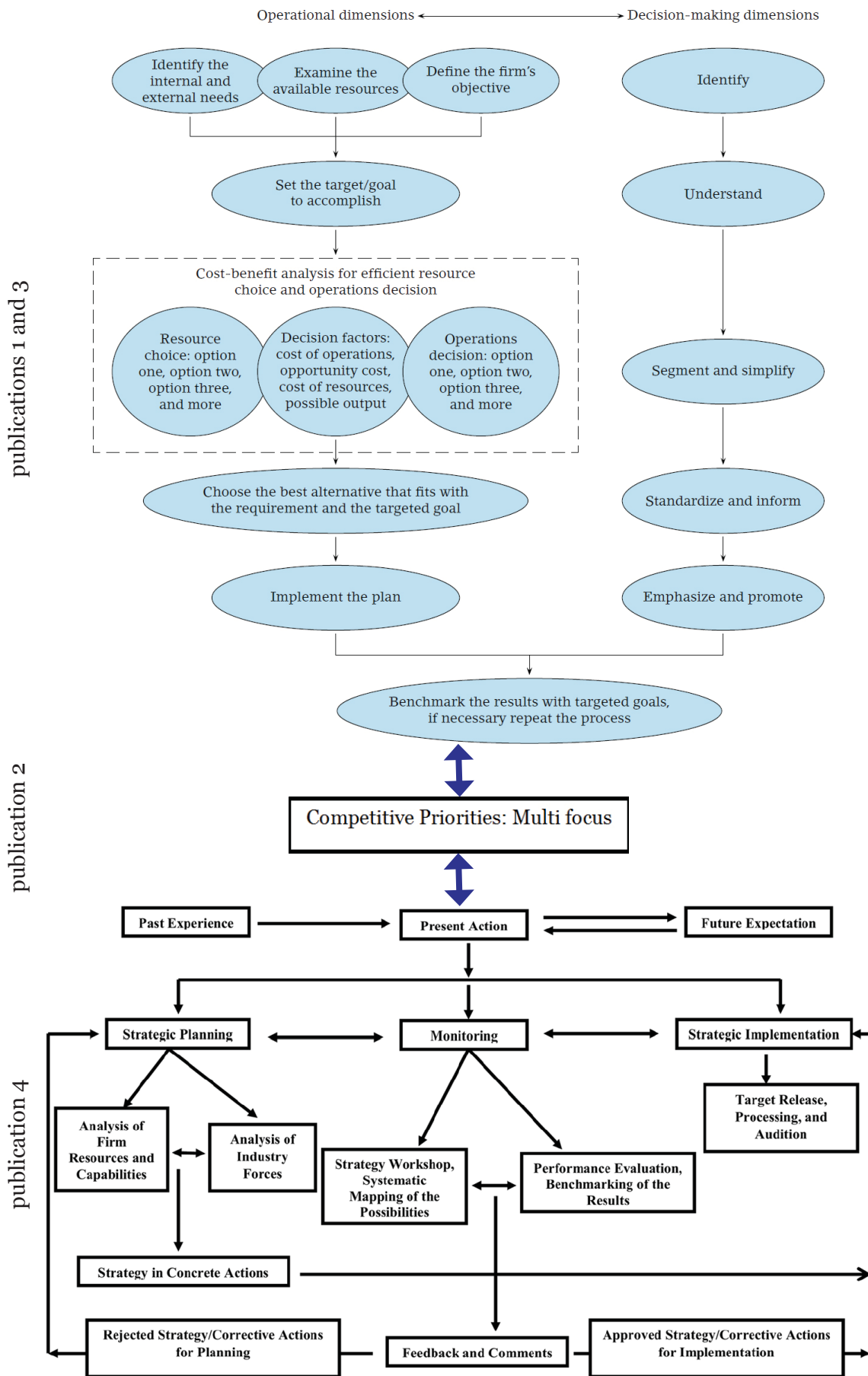


Figure 5. Interaction between the concepts developed in this dissertation

As shown in the above diagram, Figure 5, we recommend the use of multi focus competitive priorities; however, managers are encouraged to evaluate their situation and needs in identifying appropriate competitive priorities. Whether it is the identification of competitive priorities, aligning resource choices and operations decisions, or strategic planning, the first task is to perform environmental scanning. This is so that a better alignment can be made between these factors. A better understanding of market needs is the key to organizational success. This then needs to be supported by appropriate resources, operations decisions and strategies. Figure 5 can be taken as point of reference in the practice of operations and strategic management, and hence in gaining and sustaining competitive operations in turbulent business environments.

5.2 Theoretical contributions

In spite of the importance of competitive operations in turbulent business environments, less effort has been made to understand how to gain and sustain it. Therefore, this study attempts to present a better understanding of managerial efforts to gain and sustain competitive operations in turbulent business environments, by providing justified answers to the questions of what and how? In this regard, the study confirms that environmental factors are an integral part of operations and strategic management, and hence in determining firm performance. For this purpose, this dissertation has combined together different management areas in order to better explain the managerial act of gaining and sustaining competitive operations in turbulent business environments. The study mainly contributes to RBV and IO theories, and to the literature on organizational performance, as well as enhancing the role of RBV and IO theory in turbulent business environments. For example, based on RBV, the study has highlighted the importance of aligning resource choice and operations decisions. It also provides evidence and support for the dynamic nature of RBV (publications 1 and 3), presents a framework for effective and/or efficient strategic planning, implementation and monitoring, supported by the assumptions of RBV and IO theory (publication 4), as well as identifies the competencies of a good strategic planner, which might help to overcome the barriers to strategic management in practice. Similarly, a suggestion has been made to choose between multi focus or trade-off among competitive priorities (publication 2), hence contributing to the literature on firm competitiveness and performance. The most important contribution of this dissertation is that it presents a point of reference for both researchers and managers in making organizational operations competitive and distinct. Here, competitive operations

refers to a cost effective response to the needs of a changing business environment, while distinct operations refers to clearly defined non-identical operations in comparison to competitors.

5.3 Managerial implications

The study shows how operations and strategic management practice interacts and contributes to enhancing the effectiveness of the managerial role in an organization. The results and findings of this dissertation help managers and strategic practitioners (i) to better understand customer needs and market requirements, (ii) to align resource choice and operations decisions in the value chain, (iii) to implement multi-focus strategies, (iv) in effective and/or efficient strategic planning, implementation and monitoring, and (v) to develop better managerial competencies, among other outcomes. Details on the study's theoretical contributions and managerial implications are explained and discussed in the individual publications separately (for details, see publications 1-4). Indeed, the results and findings of this dissertation add additional value to previous research specifically dealing with operations management, strategic management, firm performance, turbulent business environments, competitiveness, and competitive and sustainable competitive advantage. Finally, we believe that the concept presented in this dissertation works well in any industry and irrespective of the business environment, whether it is static or highly turbulent. However, in business practice, the act of gaining and sustaining competitive operations in turbulent business environments is more complex and challenging than it sounds.

6 DISCUSSION

6.1 Interpretation and critical examination

The literature on the sustainable competitive advantage argues that companies should focus on progressive and dynamic business strategies (e.g., Malek et al., 2015), especially in complex and turbulent business environments. Based on our research (publication 2), we refer to progressive strategies as the balanced use of competitive priority dimensions, as described by the sand cone model (Ferdows & De Meyer, 1990), which advocates that multi focused strategies fit better with strategic decision making in turbulent business environments. As noted by Boyer & Lewis (2002), highly successful business operations and world class manufacturers focus on multiple competitive priority dimensions. This conclusion has been arrived at based on studies carried out on manufacturing firms; however, the concept of progressive strategies is also applicable in the service industry, as described by Takala, Sivusuo, Leskinen, & Hirvelä (2006). In order to maintain consistent organizational growth, a firm's operations (resource choice and operations decisions) must be in line with its strategies (strategic planning, implementation, and monitoring). Here, the question is how can a perfect fit between a firm's operations and strategies be guaranteed? A potential answer to this question could be gained through competitive priorities. In business practice, competitive priorities help to ensure that a firm's operations are in accordance with its strategies. This is for various reasons. First, competitive priorities act as a connecting bridge between manufacturing objectives and business strategies (Si, Takala, & Liu, 2009). Second, the productiveness of an operations strategy is a result of the linkage between a firm's identified competitive priorities and its subsequent decisions on operational structure and infrastructure (Leong et al., 1990; Boyer & Lewis, 2002). In other words, the better the fit between a firm's identified competitive priorities, its operational structure and its infrastructure (we call this resource choice and operations decisions), the higher the effectiveness of its operations strategy. Third, the strategic plan acts as a frame of reference when identifying key success factors and core competencies, i.e., which competitive priorities to choose in which situation. Based on our study, Figure 5 (see section 5.1.1) shows the interaction between a firm's operations, strategies, and competitive priorities.

Competitive priorities are the building blocks of operations strategy (Davis et al., 2005), whether we are talking about a manufacturing or service organization. Likewise, competitive priorities are developed on the basis of the market

environment, customer needs, infrastructure, etc.; these factors are also the foundation of a firm's strategies, resource choice and operations decisions. According to Ahmad & Schroeder (2002), a firm uses its competitive priorities to take a strategic position to compete in the market, hence influencing different functional areas such as technology adoption, production planning and control, personnel skill development, quality of product and service offering, and many more. Therefore, emphasis was placed on understanding how resource choice and operations decisions can be aligned in the value chain (input – process - output) by introducing the concept of competitively distinct operations (publications 1 and 3). Likewise, strategies are plans driving organizational resources towards the desired goals (Azevedo et al., 2015). Strategy is a connecting bridge between the operating environment and the firm (Grant, 1991; Ralston et al., 2015). The strategic plan provides organizational stability by assisting leaders and managers in managing change (Bryson, 1988), as well as helps a firm to neutralize or overcome the competitor's move. Therefore, emphasis was placed on understanding current strategic planning, implementation, and monitoring practice, hence overcoming barriers to strategic practice (publication 4). Thus, as shown in the above diagram (see Figure 5, section 5.1.1), competitive priorities act as a connecting bridge between a firm's operations and strategies. Firms within an industry may compete in the marketplace within the scope of the same competitive priority, but there remains a difference in their performance (Ahmad & Schroeder, 2002). This might be because of differences in the level of alignment between a firm's operations, strategies, and identified competitive priorities. Ahmad & Schroeder (2002) argues that alignment between competitive priorities and strategies is a necessary condition for operational success. This shows that these factors are highly interrelated and correlated, and play a central role in developing, sustaining and exploiting a competitive advantage. According to Maylor, Turner, & Murray-Webster (2015), strategic intent, focus, fit, and configuration are the basic criteria in maintaining a competitive advantage. According to the authors, strategic intent means the identification of the gap between current levels of performance and performance expectations, focus means the identification of a relative weighting between competitive priorities, fit means an examination of the alignment between competitive priorities, while finally, configuration means the arrangement of resources to support competitive priorities. Therefore, it is reasonable to argue that, in order to gain and sustain competitive operations, there must be a fit between a firm's operations, its competitive priorities and its strategies.

6.2 Research limitations

The research limitations have been already well discussed in each publication separately (for details, see publications 1-4). Therefore, this section describes the research limitations in more general terms, considering the dissertation as a whole, i.e., its synthesized results and findings. The results and findings of this study can be taken as a preliminary step towards the act of gaining and sustaining competitive operations in turbulent business environments, which needs further explanation and justification. This is for several reasons. First, the results and findings are not industry specific, because the study sample comprises a wide range of industries and did not focus on any particular sector. This is one of the limitations of this dissertation. Second, the study considered only three key aspects of operations and strategic research; one of the biggest challenges of this study was how to limit or identify the key considerations in the act of gaining and sustaining competitive operations in turbulent business environments. The research limited its boundaries based on the fact that any firm can overcome the challenges of turbulent business environments within the scope of its resources and capabilities if, and only if, its resources and operations decisions are aligned in the value chain (publications 1 and 3) following an identified strategic focus (publication 2) supported by efficient and/or effective strategic planning, implementation and monitoring (publication 4). Third, this dissertation attempts to clarify the potential interaction between the concepts developed in this study (see Figures 4 and 5 in sections 5.1 and 5.1.1 respectively). Theoretically, the interaction between these concepts has been justified; however, their empirical verification remains open. The results and findings of this study should be analysed considering these limitations.

6.3 Recommendation for future studies

The study confirms that, for the sustainable growth of an organization, there must be a fit between its identified competitive priorities, its organizational strategies, resource choice and operations decisions, and the firm's operating environment. However, as discussed in the research limitations, the study made no attempts to empirically verify the links between the concepts developed (see Figure 4, section 5.1). Therefore, future research could empirically consider the possible interactions between the different aspects of the synthesized results, so that a more robust and practical framework could be developed. Likewise, future research also could explore additional antecedents that could have an impact on the act of gaining and sustaining competitive operations in turbulent business

environments, for example, the role of information technology, entrepreneurship, knowledge and the experience of managers. Most importantly, the globally trending concept of sustainability, and how it affects the identification and selection of competitive priorities, the alignment of resource choice and operations decisions, and the formulation of strategic plans and actions, should be considered. Furthermore, in the future, it would be interesting to see and compare the results and findings from one industry sector to another following the concepts developed in this study. Likewise, a comparative study of one successful and one declining firm from the market within an industry would also shed more light on the results and findings of this study. This will not only help to generalize the results and findings, but also increase the reliability and validity of the present study.

7 CONCLUSION

In the literature on operations and strategic management, the importance of competitive priorities, resource choice and operations decisions, and strategic planning, implementation and monitoring has been highlighted, not only as the key sources of a sustainable competitive advantage, but also as the sources of superior and sustainable business performance. Therefore, the issue of gaining and sustaining competitive operations in turbulent business environments has been addressed from the perspective of operations and strategic management. The objective of this dissertation was to investigate how companies, specifically SMEs, make use of different managerial practices to compete in the market. For this purpose, different theoretical concepts have been employed. For example, RBV, IO, competitive priorities, turbulent business environments, a competitive and sustainable competitive advantage, and strategic planning, implementation and monitoring were addressed, among others. Following the research objective, the study tried to shed light on the dilemma of multi focus or trade-off among competitive priorities, aligning resource choice and operations decisions in the value chain (input – process - output), hence introducing the concept of competitively distinct operations. Finally, an identification of the barriers to strategic planning, implementation, and monitoring has been presented, as well as a discussion of the potential solutions to the identified barriers. By so doing, the dissertation has tested theories and concepts and enhanced our understanding in the field of operations and strategic management. For example, a framework (publication 1) has been developed for the alignment of resource choice and operations decisions, which addresses the issue of the managerial role in RBV. In previous studies, RBV was criticized for not incorporating the managerial role in creating valuable, rare, inimitable, and non-substitutable resources. Likewise, a framework has been introduced for overcoming the barriers to strategic planning, implementation, and monitoring (publication 4). Thus, the dissertation contributes to both the literature and to managerial practice.

In business practice, a firm competes in the marketplace through its competitive priorities, which need to be supported by appropriate resources and operation decisions guided by the strategic plan and actions, and vice versa. Thus, this study concludes that in order to gain and sustain competitive operations in turbulent business environments, a firm should be able to make an alignment between its competitive priorities, resource choice and operations decisions, and efficient/effective strategic planning, implementation and monitoring. A firm following the concepts developed in this dissertation is expected to have a higher

level of performance. However, we encourage managers and business practitioners to compare the results, findings, concepts and recommendations of this dissertation with their own organization's situation and circumstances before adopting it in practice.

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Competitively Distinct Operations as a Key for Superior and Sustainable Business Performance: An Example from Walmart

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Existing research on the resource-based view (RBV) has provided limited evidence on how firms achieve superior and sustainable business performance; this failure is because current literature de-emphasizes the importance of operations. This paper argues that to gain and sustain superior business performance, a firm's sustainable competitive advantage is not enough, its operations also needs to be competitively distinct. Therefore, through unifying the necessary conditions of superior and sustainable business performance the paper presents a better understanding of the RBV. The success story of Walmart, from existing literature, is considered as an example to support the proposed framework. The paper concludes that the cost of operations, opportunity cost, cost of resources and possible output are the crucial factors in resource choice and operations decision to secure competitively distinct operations. Finally, theoretical and managerial implications, research limitations and future research possibilities are discussed.

Key words: RBV, competitive and sustainable competitive advantage, competitively distinct operations, superior and sustainable business performance, Walmart

Introduction

Managerial decisions are often made in reference to uncertainty (Hult, Craighead, and Ketchen 2010), intuition and market pressure (Timilsina, Haapalainen, and Takala 2014), constraints and limitations like time, knowledge, information and resources. A firm's performance outcomes are always affected by these factors. In business practices, it is difficult to say what makes the performance difference between firms. However, the resource based view (RBV) is considered as an influential theory to answer the questions of a firm's performance difference (Barney, Ketchen, and Wright 2011; Kozlenkova, Samaha, and Palmatier 2014). According to RBV, firm

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specific resources allow gaining competitive advantage, which enables firms to earn above average profit (Peteraf and Barney 2003). The underlying assumption of RBV is that the managerial effort in a firm is to gain sustainable competitive advantage, to identify and emphasize strategic choice and to deploy key resources for profit maximization (Fahy and Smithee 1999).

Nevertheless, the RBV has been criticized by several authors, for example: RBV is not a complete theory (Kraaijenbrink, Spender, and Groen 2010), assumptions made in resource based research are partial, implicit and problematic (Foss and Kundsén 2003), decision making- mechanism is not explained by RBV literatures (Kunc and Morecroft 2010), and managerial role in the integration of resources and value creation is underdeveloped in RBV (Sirmon, Hitt, and Ireland 2007).

No matter what the ground for criticism, it is not questionable whether the resource characteristics proposed by Peteraf (1993) and Barney (1991) will provide sustainable competitive advantage or not. Certainly, any firm with these resource characteristics (see figure 1) will have certain advantages over its competitor. However, referring to explicit product market competition Costa, Cool, and Dierickx (2013) says sustainable competitive advantage does not increase nor guarantee higher profits within the firm and over its competitors. On the other hand, operations alone hold 60–80 percent of direct expenses, which is an obstruction to the firm's performance (Chase, Jacobs, and Aquilano 2006). According to Goodale et al. (2011), a strong control over cost related to operations is one of the accepted traits of successful business. Therefore, it is reasonable to say that the process of resource coordination, configuration, utilization and deployment needs to be unique, cost efficient, and result-oriented.

Hence, the paper argues that to gain and sustain superior business performance, a firm's sustainable competitive advantage is not enough; its operations also need to be competitively distinct (figure 1).

This argument is based on several assumptions. First, if managerial or strategic expectations are in line with resource choices and operations decisions, then sustainable business performance can be achieved. Second, a firm might gain advantage over its competitors if there is a proper understanding of the future outcome of operations. Third, the foundation of competitive advantage through resources and capabilities lies in the operations (Coates and McDermott 2002).

However, there has been less effort made to explain the methods of aligning resource choices and operations decisions, which

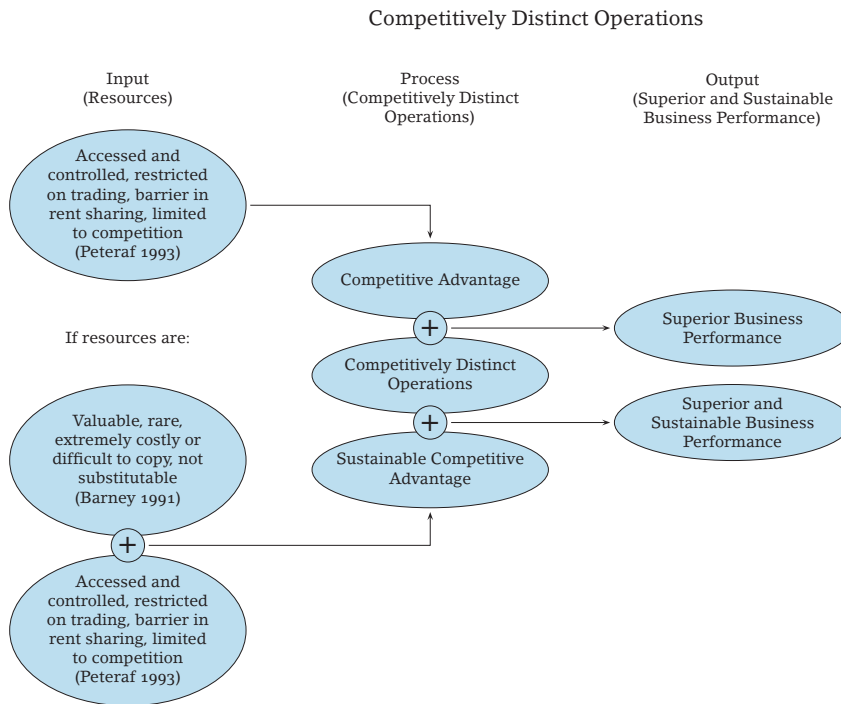


FIGURE 1 Conceptual Framework for Superior and Sustainable Business Performance

make operations competitively distinct, allow better utilization of resources and thereby lead to superior and sustainable business performance. Hence, this research provides a better understanding of RBV by unifying necessary conditions of superior and sustainable business performance and highlighting the significance of competitively distinct operations (figure 1). By doing this, the research aims to make theoretical contributions in organizational performance and RBV literature.

Literature Review

RESOURCE-BASED VIEW (RBV)

'Edith Penrose's work has been widely acknowledged to have played a central role in providing the intellectual foundations of the resource-based view' (Lockett and Thompson 2004, 193). According to Penrose (1956), the firm is a bundle of resources governed by administrative framework and these two factors (bundle of resources and administrative framework) determine the firm's growth. During 1980's, this thought was further developed. Some influential works are Wernerfelt (1984), Rumelt (1984), Barney (1986), Dierickx and

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Cool (1989), Barney (1991), Peteraf (1993), Oliver (1997) and others. The RBV has been considered as one of the most prominent and influential theories to explain organizational behaviour (Barney, Ketchen, and Wright 2011) and firm performance (Leiblein 2003). Furthermore, the RBV has been widely accepted in the field of strategic management (Newbert 2007), strategic human resource management (Paauwe and Boselie 2003), international business (Peng 2001), management literature (Runyan, Huddleston, and Swinney 2006), and marketing (Kozlenkova, Samaha, and Palmatier 2014). However, most of the research based on RBV shares the same ontology and argues that by means of productive resources, a firm can have competitive and sustainable competitive advantage.

COMPETITIVE AND SUSTAINABLE COMPETITIVE ADVANTAGE

A firm can gain superiority over competitors through efficient use of resources and access to information (Das, Zahra, and Warkentin 1991), information technology (Chae, Koh, and Prybutok 2014), logistics and supply chain (Mellat-Parast and Spillan 2014), low cost or product differentiation or market focus (Porter 1985), customer value (Woodruff 1997), innovation (Hana 2013), human resource management (Florea, Cheung, and Herndon 2013), knowledge management (Danskin et al. 2005) and so on. If such advantage allows a firm to maintain above average performance over its competitors is said to have a competitive advantage (Wang, Lin, and Chu 2011). According to Dröge, Vickery, and Markland (1994) competitive advantage is interrelated to superior skills, resources and superior performance. Similarly, if a firm is able to earn above average profit for several years is known to have a sustainable competitive advantage (Peteraf and Barney 2003).

COMPETITIVELY DISTINCT OPERATIONS

Operations decision range from simple to complex. Simple decisions are tactical and repetitive in nature, relate to day-to-day operations, are made by operational or line manager and have short-term impact on business performance. Complex decisions are on the other hand strategic, made by top management and have significant impact on short and long-term performance (Hughes and Thevaranjan 1995). In fact, resources and operational capabilities are the root of business strategy and organizational identification (Wu, Melnyk, and Flynn 2010). Similarly, the act of recombining and reconfiguration of assets not only helps to sustain profitable growth, but also helps an organization to make a fit with the changes occurring in

market, technology and to avoid disadvantageous situations (Teece 2007), so does operations decisions. According to Banker and Morey (1993) resource allocation and operations decisions significantly impact fixed and variable cost, service quality, profit margin and overall business performance.

Therefore, it is advantageous to make resource choices and operations decisions in the light of cost-benefit analysis. The cost-benefit analysis in decision-making not only allows close coordination between resource choice and operations decision, but also provides justified ground for resource choice and operations decision. Hence, it reduces the risk of operational uncertainty. Here competitively distinct operations refer to operations decisions, which are based on the optimal balance between resource choices, and operations decisions gained through cost-benefit analysis (a detailed discussion is provided in the later section.)

SUPERIOR AND SUSTAINABLE BUSINESS PERFORMANCE

A firm is assumed to have superior business performance if its return on assets is above average (Baaij, Greeven, and Dalen 2004; Banker, Mashruwala, and Tripathy 2014) for at least five consequent years, the above average return here referring to a return higher than the industry average return on assets (Roberts and Dowling 2002). In practice, it is extremely difficult to gain and sustain superior business performance over a longer period of time (Wiggins and Ruefli 2002). This may be due to Schumpeterian innovation because it wipes out competitive advantage and restricts the possibility of sustaining superior performance; this is for example evident in the computer industry where a new technology emerges every now and then. (Baaij, Greeven, and Dalen 2004). According to Corbett et al. (2013), Schumpeterian innovation is not only destructive, but also generative as it may bring about opportunity during high uncertainty. However, managerial practice helps an organization to sustain its performance in the long run through 'directing, changing and managing the operational and support processes' (Bititci et al. 2011, 854).

Besides this fact, for the managerial process to be effective and efficient in the management of technological and market change, to avoid path dependencies and to sustain superior business performance, there must be close co-ordination between resource choice and operations decision. After all, most of the managerial decisions either strategic or operational involve organizational resources and operational capability.

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Theoretical Framework

**EFFICIENT RESOURCE CHOICE AND OPERATIONS DECISION:
DESIGN OF COMPETITIVELY DISTINCT OPERATIONS**

The main argument of this section is that for efficient utilization of resources and to increase firm performance, resource choice and operations decision need to be performed simultaneously. In business practices, resource allocation is a repeated process (Noda and Bower 1996) and so is the operations decision. Figure 2 shows the decision framework for efficient resource choice and operations decision that aims to secure competitively distinct operations. The presented framework consists of operational and decision making dimensions. Each of these operational and managerial practices is in-

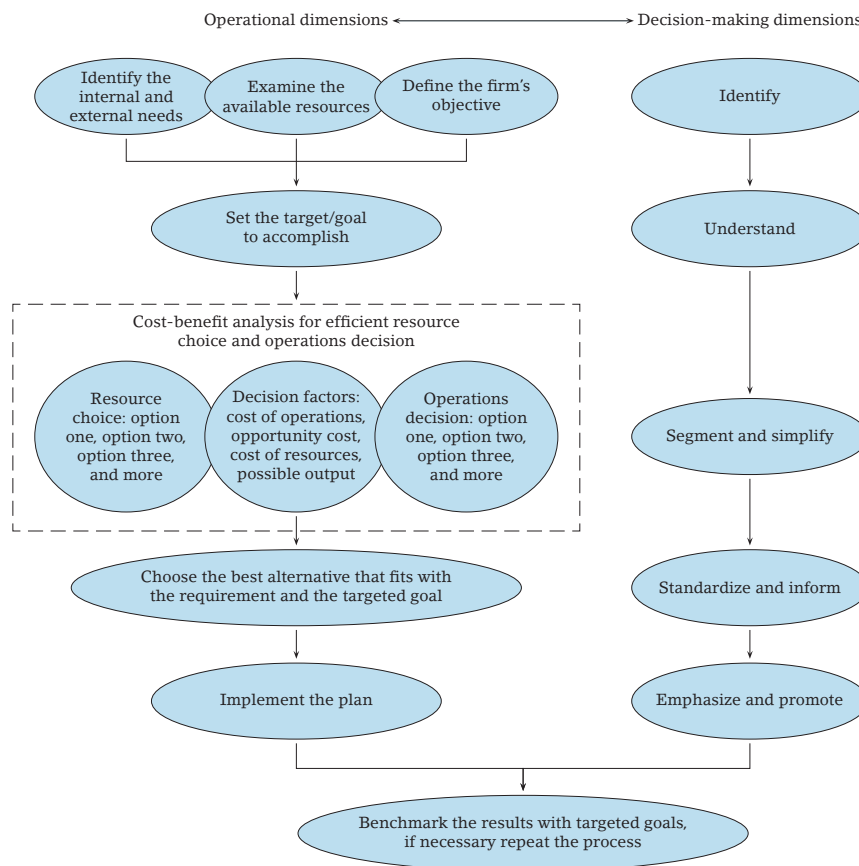


FIGURE 2 Decision Framework for Efficient Resource Choice and Operations Decision: Design of Competitively Distinct Operations

terconnected as shown in the diagram above. In addition, both dimensions are complementary to each other; none is complete and efficient in the absence of the other. Therefore, for the effectiveness of the decisions made by top management each step of the decision making process needs to be in correlation with each element of operational dimension. However, this paper mainly deals with the operational dimensions.

According to the framework, the first step is to know internal and external needs. The next step is to examine the available resources; this will give a clear picture of which resources exist and which need to be acquired. After this, the firm's objective is defined. These three activities are highly interrelated and influence each other. The next step is to set the target/goal to accomplish (for example periodic, yearly or long-term goals).

Now the main task begins, here the challenge is to align resource choice and operations decision. In this context, Sirmon, Hitt, and Ireland (2007) proposed a framework of the resource management process as 'structuring,' 'bundling' and 'leveraging.' The underlying assumption in their framework is an efficient resource choice and operations decision. There could be a number of possible options to use the resources (see figure 2) but choosing the best operational methods for resource deployment is crucial, because it is the path for optimal utilization of resources and firm's performance. Therefore, the operations need to be unique, cost-efficient, and result-oriented. The presented framework (figure 2) considers cost of operations, opportunity cost, cost of resources, and possible output as important factors in resource choice and operations decisions. Reasons for considering these factors in designing competitively distinct operations through cost-benefit analysis are explained below.

Costs of operations. These are the actual costs incurred in business operations, and can be classified into fixed costs and variable costs. Fixed costs include expenses like rent, salary, mortgage, depreciation, administrative expenses, interest and taxes, and utility cost; while variable costs include production wages, commissions, raw materials cost, shipping and transportation costs. Some authors claim that the cost of operations can range from 60–80% of direct expenses, which is a burden to firm performance (Chase, Jacobs, and Aquilano 2006). Referring to the large firm, Bettis and Prahalad (1983) says that operations are the important source of funds. This means that a strong control of operations cost is very important for business performance. In other words, the lower the cost of operations, the higher the profit margin.

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Opportunity cost. Along with payoffs and the likelihood of the project, consideration of opportunity cost in resource allocation decision has been emphasized in management accounting and capital budgeting textbooks (Chang, Ho, and Lin 2002). However, managers fail to consider opportunity cost in the evaluation of projects (Milad 2010). Opportunity cost is not recorded in accounting and financial books of an organization, but it is a very important factor in making economic and financial decisions (Shavit, Rosenboim, and Malul 2011), hence in resource choice and operations decision. In practice, managers pay limited attention to opportunity cost in resource allocation (Shavit, Rosenboim, and Malul 2011; Schiffels et al. 2014) and operations decision. This may be due to the indirect nature of opportunity cost (Schiffels et al. 2014) and its difficulty in measuring (Victoravich 2010). However, opportunity cost can be calculated in an implicit and explicit manner. Here, implicit opportunity cost represents the amount of profit earned if another plan had been carried out instead of the current project, while explicit opportunity cost represent lost profit due to the implementation of a current plan of action (Chang, Ho, and Lin 2002; Victoravich 2010).

Based on the study made in the medical industry, Wu (2013, 1285) suggests that opportunity cost should not be considered in allocating a firm's capabilities 'given the technical uncertainty in the new market.' Besides, the consideration of opportunity cost is important because it allows a decision maker to make a wise interpretation between identified strategy and future outcomes (Mackey and Barney 2013). The author further suggests that low opportunities cost indicates the need for further investment in an existing business, while higher opportunity cost signals to stop further investment.

Cost of resources and possible output. In resource choice decision, it is useful to know the cost of resources beforehand. Sometimes the resource choice is not economical and might have a negative impact on firm performance. In addition, it is very important to consider the output that could be gained with the resource choice and mode of resource deployment. Output could be measured through earning numbers as it represents the output gained through investments and operations, also the series of earning number reflects the associated risk and fluctuations in the investment and operations (Baginski and Wahlen 2003). Similarly, the cost of resources and possible output from its operation is crucial both strategically and financially. This is because the basis of resource choice made by a firm is highly influenced by strategic decisions, which ultimately influence the business performance (Mariadoss, Johnson, and Martin 2014).

The consideration of these above-mentioned factors gives an opportunity not only to make cost-benefit analysis among different options, but also helps to make constant alignment between resource choice and operations decision. Most importantly, it helps to answer questions like Does the resource choice increase or decrease the operating cost? What is the best combination of resource choice and operations decision? How does the optimal balance between resource choice and operations decision affect net profit? What opportunities are being lost? On the other hand, the omission of these factors may lead to wrong choices being made which might influence firm performance. However, consideration of cost of operations, opportunity cost, cost of resources, and possible output permits rational decision making and helps to identify the best possible combination of resource choice and operations decision (i.e. competitively distinct operations). Thus, with the given constraints of operating cost and planning horizon, operating profit can be maximized by considering the right combination of resource choice and operations decision.

The next step is to choose the best alternative that fits with the requirements and the targeted goal. Now the plan needs to be implemented in practice. Finally, the obtained results are benchmarked with the targeted goals. If the results are not as planned, it is recommended to repeat the process and make necessary changes to a future course of actions.

The Case of Walmart: An Example

Walmart is regarded as a fast growing, highly successful company, whose annual revenues exceed the sum of economies of world's thirty nations (Werther and Chandler 2010). In 2014, Walmart ranked number one company on the Global 500 list by revenue (*Fortune* 2014) with \$473.1 billion in sales for the fiscal year ending January 31, 2014. Now Walmart operates more than 4900 retail facilities within the USA including 4281 Walmart stores and 640 Sam's Club warehouse there are more than 6100 retail facilities internationally within 26 countries besides the United States (<http://news.walmart.com/walmart-facts/corporate-financial-fact-sheet>). Walmart differentiated itself from competitors in several ways, such as low overhead cost and customized product mix reflecting market demography, customer buying pattern and requirements (Aggarwal 2001). The most significant differences are self-developed management system of warehouses and stores, location choice, the culture to support values and skills, use of technology, excellent relationship with

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the supplier and consumer, human resources management and employee motivation (Chase, Jacobs, and Aquilano 2006). This leads to higher productivity and lower operating cost, resulting in higher profit margin.

In terms of resources like marketplace, technology and customer taste, there is not much difference among the competing firms: Walmart stores Inc., Target Corp., Sears Holdings Corp., Kroger Co. and Costco wholesale Corp. However, among these firms, Walmart is able to differentiate itself. How? What could be the reason behind its outstanding performance? One of the most promising and practical answers comes from Walmart's operations strategies based on resource capability, i.e. alignment of resource choice and operations decision thus making operations to be competitively distinct. In practice, Walmart has realized the dream of being a low cost firm by capitalizing on competitive operations.

Strategies supporting cost minimization are the foundation of Walmart's success (Werther and Chandler 2010). The cost minimization arises from low price strategy (Richardson 2008; Hill, Gareth, and Schilling 2015; Basker 2007), choice of location (Vance and Scott 1994; Govindarajan and Gupta 1999; Lewis and Dart 2014), technological innovation and supply chain management (Werther and Chandler 2010; Wrigley 2000; Teece 2010), operations and distribution strategies (Basker 2007; Govindarajan and Gupta 1999), advertising and sales strategy (Wang and Zhang 2005; Steidtmann 2003), and innovation in business model (Chesbrough 2010; Sorescu et al. 2011). All these features of Walmart's business model are the results of resource choice and operations decision; hence, they offer a perfect fit to lower the cost of operations, opportunity cost, cost of resources, and higher output. Furthermore, Walmart is a good example of a successful business model where one can see how well the resource choice and operations decisions are aligned in the value chain by means of cost-benefit analysis.

In a similar manner, considering valuable, rare, inimitable, and non-substitutable (VRIN) analysis, a framework proposed by Barney (1991); it can be concluded that the combination of different features (resource choice and operations decision) has made Walmart's business model not only valuable, rare, inimitable and non-substitutable, but has also made it possible for them to gain and sustain competitive advantage (table 1 on p. 284).

Table 2 (pp. 284–285) summarizes the strategic benchmarking of Walmart and its close competitors. The purpose of this benchmark is to give a close look on key financial indicators, so that the com-

parative analysis and interpretation of financial performance can be evaluated in the light of resource utilization and effectiveness of operational processes. During the year 2005 to 2014, Walmart was able to maintain consistent and above average revenues, operating income, net income, return on assets and return on invested capital in comparison to its competitors.

The comparative analysis (table 2) shows that besides the lower gross margin and operating margin Walmart is able to maintain higher values of revenue, and net income. This signifies that Walmart is better at managing operating cost. This observation is in line with Peterson and Fabozzi (1999), who examined the financial performance of Walmart during the years 1988–1997 with the rest of the retail industry and confirmed that Walmart is efficient at managing operating cost in comparison to its competitors. In the similar manner, higher and consistent values of return on assets and return on invested capital from years 2005–2014 suggest that Walmart is efficient at not only resource deployments and utilization of capital to generate more revenue, but also efficient at transferring revenue into substantial profit. However, the above average financial achievement in terms of revenue, operating profit and net income during the years 2005–2014, suggests that Walmart is able to maintain superior and sustainable business performance (table 2).

Discussion and Conclusion

The paper presents a framework for superior and sustainable business performance highlighting the importance of aligning resource choice and operations decision. The different findings show that Walmart is able to gain and sustain superior and sustainable business performance not only because of competitive and sustainable competitive advantage but also due to competitively distinct operations. Furthermore, the comparative analysis of key financial indicators (table 2) and features of Walmart's business model (table 1) not only provides sound evidence for the conceptual framework for superior and sustainable business performance (figure 1 and figure 2), but also shows Walmart's excellence in the alignment of resource choice and operations decision. These findings support the argument that 'practices are transformed into capabilities only through carefully coordinated deployment and integration with other practices' (Schoenherr and Narasimhan 2012, 3767). The constant integration of resource choice and operations decision has allowed Walmart to enjoy the benefits of low cost structure leading to superior performance. However, the consideration of cost of operations, op-

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TABLE 1 VRIN Analysis of Walmart's Business Model

Valuable	Yes, because it has proven to keep low operating cost.
Rare	Yes, though the business model practiced by Walmart is popular, the Walmart's approach makes it rare in the retail industry.
Inimitable	Yes, competitors have tried to copy the model, but are not able to implement as efficient as Walmart.
Non-Substitutable	Yes, because it is not easy for competitors to use different capability to exploit Walmart's competitive advantages.

TABLE 2 Strategic Benchmarking of Financial Indicators

Companies	Indicators	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Walmart Stores Inc.	(1)	287,989	315,654	348,650	378,799	405,607	408,214	421,849	446,950	469,162	476,294	
	(2)	17,091	18,530	20,497	21,996	22,798	23,950	25,542	26,558	27,801	26,872	
	(3)	10,267	11,231	11,248	12,731	13,400	14,335	16,389	15,699	16,022	15,828	
	(4)	23.70	23.80	24.20	24.40	24.50	25.40	25.30	25.0	24.90	24.80	
	(5)	5.90	5.90	5.90	5.80	5.60	5.90	6.10	5.90	5.90	5.60	
	(6)	9.12	8.69	7.80	8.09	8.20	8.58	9.33	8.39	8.57	7.86	
	(7)	14.63	14.09	12.97	13.45	13.69	14.33	15.52	14.20	14.54	13.36	
Target Corp.	(1)	46,839	52,620	59,490	63,367	64,948	65,357	67,390	69,865	73,301	72,596	
	(2)	3,601	4,323	5,069	5,272	4,402	4,673	5,252	5,322	5,371	4,229	
	(3)	3,198	2,408	2,787	2,849	2,214	2,488	2,920	2,929	2,999	1,971	
	(4)	32.90	33.60	33.80	32.60	32.00	30.30	30.90	30.90	30.90	30.40	29.5
	(5)	7.70	8.20	8.50	8.30	6.80	7.10	7.80	7.80	7.60	7.30	5.80
	(6)	10.04	7.16	7.70	6.96	4.99	5.61	6.62	6.62	6.48	6.33	4.25
	(7)	15.89	11.56	12.63	11.19	8.55	9.30	10.77	11.02	11.02	10.51	8.37

Competitively Distinct Operations

Sears Holdings Corp.	(1)	19,701	49,124	53,012	50,703	46,770	44,043	43,326	41,567	39,854	36,188
	(2)	1,821	2,124	2,523	1,586	302	713	474	-1,501	-838	-927
	(3)	1,106	858	1,490	826	53	235	133	-3,140	-930	-1,365
	(4)	25.50	27.70	28.70	27.70	27.10	27.70	27.40	25.50	26.40	24.20
	(5)	9.20	4.30	4.80	3.10	0.60	1.60	1.10	-3.60	-2.10	-2.60
	(6)	15.01	4.37	4.91	2.87	0.20	0.94	0.54	-13.76	-4.57	-7.26
	(7)	31.23	9.86	10.66	6.70	1.77	3.53	3.32	-30.72	-6.14	-19.90
Kroger Co.	(1)	56,434	60,553	66,111	70,235	76,000	76,733	82,189	90,374	96,751	98,375
	(2)	847	2,035	2,236	2,301	2,451	1,091	2,182	1,278	2,764	2,725
	(3)	-100	958	1,115	1,181	1,249	70	1,116	602	1,497	1,519
	(4)	25.30	24.80	24.20	23.40	22.90	23.20	22.20	20.90	20.60	20.60
	(5)	1.50	3.40	3.40	3.30	3.20	1.40	2.70	1.40	2.90	2.80
	(6)	-0.49	4.68	5.35	5.43	5.49	0.30	4.79	2.56	6.22	5.63
	(7)	2.21	11.05	12.08	11.89	11.85	3.03	10.80	7.18	14.26	12.20
Costco Wholesale Corp.	(1)	52,935	60,151	64,400	72,483	74,422	77,946	88,915	99,137	105,156	112,640
	(2)	1,474	1,626	1,609	1,969	1,777	2,077	2,439	2,759	3,053	3,220
	(3)	1,063	1,103	1,083	1,283	1,086	1,303	1,462	1,709	2,039	2,058
	(4)	12.40	12.30	12.30	12.40	12.70	12.80	12.60	12.40	12.60	12.60
	(5)	2.80	2.70	2.50	2.70	2.50	2.70	2.70	2.80	2.90	2.90
	(6)	6.73	6.49	5.84	6.37	5.09	5.69	5.78	6.34	7.10	6.50
	(7)	11.69	11.48	10.93	12.05	9.68	10.86	11.32	12.69	14.24	12.83

NOTES Column headings are as follows: (1) revenue (million USD), (2) operating profit (million USD), (3) net income (million USD), (4) gross profit margin (%), (5) operating margin (%), (6) return on assets (%), (6) return on invested capital (%). Based on data from Morningstar (<http://financials.morningstar.com>).

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portunity cost, cost of resources and possible output, and constant integration of resource choice and operations decision in securing competitively distinct operations are relatively unexplored features of Walmart's business model. The paper asserts that because of these features, the Walmart showed a consistent level of performance even during the economic crisis (table 2). Based on the findings, it is expected that firms integrating resource choices and operations decisions through cost benefit analysis should secure competitively distinct operations leading to superior and sustainable business performance.

THEORETICAL CONTRIBUTIONS AND MANAGERIAL IMPLICATIONS

Kraaijenbrink, Spender, and Groen (2010) have emphasized the need for a framework that moves the RBV into a dynamic model. In this vein, the paper introduces the concept of competitively distinct operations, which aims to help managers' in decision making over time (i.e. according to the needs of the changing business environment). It thereby offers strong support to the dynamic nature of the RBV (see figure 1 and figure 2); this is in contrast to Priem and Butler (2001) who argued that RBV is static. Thus, the paper contributes to RBV and organizational performance literature by incorporating managerial decision-making mechanism and demonstrates the benefits of aligning resource choice and operations decision in gaining and sustaining superior performance (figure 1 and figure 2). This contribution is also an attempt to address the existing research gap in the literature, for example, literature in the RBV does not explain the decision-making mechanism (Kunc and Morecroft 2010) additionally the managerial role in integrating resources and value creation is underdeveloped (Sirmon, Hitt, and Ireland 2007).

The theoretical framework presented in this study helps managers and decision makers in four different ways: first, real time operations can be designed on the basis of available resources; second, the better resource choice can be made to support operational activities; third, it optimizes the resource use, and fourth, it makes operations to be competitively distinct as suggested in theoretical framework section. Most importantly, the presented framework (figure 1 and figure 2) increases the operational validity of RBV and enables managerial efforts in building VRIN resources. This is in response to the arguments: RBV lacks operational validity (Priem and Butler 2001) and RBV does not explain how a managerial effort creates VRIN resources (Connor 2002). However, a firm's abilities to acquire, maintain and deploy the right capabilities are key parameters that deter-

mine long-term survival and success in a turbulent business environment (Helfat and Winter 2011).

LIMITATIONS AND FUTURE RESEARCH

The research only makes a mark on the importance of aligning resource choice and operations decision and the concept of competitively distinct operations has only partially been introduced to answer the question how a firm can gain and sustain superior business performance. Yet many critical questions are to be explored on the interactions of firm's resource choice and operations decision, and the design of competitively distinct operations. In this context, the paper considered only a few key elements: cost of operations, opportunity cost, cost of resources and possible output, therefore future research could explore additional antecedent and moderating factors. Accordingly, the research does not claim universality of the presented concept of superior and sustainable business performance, but rather suggests further longitudinal and detailed case studies of successful firms as well as companies, which are declining or losing market share. This could not only support and validate the conferred model but also lead to profound managerial implications. Similarly, it would be interesting to investigate the role of competitively distinct operations on firm performance considering turbulent business environment, speed of decision-making, performance measurement and the firm's life cycle.

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WHICH ONE TO CHOOSE MULTI FOCUS OR TRADE-OFF AMONG COMPETITIVE PRIORITIES? EVIDENCE FROM FINNISH SMEs

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ABSTRACT

This paper examines the relationship between business environment, competitiveness and firm performance considering a survey data from three consecutive years: 2013–2015. The comparative analysis showed that over these years business environment, competitiveness and firm performance of Finnish SMEs are slowly deteriorating. Results from correlation analysis revealed that business environment, competitiveness and firm performance are positively correlated. However, the relationships between these variables are not consistent in respect to competitive priorities indicating a dynamic nature of cost, quality, time, and flexibility dimensions. Besides these findings our analysis acknowledged that to improve firm performance, irrespective to the choice of competitive priority, SMEs should pay more attention to their competitiveness rather than blaming the business environment. The paper concludes that simultaneous use of competitive priority dimensions might be more favorable as a source of competitiveness and competitive advantage to improve firm performance. However, the managers are encouraged to compare the results, findings and concepts presented in this paper among themselves and comprehend the specific answer to the question posed in the title.

KEYWORDS

business environment, competitiveness, firm performance, competitive priority, sustainable competitive advantage.

Introduction

Literature in operations strategy has emphasized business environment and competitiveness as a prime suspect of firm performance. Here, business environment refers to the external business uncertainty [1] meaning how private investor and business developer perceive business environment for investment and business development while competitiveness refers to the ability of a firm to gain better sales and market share, lower cost, higher productivity and profitability [2] in comparison to its competitors. To remain competitive, survive and grow in a rapidly changing environment, a firm needs to be adaptive to the environmental change [3, 4]. According to [5] a firm can

adapt to the changing business environment through strategic change. In business practices the strategic changes are highly influenced by competitive priorities namely cost, quality, time and flexibility. Irrespective of the business environment a firm competes in the market place through competitiveness which is assumed to be gained either through trade-off between the dimensions of competitive priority or through cumulative use of competitive priority dimensions. Here, we define cumulative use as *to enhance multiple capabilities concurrently* [6, pp. 12] in other words simultaneous use of competitive dimensions i.e. multi focus competitive strategy. Both thoughts are equally emphasized in literature [e.g. 6–10]. Also, literature on strategy has emphasized com-

petitive priority not only as a source of competitive advantage [11] but also as an effective tool in managing rapidly changing business environments [7]. Business environment, competitiveness, competitive priority, and firm performance are therefore interesting to business practitioner and academic researcher. Previous empirical findings have also revealed links between business environment and firm performance and claimed that the choice of competitive priorities significantly affects business performance [12–15]. Questions like: Does the relationship between business environment, competitiveness and firm performance vary with the choice of competitive priority? and – How does the competitive priority over time impact the relationship between business environment, competitiveness and firm performance? has however been given limited importance in current literature. In addition we argue that cumulative use of cost, quality, time, and flexibility dimensions is more favorable as a source of competitiveness and competitive advantage to improve firm performance. According to [16] the relationship between competitive priorities and firm performance can be better understood by considering longitudinal data; also the competitive priorities (cost, quality and time) are multidimensional construct and shows complex dynamic hierarchy over time [17]. Therefore, in this study, we examine the relationship between business environment, competitiveness and firm performance in the context of competitive priority considering survey data from 2013–2015.

The objectives of this exploratory study are: to identify the relationship between business environment, competitiveness and firm performance, and to identify the hierarchy of importance between competitiveness and business environment for improving firm performance. For the purpose perceptual data collected by Collector Bank Ab (a credit company, formerly known as Collector Finland Oy) from Finnish SMEs are considered in this research. Also this research believes that managers' perceptions are sufficient indicators to investigate the relationship between business environment, competitiveness and firm performance and hence to understand the impact of competitive priority over time in the relationship between these variables. This research aims to contribute the literature in operations strategy and shed light on the importance of business environment and competitiveness on firm's performance. Also the research aims to provide guidelines for managers in reviewing and selecting competitive priority in regards to changing business environment in order to improve firm's competitiveness and performance. The paper specifically tries to answer the question

raised in the title; however, the managers are encouraged to compare the results, findings and concepts presented in this paper among themselves and comprehend specific answer to the question posed in the title.

Literature review and hypothesis

The basic model of this research is presented in Fig. 1, which illustrates the relationship between business environment, competitiveness and firm performance.

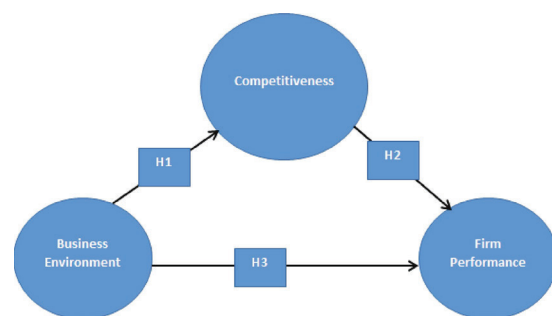


Fig. 1. Research concept.

In this model business environment is linked to competitiveness and firm performance. We hypothesize that business environment is positively linked to firms' competitiveness and realized firm performance. Likewise, we also hypothesize that firms' competitiveness is positively linked to firm performance. The concepts included in this research (Fig. 1, above) are discussed in detail as follows:

Business environment and competitiveness

In the literature competitiveness has been defined at three different levels: firm, industry, and national or regional level [18]. Competitiveness at firm level is the ability of a firm to design, produce and market its products at a competitive price and quality in comparison to its competitors with reasonable profit [19]. Industrial competitiveness can be defined as the overall performance of a firm in comparison to its competitors within the industry [20, 21]. Similarly, national competitiveness can be defined as a nation's capability to maintain an advantageous position in the global market in the long run by means of key industrial area [22]. According to [23, p. 58] *competitiveness is relative and not absolute. It depends on shareholder and customer values, financial strength which determines the ability to act and react within the competitive environment and the potential of people and technology in implementing the*

necessary strategic changes. Competitiveness is not only growth or economic performance but should also consider factors like business environment, quality of life, technology, and knowledge. The above mentioned factors have been termed *soft factors* of competitiveness by [18].

Following these definitions of competitiveness it is imperative that competitiveness and business environment are complementary to each other. Consequently, theories like resource based view and institutional theory asserts that business environment and competitiveness are interdependent. After all it is resources and capabilities that help to maintain differentiation in market and determine competitive positions and competitiveness. According to [24] resources, market conditions, and industry network influence competitiveness. According to [22] demand conditions, factor input conditions, firm's strategic context and related industries constitute the micro-economic business environment which ultimately affects productivity that determines competitiveness. Innovation, knowledge and conditions of the business environment are related to competitiveness [25].

Due to the changing nature of the business environment companies are forced to change their competitive capabilities. Quality has for example become more important than cost and economies of scale has shifted to economies of scope [26]. Firms' internal resources are however in many cases insufficient to meet the needs of changing business environments and exploit new opportunities. Under such circumstances competing and cooperating relationships among firms is important to improve competitiveness [24]. According to [27] in complex and uncertain environments innovation capability enhances competitiveness. In comparison to large firms SMEs are more affected by the external environments which influence their competitiveness [28]. The theoretical arguments discussed above strongly suggest a positive influence of business environment on a firm's competitiveness. Based on this discussion we propose the following hypothesis:

H1: Business environment is positively related to competitiveness

Competitiveness and firm performance

The resource based view of the firm has emphasized that sustainable competitive advantage is the result of resources and organizational capabilities that are valuable, rare, inimitable and non-substitutable [29]. Such resources and organizational capabilities not only make firms operations efficient [30] but they also make a firm competitive in the market. Therefore, the relationship between firms'

competitiveness and firm performance has been examined in terms of different organizational capabilities as for example: knowledge management [31, 32], use of modern technology, innovation capability [33, 34], organizational learning [35], marketing capability [36], and many more. According to [22] a firm can improve its organizational performance and consequently its competitiveness either through low cost or differentiated products. All these different views on sources of competitiveness not only indicate that competitiveness is a multidimensional construct but also show that the majority of researches dealing with the impact of competitiveness on firm performance are indirectly expressed in the literature. Furthermore, a large body of literature has shown that organizational capabilities enhance a firm's competitiveness which has significant influence on firm performance [e.g. 37-39]. According to [40] innovative use of cross-functional teams leads to better operational performance. There are also extents of literature that show mixed results; for example in their study [41] found that innovation was weakly linked to sales. In a similar manner, [42] found no relationship between information technology capability and firm performance; according to the authors similar studies in previous years have obtained a positive link between information technology and firm performance. Thus it is reasonable to say that different resources and capabilities signify the competitiveness which ultimately defines firm performance. According to [43] competitive price, wide product range, better distribution and marketing are the key terms to define competitiveness. However, competitiveness is a means through which a firm can improve its performance. Based on this discussion we propose the following hypothesis:

H2: Competitiveness is positively related to firm performance.

Business environment and firm performance

In the literature business environment has been defined in various forms for example [44] defines business environment as managerial perception of decision making and defining firm's objective where information flows from business environment while [45] defines business environment as social and physical factors which needs to be taken into account in decision making. However, firms are environment dependent and serve the environment within which they operate [46, 47]. This means that the strategic process adopted by a firm is determined by the nature of the firm's operating environment [48] and performance is the result of the interaction between a firm and its operating environment [49]. Literature

in the school of contingency management has emphasized the role of business environment on firm performance [e.g. 50–53]. Likewise, some authors have argued that a firm with better environmental fit shows higher performance in comparison to firms with lower environmental fit [54, 55]. Here, environmental fit is intended to convey a sense of matching between a firm and the business environment [56]. However, firms operating in the same business environment and within the same industry may perceive identical environments differently [55]. Because of this difference in environmental perception individual firms react differently and show different adaptive patterns [3] and subsequent performance. In other words, business environment and strategy adoption are linked to firm performance and has been one of the core research topics in strategic literature [57]. At the same time the effectiveness of a strategy adopted by a firm depends on characteristics of the business environment [58]. Hence, to survive, compete and grow a firm needs to align itself with the changing environment [3, 4] because business environment influences strategic choice and affect firm performance. Also this view is supported by [59] and says earning of long term profits are inherent in external environment. This indicates that business environment is an important antecedent of firm performance. Therefore, we hypothesize that:

H3: Business environment is positively related to firm performance.

Methodology

Measures

The survey questionnaire contained 27 items. However, we limited ourselves to items directly related to the scope of this research. This research did not consider the traditional indicators of competitiveness (e.g. growth rate, innovation, market share, technology etc.), business environment (complexity, dynamism, munificence) and firm performance (e.g. return on assets, return on investment, profit margin, net profit etc.). However, the considered indicator for each variable encapsulates how the evolutions of traditional indicators are perceived by survey respondent. All constructs were measured on five point Likert scale i.e. 1= strongly disagree to 5= strongly agree. The reliability coefficient Cronbach alpha found to be 0.780 (2013), 0.797 (2014), and 0.812 (2015) thus provides the satisfactory level of reliability. In a similar manner the competitive priorities (cost, quality, time, and flexibility) were measured with the question: -What is the most important factor of success in your field / of the competitive ad-

vantage generated? And the respondents were asked to choose the best match according to their strategic focus. This is because the strategic weight given by a firm to a competitive priority not only reflects the degree of emphasis provided to either of the competitive priorities [12] but also the strategic orientation [60]. The different measures considered for this research are as outlined below:

Competitiveness

In literature there exist a number of variables to measure competitiveness as for example: productivity, financial performance and non-financial performance. According to [61] productivity and competitiveness has often been wrongly interpreted in literature and used interchangeably. The authors provide a clear distinction between these two terms and say that productivity is the firm's internal capacity while competitiveness represents the position of a firm in respect to its competitors. Referring to the European Management Forum 1984 [62, p. 176] *defines competitiveness as the immediate and future ability of, and opportunities for, entrepreneurs to design, produce and market goods worldwide whose price and non-price qualities form a more attractive package than those of foreign and domestic competitors*. Competitiveness is a resource intensive process which makes it difficult to measure [63], also competitiveness cannot be measured through single measure [62]. Therefore, instead of using commonly used financial and non-financial measures of competitiveness in the survey we asked respondent to express their perception on firm competitiveness in general. For the purpose of this paper we considered the following measures in capturing the firm level competitiveness.

- How do you perceive your competitiveness?
- How has your competitiveness changed in the last five years?
- How do you expect your competitiveness to change in the following year?

Business environment

In [13] authors has emphasized the importance of perceived business environment; according to the authors strategic behavior of a firm is influenced by managerial perception of the business environment. Likewise, [1] also has highlighted the importance of perceived business environment in investment decisions. Following this argument, we measured business environment through managerial perception. The different measures of business environment considered in this research are as follows:

- How do you perceive the business environment for SMEs in Finland?

- How has the business environment changed in the last five years?
- How do you expect the business environment to change in the following year?

Firm performance

Firm performance can be measured either through financial or non-financial measures. However, performance measures like return on investment, profit margin, sales and market share are not appropriate in comparing inter-firm performance due to different firm sizes and accounting principles. Therefore, self-perceived firm performance better reflects firm performance [64]. Hence, in this study instead of following traditional financial and non-financial measures of firm performance we measure firm performance through managerial perception. The different measures of firm performance considered in this research are as follows:

- How is your company’s financial situation at the moment?
- How has your company’s financial situation changed in the last few years?
- How do you expect your financial situation to change in the following year?

Sample and data collection

Finnish SMEs are the source of primary data for this research. The data has been collected by the credit company Collector Bank Ab in the first half of each year during the time period 2013–2015 through online survey. The questionnaires were developed by Collector Bank Ab themselves and include considerable details on the features of business environment, competitiveness and firm performance. The survey participants have been varying each year; 467 compa-

nies participated in online survey in 2013, 596 companies in 2014, and 171 companies in 2015. However, 21 respondents in 2013 and 13 respondents in 2014 did not mention their competitive priorities so these respondents were not included in the analysis. Similarly, in the year 2015 survey 68 respondent selected more than one variable as their competitive priority. The responses from these respondents were analyzed to support the argument that cumulative use of cost, quality, time, and flexibility dimensions is more favorable as a source of competitiveness and competitive advantage to improve firm performance. Hence, to gain and sustain competitiveness and competitive advantage. The Fig. 2 below summarizes the participation of respondents according to their position in the company and the company’s turnover. This survey does not represent an adequate number of respondents considering the entire population of SMEs in Finland; however, this research believes that the obtained response number is enough for exploratory analysis of business environment, competitiveness and performance of SMEs in Finland.

Method of analysis

The study used SPSS software to analyze the data obtained from the survey. The data was mainly analyzed in two forms. First, a cross comparison between the data from 2013–2015 was made for general analysis. Second, a widely accepted Pearson correlation test was carried out to verify the proposed relationship between business environment, competitiveness and firm performance. In addition, the survey data was divided into the four groups: cost, quality, time and flexibility which were analyzed through Pearson correlation test in order to answer the research question and meet the research objectives.

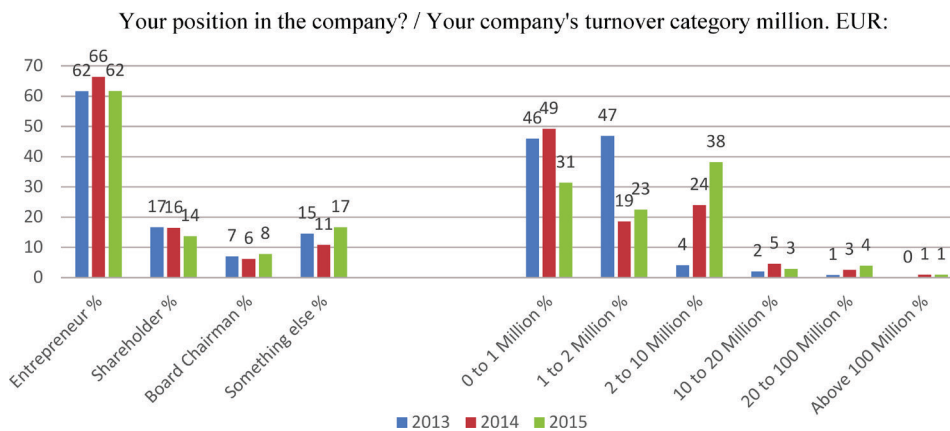


Fig. 2. Participation of respondents according to their position and the company’s turnover.

Results and findings

Comparative analysis: Year 2013–2015

The Table 1 below summarizes the strategic focus of Finnish SMEs during the year 2013–2015. Here, strategic focus represents the strategic priority given to either dimensions of cost, quality, time, and flexibility. As shown in Table 1, quality remained the most common competitive priority in the years 2013–2015, followed by cost, flexibility and finally time. Emphasis on cost increased in 2015 while emphasis on time saw a decrease following 2013.

Table 1
Strategic focus of Finnish SMEs: 2013–2015.

Competitive priorities	2013	2014	2015
Q [%]	52.6	56.6	49.4
C [%]	32.4	32.1	39.2
T [%]	15.0	11.2	11.4
F [%]	23.8	23.7	22.5

In the similar manner, respondents were more inclined to evaluate the current business environment as poor or very poor and less inclined to evaluate it as good in 2015 than they were in the two preceding years. Time and flexibility focused firms had the most positive outlook on the business environment. In regards to the change in the business environment, in the last five years, the most common answer in all three years (2013–2015), irrespective of the competitive priority, was that the business environment had worsened slightly. Expectations regarding the future change in the business environment remained fairly unchanged during the time period; most respondents expected the business environment to stay the same or undergo slight changes. Cost focused firms had the least positive outlook on the future state of the business environment throughout the time period.

The competitiveness of Finnish SMEs had likewise declined in the years 2013–2015; more respondents chose the answer fair and fewer claimed that their competitiveness was good in 2015. Cost focused firms were the least inclined to perceive their competitiveness as good. A slight overall deterioration was also discernible for the change in competitiveness during the last few years. Expectations regarding the future change in the competitiveness remained fairly unchanged during the time period; about half of respondents expected their own competitiveness to

stay the same during the following year while around 30 percent expected it to improve slightly.

The financial situation of Finnish SMEs had similarly deteriorated during the researched time period; more respondents claimed that their financial situation was weak, fair or satisfactory in 2015 while fewer claimed it was good or excellent. Developments in the financial situations of Finnish SMEs were also increasingly negative irrespective of the competitive priorities. The respondents expected their financial situation to continue developing in the same manner in the following years as it had in the last few years.

From this follows that out of the competitive priorities, time focused firms' had an in general over average performance throughout the time period 2013–2015 while cost focused firms' performance was the weakest. Quality focused firms placed in the middle performance wise alongside flexibility focused firms.

Correlation analysis

The calculated values of Pearson correlation, level of significance with sample numbers are presented in the Tables 2, 3, and 4. The correlation results presented in Tables 2, 3, and 4 is irrespective to competitive priorities. This means the sample represents the entire respondent either they choose cost, quality, time, flexibility or a combination of these. In order to make comparative analysis on the relationship between business environment, competitiveness, and firm performance the correlation between these variables were calculated on yearly basis.

The correlation test results in Tables 2, 3, and 4 shows positive and significant relationship between business environment, competitiveness, and firm performance over the years 2013–2015. Comparing the value of Pearson correlation (Tables 2, 3, and 4) shows that throughout the years 2013–2015, H1 (Business environment and competitiveness) is the most significant, the values of Pearson correlation was found to be 0.577, 0.558, and 0.535 during years 2013, 2014, and 2015 respectively. Likewise, H3 (Business environment and Firm performance) is the least significant while H2 (competitiveness and firm performance) remain in the middle, throughout the years 2013–2015 (see Tables 2, 3, and 4). This suggests that to improve firm performance, irrespective to the choice of competitive priority, SMEs should pay more attention to their competitiveness rather than blaming the business environment.

Table 2
Correlation analysis (irrespective to competitive priorities): 2013.

Variables		Firm performance	Business Environment	Competitiveness
Firm performance	Pearson correlation	1		
	Sig. (2-tailed)	–		
	N	446		
Business Environment	Pearson correlation	.363**	1	
	Sig. (2-tailed)	.000	–	
	N	446	446	
Competitiveness	Pearson correlation	.487**	.577**	1
	Sig. (2-tailed)	.000	.000	–
	N	446	446	446

** Correlation is significant at the 0.01 level (2-tailed).

Table 3
Correlation analysis (irrespective to competitive priorities): 2014.

Variables		Firm performance	Business Environment	Competitiveness
Firm performance	Pearson correlation	1		
	Sig. (2-tailed)	–		
	N	583		
Business Environment	Pearson correlation	.415**	1	
	Sig. (2-tailed)	.000	–	
	N	583	583	
Competitiveness	Pearson correlation	.533**	.558**	1
	Sig. (2-tailed)	.000	.000	–
	N	583	583	583

** Correlation is significant at the 0.01 level (2-tailed).

Table 4
Correlation analysis (irrespective to competitive priorities): 2015.

Variables		Firm performance	Business Environment	Competitiveness
Firm performance	Pearson correlation	1		
	Sig. (2-tailed)	–		
	N	102		
Business Environment	Pearson correlation	.372**	1	
	Sig. (2-tailed)	.000	–	
	N	102	102	
Competitiveness	Pearson correlation	.532**	.535**	1
	Sig. (2-tailed)	.000	.000	–
	N	102	102	102

** Correlation is significant at the 0.01 level (2-tailed).

The Table 5 below represents values of Pearson correlation according to competitive priorities i.e. cost, quality, time, and flexibility over the years 2013–2015. Here the respondents are first categorized on the basis of competitive priority before calculating correlation between business environment, competitiveness, and firm performance over the years 2013–2015. The results presented in Table 5 below shows that the relationships between these variables are inconclusive in respect to competitive priorities.

Comparing the value of Pearson correlation (table 5), it shows that throughout the years 2013–2015, some of the hypotheses are fully supported while others are partially supported and even some of the hypotheses are rejected. H1, H2, and H3 are for instance rejected in case of time focused firms in 2015 with $r = 0.457$, $r = 0.295$, and $r = -0.066$ respectively. Similarly, H3 is rejected in case of cost focused firm in 2015 with $r = 0.178$ and time focused firm in 2014 with $r = 0.136$. Also the result shows that

there is a notable fluctuation in the value of Pearson correlation showing significant differences in the levels of correlation between business environment, competitiveness and firm performance. The correlation analysis presented in Table 5 indicates that competitive priorities are dynamic in nature. Therefore, focusing on a single competitive priority may not be favorable for sustaining competitiveness.

In the similar manner, Table 6 below shows the correlation analysis of multi focused firms in 2015. Here, multi focus represents the respondent who selected more than one competitive priority as their main focus. During the year 2015 there were 68 respondents who claimed that they focus on different competitive priorities simultaneously however during the years 2013 and 2014 none of the respondent claim for multi focus competitive priorities. These 68 respondents from the survey of 2015 are considered as multi focus group in calculating the values of Pearson correlation between business environment, competitiveness, and firm performance.

The results (Table 6) indicate that all respective relationships (H1-H3) under multi focused competitive priority are positively significant. The multi-focused group is further explored through four different angles; cost, quality, time and flexibility. The correlation values of each angle are calculated and then compared according to their respective hypothesis. The Table 7 below shows the results of correlation analysis in regards to different combination of competitive priority as indicated by respondent. As for example, combination with cost means cost is common with quality, time, and flexibility while combination without cost means cost is excluded in either combination of quality, time, and flexibility. And the different category (i.e. combination with quality, combination without quality, combination with time, combination without time, combination with flexibility, combination without flexibility) presented in Table 7 follows the same pattern. All together there were eight different combinations as shown in Table 7.

Table 5
Correlation analysis (with respect to competitive priority): 2013–2015.

	Pearson correlation											
	2013				2014				2015			
	Cost	Quality	Time	Flexibility	Cost	Quality	Time	Flexibility	Cost	Quality	Time	Flexibility
H1 (BE-C)	0.474** N = 110	0.454** N = 179	0.512** N = 51	0.439** N = 106	0.529** N = 143	0.518** N = 252	0.528** N = 50	0.483** N = 138	0.435* N = 31	0.490** N = 39	0.457 N = 9	0.647* N = 23
H2 (C-FP)	0.580** N = 110	0.531** N = 179	0.570** N = 51	0.515** N = 106	0.556** N = 143	0.612** N = 252	0.362** N = 50	0.367** N = 138	0.782** N = 31	0.466** N = 39	0.295 N = 9	0.368 N = 23
H3 (BE-FP)	0.178 N = 102	0.328* N = 179	0.375** N = 51	0.450** N = 106	0.406** N = 143	0.439** N = 252	0.136 N = 50	0.352** N = 138	0.573** N = 31	0.212 N = 39	-.066 N = 9	0.437* N = 23

*. Correlation is significant at the 0.05 level (2-tailed). **. Correlation is significant at the 0.01 level (2-tailed).

BE = Business environment, C = Competitiveness, FP = Firm performance

Table 6
Correlation analysis (with respect to multi focus competitive priorities): 2015.

Variables		Firm performance	Business Environment	Competitiveness
Firm performance	Pearson correlation	1		
	Sig. (2-tailed)	–		
	N	68		
Business Environment	Pearson correlation	.395**	1	
	Sig. (2-tailed)	.001	–	
	N	68	68	
Competitiveness	Pearson correlation	.445**	.427**	1
	Sig. (2-tailed)	.000	.000	–
	N	68	68	68

**. Correlation is significant at the 0.01 level (2-tailed).

Table 7
Correlation analysis (based on multi-focused competitive priority with different combination): 2015.

	Pearson correlation					
	H ₁ (BE – C)		H ₂ (C – FP)		H ₃ (BE – FP)	
	r	N	r	N	r	N
Combination with cost	.360*	31	.562**	31	.399*	31
Combination without cost	.670**	36	.602**	36	.535**	36
Combination with quality	.629**	53	.581**	53	.526**	53
Combination without quality	0.27	14	.731**	14	0.43	14
Combination with time	.577**	31	.591**	31	.516**	31
Combination without time	.504**	36	.632**	36	.408*	36
Combination with flexibility	.501**	52	.562**	52	.437**	52
Combination without flexibility	.696**	15	.753**	15	.643**	15

*. Correlation is significant at the 0.05 level (2-tailed).

**.. Correlation is significant at the 0.01 level (2-tailed).

BE = Business environment, C = Competitiveness, FP = Firm performance

The result indicates that nearly all respective relationships under multi-focused competitive priority are positively significant (see Table 7) and also in majority their correlation values are greater than those who chose single-focused competitive priority (see Table 5 and Table 7). This suggests that multi-focused competitive priority is a potential contributing factor to improve overall internal as well as external performance of a firm.

Discussion and conclusions

The result from the study showed that the business environment, competitiveness and firm performance of Finnish SMEs are slowly deteriorating over the years 2013–2015. However, the respondents were hopeful regarding the future development throughout the researched time period. Likewise, the correlation test results showed positive and significant relationships between business environment, competitiveness and firm performance. However, comparing the value of Pearson correlation (Tables 2, 3, and 4) it showed that throughout the years 2013–2015, H1 (business environment and competitiveness) was the most significant and H3 (business environment and Firm performance) was the least significant while H2 (competitiveness and firm performance) remained in the middle. This implies that in order to improve firm performance one should stop blaming the business environment and instead put more emphasis on competitiveness.

The strategic management literature has highlighted that gaining and sustaining competitive advantage requires a firm to change its strategies according to the nature of changing business environments [5]. This means that to gain and sustain com-

petitive advantage a firm should be able to set their strategic priorities in such a way that it allows the firms to differentiate itself from competitors in the marketplace on a continuous basis. According to [65] cost, quality, time, and flexibility are the key priorities through which a firm competes and differentiate itself in the market. Some authors have found the support for trade-off between competitive priorities [e.g. 6] while others have argued for multi focus [e.g. 9, 10]. Reviewing the two decades of empirical research in operations strategy [66] argues against the trade-off model and says on average manufacturers do not claim that they have experienced trade-off among competitive priorities. In this context, our study reveals that the relationships between business environment, competitiveness and firm performance are inconclusive in respect to competitive priorities and time (Table 5); correlation analysis with respect to competitive priorities shows a significant difference in the value of correlation and the level of significance. Not all the proposed hypotheses are accepted in respect to competitive priorities (see Table 5) indicating a dynamic nature of cost, quality, time, and flexibility dimensions. Furthermore, in 2015, 40% of survey respondents selected more than one variable as their competitive priority. In a similar manner comparing the correlation analysis presented in Table 5 and Table 6 shows that the correlation between business environment, competitiveness and firm performance are more significant in case of multi focus competitive priority than in case of single focus competitive priority. Therefore, it is reasonable to say that the survey results and the correlation analysis (Tables 5, 6 and 7) support the notion that cumulative use of competitive priority dimensions might be a more favorable source of competitiveness, competitive advantage and consequently improve firm perfor-

mance, than a trade-off between the competitive priorities. In other words, operations strategy needs to be multi focused i.e. the combination of competitive priorities needs to be changed in the time rolling basis. In the previous study [67] and [68] also found support for combination of competitive priorities; they pointed out the common possibility of manufacturing companies to simultaneously emphasize different competitive priority, especially those who are lacking of capability to compete within one competitive priority and whose main competitor has been more mature and resourceful.

The study was limited to customers of credit company Collector Bank Ab and does not represent an adequate number considering the entire population of SMEs in Finland. However, this research believes that the obtained response number is enough for general analysis of business environment, competitiveness and performance of SMEs in Finland. Considering these limitations, we recommend future research to be carried out on larger sample sizes. A comparative study among similar countries (e.g. Scandinavian) would also shed further lights in generalizing the result and findings.

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DOES COMPETITIVELY DISTINCT OPERATION ENABLE PERFORMANCE IN TURBULENT BUSINESS ENVIRONMENT? A STUDY ON FINNISH SMEs

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ABSTRACT

Aligning resource choice and operations decision in the value chain (input-process-output) is one of the most important functions of a firm not only to make its operations to be competitively distinct but also very important for the firm's growth and survival. However, the role of competitively distinct operations in maintaining better performance in dynamic and changing business environment has remained unclear. Therefore, this paper examined the relationship between competitively distinct operations, high efficiency operations and operational performance (research model one). In the similar manner the relationship between turbulent business environments, operational performance and financial performance were also examined (research model two). The study was conducted considering survey responses from 61 small and medium size enterprises from Finland. Correlation test and structural path modelling was used to test and validate the proposed hypothesis and research model. The results showed that competitively distinct operation enables high efficiency operations, which influences operational performance positively and significantly. In the similar manner, operational performance influences financial performance positively and significantly. Likewise, turbulent business environment was found to have a negative impact on operational and financial performance. The research findings are found to be adequate enough to highlight the importance of aligning resource choice and operations decisions in reducing the impact of turbulent business environment on organizational performance.

KEYWORDS

competitively distinct operations, high efficiency operations, turbulent business environment, operational performance, financial performance.

Introduction

The significant technological advancements, globalization of companies, increased product and service innovation, and rapidly changing consumer needs not only provides the opportunities, but also are the source of turbulence in a business environment. Either to compete in the market place or to meet the needs of the rapidly changing business environment, companies are facing more challenges than ever before, especially small and medium size enterprises. Firm's strategies are influenced by managerial perception of business environment which has significant

impact on firm performance [1]. Therefore, in rapidly changing business environment, firms are forced to continuously integrate resource choice and operations decisions not only to survive and compete but also to maintain the desired level of performance. According to [2] alignment between strategies and capabilities is necessary to compete successfully. Referring to resource based view of the firm [3] says sustainability of competitive advantage in a rapidly changing business environment depends on the firm's capability to reconfigure and redeploy resources. This indicates that better the fit between changing business environment, resource choice, and operations

decision better the firm performance. Therefore, this paper argues that environmental turbulence and firm's capabilities are the key determinants of firm performance. Here, environmental turbulence is defined as the conditions when available information, knowledge and experiences are not sufficient or do not allow decision making or predicting the future outcome of an event, as for example investment decisions [4]. Likewise, firm's capability is defined as the firm's ability to align resource choice and operations decision in the value chain (input-process-output).

Given the ever changing nature of business environment there is continuous demand of dynamic decision support system that could integrate resource choice and operations decision simultaneously. In this context, basing on theoretical considerations supported by an example from Walmart [5] has proposed a "*Decision framework for efficient resource choice and operations decision: Design of competitively distinct operations*" and argued that competitively distinct operations (CDO) have positive impacts on firm performance. Here, CDO means the operations decision based on optimal balance between resource choices and operations decisions gained through cost-benefit analysis [5]. The proposed study goes one step further from theoretical considerations to empirical testing and assesses the relationship between CDO, high efficiency operations, and operational performance. Furthermore, the study also seeks to assess the impact of environmental turbulence on operational and financial performance. The result and finding contribute to the existing discussion on the ways of mitigating the impact of changing business environment on organizational performance, thus bridging the gap between theory and practice, and finally aims to open doors for future research.

Literature review

Competitively distinct operations

Operational decisions are the strategic approach that helps to determine the best possible way in utilizing the available resources. Likewise, resource allocation is a move towards optimization of opposing objectives that share common resources [6] and plays an important role in the performance outcome of an organization [7]. Through the example of process industries [8] says optimal resource allocation and lean operations helps to reduce the production cost. In business practices, resource choice and operation decisions are mutually inclusive events where operations and operational routine drives the resources towards organizational goal. Therefore, in order to

have better and consistent performance and to maximize the utility of available resources, there must be a logical and coherent relationship between resource choice and operations decision, especially during the turbulent business environment. In the similar manner, operations can be defined as the act of gaining higher customer satisfaction and net profit while reducing waste, cycle time, capital investment and operating cost [9]. In fact operations add value and convert inputs, i.e. resources into desired output, i.e. goods or services [10], hence, the effectiveness of a firm lies in the operationalization of resources i.e. how resources are perceived and deployed. According to [11] economic performance of a firm is affected by operational routine, resources and competencies. Likewise, operations alone hold 60–80 percent of direct expenses, an obstruction to the firm's performance [12]. In other words, operations guarantee better performance through available resources. Therefore, a strong control over cost related to operations is one of the accepted traits of successful business [13]. This means the process of resource coordination, configuration, utilization and deployment needs to be unique, cost efficient, and result-oriented. Through a proper alignment between resource choice and operation decision an organization can optimize its resources, increase system reliability and finally experience a better performance. According to [14:521] it is important for firms "*to scan the environment, to evaluate markets and competitors, and quickly accomplish reconfiguration and transformation ahead of competition*". This view is supported by [5] and says a proper alignment between resource choice and operations decision not only allows a firm to reconfigure the present concentration of resources and increase the performance of the weak operations, but also helps an organization to narrow down and find the areas to focus for better performance. For an efficient resource choice and operations decisions [5] has proposed the concept of competitively distinct operations (CDO) that helps not only to identify the best possible combination of resource choice and operations decisions, but also allows for constant alignment between resource choice and operations decision, and finally makes firm's operations to be competitively distinct. Here, CDO is the result of a series of actions, in short, first identify the needs, examine the resource availability and define the firm's objectives, second, set the target goal, third, make a cost benefit analysis to select the right combination of resource choice and operations decisions, fourth, choose the best alternative, fifth implement the plan, and finally benchmark the results with targeted goals if necessary repeat the process.

Thus, CDO enables a firm with better abilities not only in predicting an event, but also to change itself from one mode of actions to another by aligning resources and operations decisions in the value chain (input-process-output). More specifically, competitively distinct operation shows the underlying difference between competing firms in terms of productivity, efficiency and profitability through high efficiency operations. However, organization projecting and anticipating environmental changes correctly should have higher performance [15].

High efficiency operations

Turbulent business environment is the result of market conditions, competitors' position and regulatory body [16]. In practice turbulence in the business environment is an extent or measure of resource transfer between different stakeholders. In order to make a balance in the mechanism of resource transfer business entities should make adjustments in resource choice and operation decisions. Also, to adopt the change and maintain the desired level of performance the rate of resource exchange needs to be balanced with the rate of change in internal and external environment. As the level of turbulent business environment increases, the firm must reconfigure its resource choice and operation decision to maintain the desired level of performance. The success of a firm during turbulent time depends on the effectiveness of allocation of available resources and its use in value creation. Therefore, in turbulent times CDO (see previous section) can be an effective approach not only in reconfiguring resource choice and operation decision but also in restoring firm's growth through high efficiency operations. Here, high efficiency operations are defined as the operational situation with clarity and reduced uncertainty gained through synchronization of dependent activities and direct communication of needs, which allows high controllability through efficient allocation of resources and low commitment [17]. According to [18] conceptualization of strategy, sharing of strategic responsibility within the firm and putting focus on organizational capabilities helps in dealing with environmental turbulence. Similarly, competence and resources plays a functional role in organizational success [19]. This is consistent with [20] who concluded that managerial planning and skills facilitate business success. Therefore, the managers of the performance oriented firm should be able to optimize resources & cost, should have a better operational situation, direct communication of needs so that better control can be achieved through resource choice and operations decision. Accordingly, it is reasonable to say that there must be a good fit

between resource choice and operations decisions to gain high efficiency operations, which finally enhance operational performance. On the other hand a poor fit might lead to low efficiency operations and finally low operational performance. Here, the low efficiency operations are defined as the operational situation with higher uncertainty gained through decoupling of dependent activities and accumulation of needs which results in low controllability because of inefficient allocation of resources and high commitment [17]. Given the same set of business environment, the organization with better resource choice [21], and operations decision will experiences less environmental uncertainty in comparison with organizations with poor resource choice and operations decision.

Turbulent business environment

Every organization carries out its activities in response to the changing business environment, i.e. the organization relay and serve the surrounding environment; this means the organizations are environmental dependent [22, 23]. Broadly, the organizational environment can be divided in two groups: first, external environment (social, political, technological and economic), and the second, internal environment (resources and capabilities), which has significant impact on the life and the development of an organization [24, 25]. In the literature turbulence in the business environment has been defined as an environment having a high level of interconnection between an organization and changes in the surrounding [26]. Similarly, [27] define environmental turbulence as a group measure of changeability and predictability of the operating environment of a firm. A similar view is proposed by [28] and defines environmental turbulence as the rate of unpredictability of changes occurring in the external business environment. Environmental turbulence is the result of complexity, dynamism and uncertainty [29]. However, turbulence in business environment refers to the conditions when available information, knowledge and experience is not sufficient or do not allow decision making or predicting the future outcome of the firm's operation. As a result the environment becomes more complex, organization may not be able to predict the results of their own actions [30]; organizational behavior and performance is constrained [31], also, there is a possibility that organization may lose stability in the market [32]. In the previous studies it has been found that turbulence in the business environment has negative impact on firm performance. For example: [33] found a negative relationship between environmental dynamism and firm performance. In the similar manner, [34] also found that Environmental turbulence

(munificence, hostility, dynamism and complexity) affects entrepreneurial orientation, which finally affects firm performance. According to [35] the capability gap experienced by a firm is higher in a turbulent business environment. Hence, a firm experiences low levels of performance during dynamic environment in comparison to a stable environment.

Research model and hypothesis

Based on the literature review following two research model are proposed for the present study. The first research model is concerned with competitively distinct operations, high efficiency operations, and operational performance while the second model is concerned with turbulent business environment, operational performance and financial performance.

The research model one (Fig. 1) illustrates that competitively distinct operations influences high efficiency operations, which finally influences firm's operational performance. It is suggested that CDO leads to HEO which then leads to operational performance. Therefore, to investigate the relationship between CDO, HEO and OP following two hypotheses are proposed.

Hypothesis one (H1): Competitively distinct operation has a positive and significant impact on high efficiency operations.

Hypothesis two (H2): High efficiency operation has a positive and significant impact on operational performance.

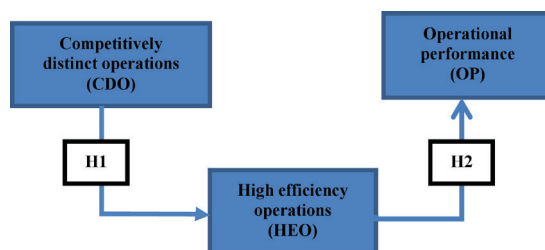


Fig. 1. Research model one.

The research model two (Fig. 2) illustrates that turbulent business environment influences firm's operational performance, which finally influences firm's financial performance. It is suggested that TE impacts firm's OP and OP impacts FP. In addition, it is also suggested that ET impacts firm's FP. Therefore, to investigate the relationship between ET, OP and FP following three hypotheses are proposed.

Hypothesis three (H3): Turbulent business environment has a negative and significant impact on firm's operational performance.

Hypothesis four (H4): Operational performance has a positive and significant impact on firm's financial performance.

Hypothesis five (H5): Turbulent business environment has a negative and significant impact on firm's financial performance.

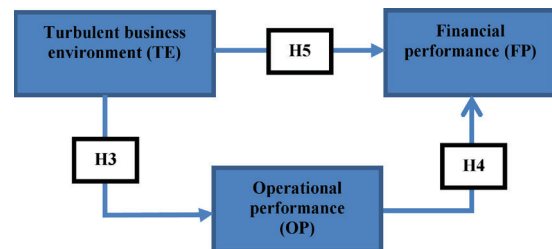


Fig. 2. Research model two.

Research methodology

Study population, sample and data collection

The data required for this study were collected from Finnish SMEs through an online survey. The sample was acquired from Orbis data base accessed through University of Vaasa's web portal. According to the requirement of the proposed study different criteria were used to select the companies. As for example company size, Finland, director/manager contact information. Emails starting with info, office, toimisto, opisto, and few more were deleted from the short listed emails. This was done to get the information directly from company director/manager and reduce the sample size. Likewise, personal emails (e.g. Gmail, Hotmail, Yahoo) were also removed from the list. Finally, random sampling method was used to select the 500 emails for the final survey. There were 61 (response rate 12.2%) respondents who participated in the online survey, representing 10 micro enterprises (1–9 employees), 33 small enterprises (10–49 employees), 17 medium size enterprises (50–249 employees) and one large enterprise (above 250 employees). Among these 61 respondents there were 9 managers, 23 directors, 28 owners and one person working in other positions in the company. In the similar manner, there were 5 primary (industry making use of natural resources and includes the agriculture, forestry and fishing, mining, and extraction of oil and gas sector), 13 secondary (industries using raw materials supplied by the primary sector), and 43 tertiary (industries involved in the service sector) sector of industries.

Data analysis

The collected data from the survey were analyzed through SmartPLS 2.0, a variance based structural equation (SEM) modeling using the partial least squares (PLS) method. The SmartPLS 2.0 was used because of a few reasons: (i) with small sample size PLS model exhibits more stable results [36], (ii) PLS modelling is especially suitable when the measures are new and have not been tested previously [37], (iii) PLS modelling offers less sensitivity to a smaller sample size and can be used for testing theory and the relationship between variables [38], and (iv) [39] suggested that PLS path modelling can be used to confirm the relevance of indicators with sample size as low as twenty; similarly [40] has illustrated low sample size requirement in path modelling by analyzing a data set of ten observations. Thus, basing on the sample size (61) considered in this research and suggestion from the previous studies, SmartPLS 2.0 found appropriate for data analysis. The data were analyzed in different stages, for instance: construct reliability and validity (convergent and discriminant), Pearson correlation, and finally, the acceptance or rejection of the proposed hypothesis was made through T-value.

Measurement and scale

Environmental turbulence, competitively distinct operations, high efficiency operations, operational performance and financial performance were the different latent variables used in this research. Likert scale ranging from 1 to 5 was used measure the respondent view for each item employed in the survey. The different measures considered in this research were as mentioned below.

Measures of turbulent business environment (ET)

In the literature, environmental turbulence has been measured in different ways, as for example: [41] measure environmental turbulence in terms of market turbulence, competitive intensity, and technological turbulence while [42] measures environmental turbulence in terms of dynamism, munificence, and complexity. However, turbulent business environment is the conditions when a firm is not able to predict and adopt the changes occurring in the business environment; it might be due to dynamism, complexity, technological change or competitive intensity. Therefore, the construct to measure turbulent business environment was mainly related to the capability to understand, predict and adopt the changes occurring in terms of competitor's move and

customer's requirement. Also, the construct were reverse coded, the reason for reverse coding can be explained with an example. Let's consider the first construct "*It is very easy to understand the competitors move*" one respondent strongly agrees, while the other respondent strongly disagrees with the statement. Basing on the posed definition of environmental turbulence first respondent is exposed to low level of environmental turbulence while second respondent is exposed to high level of environmental turbulence, so is with the other construct considered in the research. From the definition of environmental and the given example it is clear that "*1 = strongly disagree*" corresponds to high and "*5 = strongly agree*" corresponds to low level of environmental turbulence, therefore, all the construct of environmental turbulence was reverse coded.

In order to measure the turbulence in business environment, respondents were asked to answer the question: In the context of your organization, do you agree with the following statement? (1 = strongly disagree to 5 = strongly agree).

ET1. It is very easy to understand the competitors move (R) [33].

ET2. It is very easy to understand the customer and market requirement (R) [33].

ET3. We have always been able to predict the changes occurring in our market (R).

ET4. It has always been easy to adopt the changes occurring in the market (R).

Measures of competitively distinct operation (CDO)

Competitively distinct operation is the action plan based on optimal balance between resource choice and operation decision gained through cost-benefit analysis [5]. To make the operations to be competitively distinct a series of action needs to be followed, which are considered as the measures of competitively distinct operations, but these measures have not been considered for statistical analysis in previous studies. In order to measure the level of competitively distinct operation, respondents were asked to answer the question: In the context of your organization, what is the level of emphasis given to the following actions in making resource choice and operations decisions? (1 = no emphasis to 5 = strongly emphasized).

CDO1. Identification of internal and external needs.

CDO2. Examination of the available resources.

CDO3. Defining the firm's objectives.

CDO4. Setting the target/goal to accomplish.

CDO5. Consideration of cost of operations.

CDO6. Consideration of opportunity cost.

CDO7. Consideration of cost of resources.
CDO8. Consideration of possible output that could be generated.

Measures of high efficiency operations (HEO)

The measures of high efficiency operations considered in this research were adopted from [17], but these measures have not been considered for statistical analysis in previous studies. According to the author high efficiency operation is the operational situation with low uncertainty gained through synchronization of dependent activities, direct communication of needs, and efficient allocation of resources. Therefore, in order to measure the level of high efficiency operation, respondents were asked to answer the question: In the context to your organization, do you agree with the following statement? (1 = strongly disagree to 5 = strongly agree).

HEO1. We have synchronization of dependent activities.

HEO2. We have direct communication of needs.

HEO3. We have clarity in our operations and activities.

HEO4. We have an efficient allocation of resources.

Measures of operational performance (OP)

Operational performance reflects the better operationalization of firm resources; in practices it is quite difficult to measure the operational performance with a single measure. Therefore, the level of operating cost, competitive position, market share, and level of customer satisfaction has been assessed to measure the level of operational performance. In the survey, respondents were asked to answer the question: In the context of your organization, do you agree with the following statement? (1 = strongly disagree to 5 = strongly agree).

OP1. We have a reduction in operating cost.

OP2. We have effective value chain activities at a lower cost.

OP3. We have better competitive position in the market.

OP4. We have improvement in productivity.

OP5. We have increased in market share.

OP6. We have improvement in customer satisfaction.

Measures of financial performance (FP)

In the literature objectives measures of performance has been widely accepted to measure the financial performance of a firm. Considering the common practice of objective measures of financial performance following measures were adopted to measure financial performance.

FP1. Return on investment.

FP2. Return on assets.

FP3. Net profit.

Construct reliability

Widely accepted measure Cronbach's alpha was calculated to measure the internal consistency, here, internal consistency means the degree of interrelatedness of the construct. As a rule of thumb [43] proposes an acceptable value of Cronbach's alpha to be 0.70. The Table 1 below summarizes the calculated values of Cronbach's alpha, which shows that the value of Cronbach's alpha ranged from 0.70 to 0.92 providing the evidence for construct reliability.

Table 1
Results of Cronbach's alpha.

Latent variables	Cronbach's alpha
Competitively distinct operations (CDO)	0.81
High efficiency operations (HEO)	0.72
Operational performance (OP)	0.75
Environmental turbulence (ET)	0.70
Firm performance (FP)	0.92

Convergent and discriminant validity

According to [44] following three criteria needs to be maintained to establish the construct validity: First, the average variance (AVE) for each construct should be >0.50 ; this is the desired level of AVE which means the 50% of variance is captured by a construct in relation to the variance amount due to measurement error. However, in the literature AVE value of 0.42 and 0.43 has been accepted to establish convergent validity by [45:1247] and [46:430] respectively. This means AVE with value 0.42 can be accepted to establish the convergent validity. The calculated values of AVE are shown in the Table 2, which shows that all the values of AVE were found to be ≥ 0.42 . Hence, the measurement items of latent variables can be considered as valid construct.

Table 2
Results of composite reliability (CR) and average variance extracted (AVE).

	CR	AVE
Model one		
CDO	0.85	0.42
HEO	0.82	0.54
OP	0.82	0.44
Model two		
ET	0.80	0.50
FP	0.95	0.86
OP	0.82	0.44

Second, the value of composite reliability (CR) for each construct should be >0.7; the calculated values of CR ranged from 0.803 to 0.946 (see Table 2) suggesting that the indicators were reliable and valid measures of latent variables.

Third, all item factor loading should be significant and >0.70, however, [47:60] suggests 0.30 as the cutoff value for factor loading while [48:96] suggests 0.40 as the cutoff value for factor loading. In the similar manner [49] suggests all item factor loading should be >0.50 and significant. The calculated values of factor loading are shown in the Table 3 (research model one) and Table 4 (research model two), which shows that all the values of factor loading were significant and found to be greater than 0.50 (see Table 3 and 4). Also the factor loading for all construct was found to be higher than their cross loading suggesting that the item were a good indicator of the proposed latent variables.

Thus, based on the evidence from the existing literature and the calculated values of CR, AVE and factor loading (see Tables 2, 3 and 4), the convergent validity was established.

Furthermore, [44] suggested that to establish discriminant validity the square root of AVE of a construct should be > its correlation with other constructs. The calculated values of square root of AVE was found to be greater than its correlation with other construct (see Table 5 and 6), the numbers on the diagonal are the values of the square root of AVE. Thus the discriminant validity was established.

Table 3
Results of factor loading and cross loading (Model one).

Variables	CDO	HEO	OP	T-values	P-values
CDO1 ← CDO	0.56	0.46	0.36	3.71	0.000
CDO2 ← CDO	0.58	0.23	0.05	3.20	0.001
CDO3 ← CDO	0.74	0.48	0.38	5.59	0.000
CDO4 ← CDO	0.68	0.41	0.22	5.06	0.000
CDO5 ← CDO	0.69	0.32	0.07	3.92	0.000
CDO6 ← CDO	0.67	0.41	-0.01	4.51	0.000
CDO7 ← CDO	0.72	0.26	-0.02	4.23	0.000
CDO8 ← CDO	0.54	0.37	0.21	2.61	0.009
HEO1 ← HEO	0.53	0.72	0.45	6.42	0.000
HEO2 ← HEO	0.48	0.77	0.28	7.20	0.000
HEO3 ← HEO	0.40	0.76	0.42	7.08	0.000
HEO4 ← HEO	0.29	0.67	0.25	6.75	0.000
OP1 ← OP	0.10	0.23	0.70	5.19	0.000
OP2 ← OP	0.17	0.31	0.64	4.89	0.000
OP3 ← OP	0.15	0.23	0.60	3.24	0.001
OP4 ← OP	0.26	0.35	0.74	5.27	0.000
OP4 ← OP	0.18	0.22	0.57	2.64	0.009
OP4 ← OP	0.22	0.48	0.71	5.47	0.000

Table 4
Results of factor loading and cross loading (Model two).

Variables	ET	FP	OP	T-values	P-values
ET1 ← ET	0.58	-0.18	-0.06	3.21	0.001
ET2 ← ET	0.57	0.00	-0.18	3.36	0.001
ET3 ← ET	0.87	-0.43	-0.31	14.94	0.000
ET4 ← ET	0.78	-0.25	-0.30	7.35	0.000
FP1 ← FP	-0.33	0.95	0.54	60.10	0.000
FP2 ← FP	-0.36	0.96	0.50	75.57	0.000
FP3 ← FP	-0.39	0.86	0.45	18.08	0.000
OP1 ← OP	-0.14	0.16	0.63	3.42	0.001
OP2 ← OP	-0.22	0.32	0.61	3.31	0.001
OP3 ← OP	-0.20	0.33	0.68	5.88	0.000
OP4 ← OP	-0.08	0.46	0.72	4.41	0.000
OP5 ← OP	-0.34	0.47	0.72	8.42	0.000
OP6 ← OP	-0.31	0.24	0.61	3.72	0.000

Table 5
Results of latent variable correlations (Model one).

Latent variables	CDO	HEO	OP
CDO	0.65		
HEO	0.60	0.73	
OP	0.28	0.49	0.66

Table 6
Results of latent variable correlations (Model two).

Latent variables	ET	OP	FP
ET	0.71		
FP	-0.39	0.93	
OP	-0.34	0.54	0.66

Analytical results

Significance of the proposed hypothesis

The results from the SmartPLS 2.0 were examined to test the proposed hypothesis in research model one and two. The obtained results from the PLS structural model are presented in the following Table 7.

Table 7
Results of structural path in the model.

Hypothesis	Sign	PLS path coefficient (β)	T-value (T)	P-value (P)
Research model one				
CDO → HEO	+	0.60	7.10	0.000
HEO → OP	+	0.49	4.69	0.000
Research model two				
ET → FP	-	0.23	2.11	0.036
ET → OP	-	0.34	3.27	0.001
OP → FP	+	0.46	4.29	0.000

The results from the PLS structural model presented in Table 7 showed a positive and significant relationship between CDO and HEO with values $\beta = 0.60$, $T = 7.10$, $P = 0.000$, supporting the hypothesis one (H1). Also, the relationship between HEO and OP found to be positive and significant with values $\beta = 0.49$, $T = 4.69$, $P = 0.000$, supporting the hypothesis two (H2). Furthermore, the relationship between ET and FP was found to be negative and significant with values $\beta = 0.23$, $T = 2.11$, $P = 0.036$; supporting the hypothesis three (H3). The relationship between ET and OP found to be negative and significant with values $\beta = 0.34$, $T = 3.27$, $P = 0.001$, supporting the hypothesis four (H4). Similarly, the relationship between OP and FP found to be positive and significant with values $\beta = 0.46$, $T = 4.29$, $P = 0.000$; supporting hypothesis five (H5).

Interpreting the coefficient of determination (R^2)

In the literature R^2 values with 0.67, 0.33 and 0.19 has been described as substantial, moderate and weak respectively [38], this means higher the value of R^2 better the model fit. On the other hand [50] and [51] says for a meaningful interpretation 10% criterion should be achieved. Here, the values of R-square found to be above 10%, in the research model one the values of R^2 was found to be 0.354 and 0.244 for HEO and OP respectively. This means 35.4% variation in HEO can be accounted for CDO and 24.4% variation in OPER can be accounted for HEO. Similarly, in research model two the values of R^2 were found to be 0.33 and 0.12 for FP and OP respectively. This means 33% variation in FP can be accounted for ET and OP, similarly, a 12% variation in OP can be accounted for ET. Thus, based on the evidence from the literature and the calculated values of β , T and P (see Table 7) and R^2 it is plausible to say that the model is adequate enough to explain the impact of CDO on HEO and the consequent impact of HEO on OP (research model one), and also to explain the impact of ET on OP and FP and the consequent impact of OP on FP (research model two).

Discussion and conclusions

This study not only advanced the theoretical model of competitively distinct operations proposed by [5] but also argued that the impact of turbulent business environment on firm performance can be reduced with continuous alignment between resource choice and operations decision in the value chain (input-process-output). In the previous study

a similar thought is proposed by [52] and says in a changing business environment a firm's success and survival is determined by the firm's capability to acquire, maintain and take advantage from the right combination of capabilities. Therefore, the companies aligning resource choice and operations decisions with the changing business environment will have better competitive positions in the market.

The proposed research model (see Fig. 1 and 2) was tested and validated using correlation test and structural path modelling at different stages. The correlation test results showed a strong relationship between the examined variables (see Tables 5 and 6). In the similar manner, the results from structural path in the model showed a positive and significant relationship between competitively distinct operations, high efficiency operations and operational performance (see Table 7). However, the direct relationship between CDO and operational performance was found to be insignificant. This is consistent with the findings of [53] supporting the view of internal contingency and claimed that resources and strategies aligned together leads to better performance. Likewise, the relationship between operational performance and financial performance was also found to be positive and significant (see Table 7). Furthermore, the relationship between environmental turbulence and operational performance found to be negative and significant (see Table 7). Similarly, the relationship between environmental turbulence and financial performance found to be negative and significant (see Table 7); this finding is consistent with [33] and [54], who argued that environmental dynamism has negative influence on firm performance. Therefore, the companies should consider environmental factors in developing, choosing and implementing strategies [55].

On the basis of research findings, it can be concluded that the impact of turbulent business environment can be mitigated through proper alignment between resource choice and operations decision. This is because of three reasons, first, competitively distinct operations enables high efficiency operations (H1), which has a significant and positive impact on operational performance (H2), second, environmental turbulence negatively impact operational and financial performance (H3 and H4), third, operational performance has a significant and positive impact on financial performance (H5). Thus, the study provides better understanding the relationship between resource base and firm performance in the context to rapidly changing business environment.

In-spite of the theoretical contribution the study also offers the important implications for managers.

For example, first, the concept of competitively distinct operations gained through a series of actions (see measurement scale of CDO) helps managers to make careful alignment between resource choice and operations decisions. Second, the managers are also able to assess the level of turbulent business environment (see measurement scale of TE) this assessment is expected to facilitate the resource choice and operations decisions. Third, the research finding highlights the importance of considering the changing business environment in making resource choice and operations decisions to improve firm performance. This is consistent with the argument made by [53]; according to the authors resources linked with appropriate strategies leads to enhanced performance. Thus, it is plausible to say firm's capabilities to align resource choice and operations decision in the value chain (input-process-output) can be a useful tool not only in mitigating the impact of changing business environment on firm performance but also helps a firm to survive and compete in rapidly changing business environment.

This study was limited to a small sample (61) and does not include adequate sample size to represent entire SMEs in Finland. Considering the values of R^2 and PLS path coefficient the research model showed a moderate level of fit, which provides a clear indication for additional research and discussion. The small sample size has been justified for PLS path modelling in the previous research (e.g. [39, 40, 56]). However, as a rule of thumb in PLS path modelling [57] suggests the sample size should be ten times the largest number of formative indicators or ten times the largest number of structural paths directing the construct in the inner path model. Therefore, the future research should consider a larger sample size to examine the relationship between the variables considered in this research (see research model one and two). Also, it would be interesting to see the comparative analysis among the different sector of industries. This will help to generalize the research finding. However, the present study can be taken as a preliminary step that highlights the benefits of aligning resource choice and operations decision in the value chain, hence to enhance the organizational performance in a turbulent business environment.

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Chapter 11

Overcoming the Barriers of Strategic Planning, Implementation, and Monitoring in Turbulent Business Environment: A Qualitative Study on Finnish SMEs

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ABSTRACT

Strategic management has been highly emphasized in the literature as an enabler of competitive advantage. However, the managers and strategic leader often face challenges in systematic strategic planning, implementation and monitoring. Therefore, the objective of this research was to explore the current practices of strategic planning, implementation and monitoring, and pinpoint its barriers. The study has also given emphasis to identify the potential solutions in overcoming the barriers of strategic planning, implementation and monitoring. Likewise, the study has investigated the competencies of a good strategic planner. The study was conducted among the managers of Finnish SMEs. Methodologically the study adopts qualitative study following thematic and inductive approach. After a rigorous analysis of collected data and basing on resource based view and industry organization theory, a framework has been presented for systematic strategic planning, implementation and monitoring. Finally, the research limitation and future research possibilities have been discussed.

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Overcoming the Barriers of Strategic Planning, Implementation, and Monitoring**INTRODUCTION**

Successful strategic planning and implementation has long been identified as one of the key aspect for firm's growth and survival. This is for a few reasons: first, strategies are the plan that drives organizational resources towards the desired goals (Azevedo, Almeida, van Sinderen, & Pires, 2015); second, strategy is a connecting bridge between the firm's operating environment and the firm (Grant, 1991; Ralston, Blackhurst, Cantor & Crum, 2015); third, the strategic plan provides organizational stability by assisting leaders and managers in managing the change (Bryson, 1988); and fourth, strategic plan helps a firm to neutralize or overcome the competitor's move. However, because of the constantly changing business environment and rapidly changing customer needs, the plan made today may become useless the day after without the notice of management. Therefore, to meet the challenges of rapidly changing business environment, frequently changing customer needs, and for better reaction to the competitors' move, a firm should have more sophisticated, flexible, and innovative framework for effective strategic planning, implementation and monitoring.

It is assumed in business practice, that firms having better capabilities in utilizing resources should have an advantage over their competitors which results in higher earnings. But gaining competitive advantage through resource deployment is almost impossible without a proper plan, policies, and commitment from the management. It has been argued in literature, that strategic planning helps to reposition the competitive landscape (Drucker, 1954); it is critical to competitive advantage and firm performance (Mintzberg, Ahlstrand, & Lampel, 2009; Sirmon, Hitt, & Ireland, 2007). Consistent with these views Scholes and Johnson (2005) argue that strategic planning and implementation allows better interaction between a firm and its operating environment, and provides an opportunity to reconfigure the firm's resource structure to overcome the challenges posed by the changing business environment. Despite this expectation, organizations often face challenges to keep up with the speed of change in the business environment. This might be due to:

1. Weak implementation of strategies (Waterman, Peters & Phillips, 1980);
2. Lack of a better strategy (Mankin & Steele, 2005).

Therefore, in turbulent times "the balance between operative measures and strategic direction setting becomes critical" (Naujoks, 2010, p. 104). In their study Higgs and Rowland (2005) found that almost more than 70% of changes in strategies were unsuccessful. Similarly, Franken, Edwards and Lambert (2009) claimed for 34% of failure rate in strategy implementation. On average companies achieve only 63% of the financial performance (strategic objectives) included in their strategic plan (Mankin & Steele, 2005). Likewise, the successfully-implemented strategies range between ten to thirty percent (Raps, 2005). In contrast, Cândido and Santos (2015, p. 237) argue that "it is often claimed that 50 to 90 percent of strategic initiatives fail.....they are controversial". However, the different claims made by the authors of previous studies are sound proof to argue that the success rate of strategic planning and implementation is not adequate. Therefore, both for academic researcher and business practitioner, it is interesting to investigate the reasons behind the failure of strategic planning and implementation at micro level. Here, the micro level means the barriers in terms of what, how and why questions. As for example: competencies of strategist (what?), the role of management or people's actions (how?), and strategic failure (why?).

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Nevertheless, the knowledge of barriers in strategic planning and implementation will help an organization to develop a clear path in accomplishing organizational objectives, hence, contribute in improving the firm's performance. Specifically, this research attempts to address a few questions: What are the barriers in strategic planning and implementation? What is the process of strategic planning and implementation in practice (i.e. what does a strategic planner think and do in practice in the process of strategic planning and implementation)? Why do strategic planning and implementation fail in practice? By addressing these research questions the study aims to meet the following two objectives:

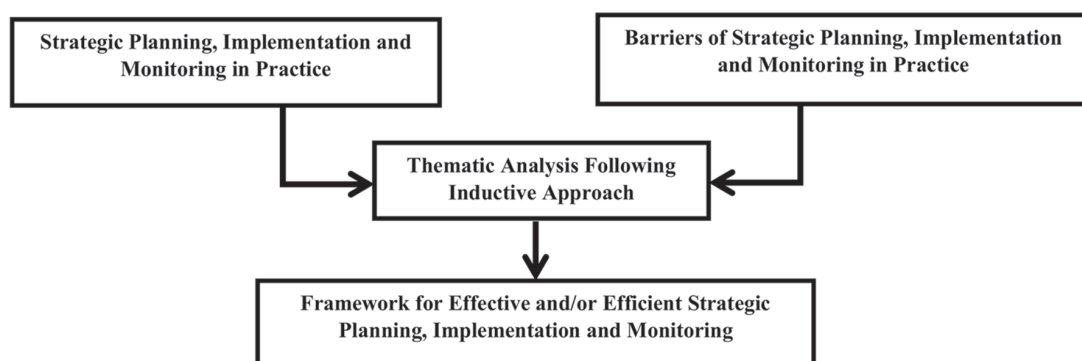
- To identify the critical factors facilitating and/or disrupting the strategic planning and implementation.
- To present a framework for effective and/or efficient strategic planning, implementation and monitoring.

The research concept of this study is presented in Figure 1. As shown in the figure the research aims to present a framework for effective and/or efficient strategic planning, implementation and monitoring. Methodologically the research adopts a thematic analysis following an inductive approach to reach a common understanding of current practice of strategic planning, implementation and monitoring, hence to develop the proposed framework. In addition, barriers of strategic planning and implementation, potential solutions in overcoming the identified barriers are discussed. Also, the competencies of a good strategic planner are explored and discussed. The data required for the study were collected through an online survey conducted among the managers of Finnish small and medium size enterprises (SMEs).

The study is organized in different sections. First, the concept of strategy is presented as a theoretical background considering resource based view (RBV) and industry organization (IO) theories as the theoretical lens. Second, the research methodology is described which includes the sample population, methods of data collection and the procedure of data analysis. Third, the research findings and results are presented. Finally, the concluding remarks are made, including critical analysis of results and findings, theoretical and managerial implication, also the research limitation and future research possibilities are discussed.

Figure 1. Research concept

Source: Own presentation of author.



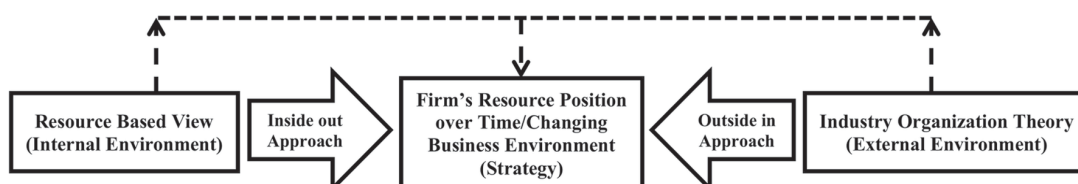
Overcoming the Barriers of Strategic Planning, Implementation, and Monitoring**THEORETICAL BACKGROUND****The Concept of Strategy: A Perspective to RBV and IO theory**

A firm operates and serves the surrounding environment (Emery & Trist, 1965) which is highly dynamic and complex. Therefore, a firm should scan and understand the consequence of the changing business environment (Moon & Ruona, 2015) not only to make better utilization of resources and capabilities, but also to gain and sustain competitive advantage through strategic plan and actions. This indicates that internal and external environments are crucial in shaping a firm's strategy. Therefore, in this study to build the concept of strategy the focus lies on the RBV and IO theories. On the basis of these theories the strategy process can be seen both as emergent and intended. Following the work of Mintzberg & Waters (1985) emergent strategy is defined as the behavior or actions taken by a firm to overcome the environmental threats over time i.e. outside in approach, while intended strategy refers to the behavior or actions taken by a firm on the basis of its resources and capabilities i.e. inside out approach (see Figure 2). As shown in Figure 2, the main argument of this section is that the RBV and IO theories are complementary to each other in shaping a firm's strategy.

Irrespective of business sector and size, a firm needs to have a clear strategy to survive and grow in the changing business environment. The term strategy is related to every aspect of business; it is related to day-to-day activities carried by a firm. In the literature RBV and IO theories have been widely accepted not only as a core concept to differentiate the performance difference between competing firms but also as the foundations for a firm's strategy. This is because of two reasons. First, IO theory is precisely concerned with the opportunities and threats' streaming from the environment and asserts that the industry forces in which a firm operates are very important for a firm's growth and survival. Basing on I/O theory Porter (1985) has argued that a firm's strategic position in the market is determined by five forces: threats of new entrant, threats of substitute product, bargaining power of buyer, bargaining power of supplier, and rivalry among the existing firms. Thus, by identifying competitive intensity, profitability, and industry attractiveness the Porter's five force model not only helps to evaluate the present strategic strength but also supports in shaping the future strategic move. Second, with the development of RBV there is shift from industry to firm specific effects in identifying the sources of sustainable competitive advantage among the strategy researchers (Spanos & Lioukas, 2001). Likewise, the proponent of RBV (e.g. Peteraf, 1993; Barney, 1991; and many more) argues that a firm's competitiveness is the result of the firm's capabilities in mobilizing organizational resources. It is due to the fact that a firm competes in the marketplace on the basis of its resources and capabilities (Peteraf & Bergen, 2003). Besides this fact, organizational resources and capabilities are the foundations of the firm's strategy (Feurer & Charbaghi, 1995; Grant, 1991) and are highly influenced by the firm's operating environment.

Figure 2. The concept of strategy: A perspective to RBV and IO theories

Source: *Own presentation of author.*



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Thus, from the above discussion, it can be concluded that firm's resources, capabilities, and the external environment are critical to strategic planning and implementation. In business practices, strategies act as a connecting bridge between the firm and its operating environment. In other words a firm utilizes its resources and capabilities to overcome the challenges posed by operating environment through strategic actions. This indicates that through strategic actions a firm utilizes its resources and capabilities to overcome the challenges posed by the operating environment. According to Raduan, Jegak, Haslinda, and Alimin (2009, p. 412) "I/O perspective offered strategic management a systematic model for assessing external competition within an industry..... RBV is indeed crucial as it can be used as a conceptual guideline for business organization in particular to enhance their competitive advantage". In this notion researchers like Drnevich & Kriauciunas (2011) have argued in the support of complementary nature of RBV and IO theories. Indeed, the core notion of strategy as a fit between internal competencies and external environment incorporates the RBV and IO perspective. Here, the strategic fit means the strategic choice made by a firm which assures the best possible use of resources and capabilities in regard to the external business environment. Through the assumption of RBV a firm can make an assessment of its strength and weakness while from Porter's five forces (a perspective to IO theory) a firm can identify its opportunities and threats in the industry (Spanos & Lioukas, 2001). In a similar manner, Mahoney & Pandian (1992) also support the view that RBV and industrial organization research are complementary. This shows that IO theory has implication on RBV, RBV has implication to firm's strategic posture, showing that IO theory and RBV are mutually inclusive theories that have significant impact on firm's strategic planning and implementation (see Figure 2).

RESEARCH METHODOLOGY

Study Population, Sample, and Data Collection

The data required for this study was collected from Finnish SMEs through an online survey. There were 36 respondents who participated in the survey, representing 7 micro enterprises (1-9 employees), 19 small enterprises (10-49 employees), and 10 medium size enterprises (50-249 employees). Among the 36 respondents there were 4 managers, 17 directors, 14 owners and one person working on other positions in the company. In a similar manner, these respondents correspond to 3 primary industries (industry making use of natural resources and includes agriculture, forestry and fishing, mining, and extraction of oil and gas sector), 8 secondary industries (industries using raw materials supplied by the primary sector), and 25 tertiary industries (industries involved in the service sector).

Development of the Survey Instrument: Why Open Ended Questions?

In order to address the research question and to meet the research objective, the study adopted open ended questions to collect the data. This is because of a few reasons. First, the open ended question provides an opportunity for respondents to express their opinion on the subject matter without any restrictions and to the point (Jackson & Trochim, 2002). Second, while answering respondents can think, edit and present exactly what they want in response to the asked questions. This view is supported by Roberts et al., (2014) and argues that open ended survey provides an opportunity to respondents to express their opinion in own thinking. Likewise, open ended questions are clear questions without any suggestion to

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the answer but results in clear answers (Popping, 2015). Third, “in comparison to interviews or focus groups, open-ended survey questions can offer greater anonymity to respondents and often elicit more honest responses” (Jackson & Trochim, 2002, p.307). However, to avoid ambiguity in data analysis the respondents were asked to be as precise as possible in answering the survey questions. There were eight open ended questions in total as listed as follows:

1. What are the barriers that your organization is facing in strategic planning?
2. In your opinion how to overcome the barriers of strategic planning?
3. What are the barriers that your organization is facing in strategic implementation?
4. In your opinion how to overcome the barriers of strategic implementation?
5. Do you use any strategic planning tool? If yes what are they?
6. In your opinion what are the competencies of a good strategic planner?
7. Could you please describe your organization’s strategic planning process?
8. Could you please describe your organization’s strategic implementation and monitoring process?

Data Analysis: Why Thematic Analysis Through an Inductive Approach?

This study was designed to explore the common practices of strategic planning and implementation among the organizations which participated in the survey. Furthermore, the research was aimed at developing a framework for effective and/or efficient strategic planning and implementation rather than assessing the impact of strategic planning and implementation on organizational success (see Figure 1). Therefore, the qualitative method was selected. Likewise, the research adopts a data driven inductive approach (observation – pattern analysis – theory) supported with thematic analysis. Under this approach identification of codes and themes are made fully relying on the information available in the collected data, while here, in the case of this research data are written text from respondent. Therefore, it is reasonable to say that an inductive approach is appropriate in validating the content of thematic analysis (Jackson & Trochim, 2002).

Thematic analysis is a qualitative research “method for identifying, analysing, and reporting patterns (themes) within data. It minimally organises and describes your data set in (rich) detail. However, it also often goes further than this, and interprets various aspects of the research topic” (Braun & Clarke, 2006, p. 79). This means the thematic analysis helps to not only understand the current practices, but also to make consistent interpretation from the data by detecting and identifying factors or variables that influence respondent’s behavior, actions and thoughts (Alhojailan, 2012). Furthermore, in comparison to other qualitative methods (e.g. grounded theory and hermeneutic phenomenology) thematic analysis needs a low level of interpretive complexity (Vaismoradi, Turunen & Bondas, 2013). These are the few reasons to use thematic analysis for data analysis and interpretation.

In order to conduct a thematic analysis, the study followed the six phase model proposed by Braun & Clarke (2006). According to the authors to make a meaningful interpretation from qualitative data, thematic analysis needs to be performed in six phases as mentioned below:

1. **Familiarizing with the Data:** This means the collected data needs to be read and re-read to become more and more familiar with the data, hence to notice key ideas in the collected data. In other words, it helps a researcher to identify, examine, list and note down underlying ideas to make meaningful sense from the collected data.

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2. **Initial Code Generation:** It is the process of breaking data into distinct idea or events, labelling it with a name, and finally sorting and organizing the raw data into different concepts. It's a back-forth process that forms the basis for theme development.
3. **Searching for Themes:** This means categorizing codes into different themes and collecting relevant data on each identified theme. Here, themes are the patterned responses, something important to the data set in responding the particular research question.
4. **Reviewing of Themes:** This means the checking of themes in relation to the coded extracts and the entire dataset to generate a thematic map. Here, thematic maps are the display of attributes which are related to a specific topic, theme or subject area.
5. **Defining and Naming of Themes:** This means a comprehensive refinement of developed themes in understanding the collected data, generating clear definition (i.e. what does each theme mean? What does it represent? What ideas have been captured?) and developing names for each theme.
6. **Report Producing:** This is the final step in a thematic analysis where the identified themes are classified into explicit categories for final analysis, which are then interpreted in regard to research questions and supported with literature (previous research) to produce the final report.

Reliability and Validity: Why Intercoder Reliability?

To establish the reliability and validity, raw data were coded independently by the respective author of the present study, which was then brought to two external persons for discussion to find common agreement. This approach of establishing reliability and validity is often known as “intercoder reliability or interrater reliability” (Vaismoradi et al., 2013, p. 403) and has been common in practice among researchers (e.g. Carroll, Kaltenthaler, FitzGerald, Boland & Dickson, 2011; Thomas et al., 2004). However, peer checking of intercoder reliability has been subjected to criticism because “one researcher merely trains another to think as she or he does when looking at a fragment of text” (Vaismoradi et al., 2013, p. 403). Furthermore, some authors say that this may lead to the problem of objectivity, as all the intercoder may not look the data with similar subjectivity. Therefore, following the suggestion made by Miles & Huberman (1994) the validation of codes and themes was done in two stages: early and late stages of the data analysis. Also, Roberts et al., (2014) have suggested defining the dimensions for coding before searching for codes, even it is beneficial to draw some examples as a guide of reference. Therefore, discussion was held before and after during the process of coding and theme making. In both stages similar procedure was followed. According to Sykes (1990, 1991) in qualitative research the reliability and validity can be ensured by developing consistent and meaningful results and findings through a careful documentation of the cases. As the study was following an inductive approach, analytic themes were developed from the survey data. Approximately 60% of the developed codes and themes were identical between the author and external person, remaining codes and themes were determined by mutual agreement. Thus, the reliability and validity were established.

Overcoming the Barriers of Strategic Planning, Implementation, and Monitoring**RESULT AND FINDINGS****Use of Strategic Planning Tools**

In response to the use of strategic planning tools, the study found nine distinct tools that have been commonly used in strategic planning. They are: Strength-weakness-opportunities-threat (SWOT) analysis¹, Porter's five force model, Balance score card (BSC), Value chain analysis, Strategy canvas, Critical success factor analysis, Situation-task-action-result (STAR) analysis, Blue ocean strategy, and Boston consulting group (BCG) analysis. Somehow, this finding is consistent with the previous study made by Glaister and Falshaw (1999) in the United Kingdom, who found that what-if analysis, analysis of key success factors, financial analysis of competitors, SWOT analysis, and core capability analysis were the top strategic planning tools adopted by service and manufacturing companies in the United Kingdom. Likewise, a study conducted among SMEs in Western Australia, Singapore, Hong Kong, and Malaysia showed that SWOT, PEST, financial ratio analysis, and budgeting are the frequently used strategic planning tools (Frost, 2003). This shows that there is an increasing trend and/or regional difference in the use of planning tools in strategic planning. Table 1 summarizes currently used strategic planning tools by Finnish SMEs (current study sample).

As shown in the Table 1, majority of the respondent claimed that they use SWOT analysis as a strategic planning tool, followed by BSC, Porter's five force model, and Value chain analysis respectively. Few respondents outlined that they hire external consultants for guidance in strategic planning. However, seven respondents claimed that they do not use any of the strategic planning tools. According to Recklies (2008) in the process of strategic planning it is very important to:

1. Understand the business, organizational strategy and assumptions behind the strategy,
2. Have innovative ways of strategic planning,
3. Have organization specific strategic planning process i.e. "customized strategic planning.

Table 1. Use of strategic planning tools

Strategic Planning Tools	Number of SMEs Using This Tool
SWOT	18
Porter's five force model	3
BSC	4
Value chain analysis	3
Strategy canvas	1
Critical success factor analysis	1
STAR model	1
Blue ocean strategy	1
BCG analysis	1
No strategic planning tool at all	7

Source: Own presentation of author.

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Furthermore, the author claims that these approaches help to ensure improvements on planning cycle, cultural context, strategic analysis, agenda setting, strategy finding, as well as strategy implementation and strategy execution” (Recklies, 2008, p. 5). Indeed, the organizational culture, type of business and the operating environment has a significant impact on the use of strategic planning tools and process. This might be the reason for diversification in the use of strategic planning tools.

Current Practice of Strategic Planning, Implementation, and Monitoring

Strategic planning is found to be a comprehensive action plan for organizational growth, which is based on systematic mapping of changes in the business environment and its impact on organization, supported with internal targets and means (resources). Likewise, strategic implementation and monitoring is found to be the act of execution of the chosen strategic plan and actions, supported with a control procedure which is equipped with procedures and explanation for not only to overcome what if scenario but also to motivate managers and employees through incentives. The process of strategic implementation and monitoring through constant feedback on employee and organizational performance helps in ensuring that the chosen strategic paths are towards the intended organizational goals and objectives. From the analysis of collected data, it was perceived that in practice it is very difficult to separate the process of strategic planning, implementation and monitoring as they go hand in hand. Strategic planning, implementation and monitoring are almost overlapping. In either case the respondents highlighted the importance of a strong commitment from both the management and employees.

There was found to be a lot of diversity in the state of current practice of strategic planning. For example, few respondents claimed that the strategy is being made by top managers and transferred to the lower level employee (top down approach) while others claimed that the process of strategic planning starts from lower level employee’s opinion and finally approved by top managers (bottom up approach). In a similar manner the process of strategic planning was found to be both formal and non-formal. The process approach¹ of strategic planning was found to be the most common approach among the SMEs considered in this research. The time horizon of strategic planning was found to be in different range, for example, one year, three years, five years, three to five years, and even one of the respondents claimed for 10 year long plans. There found to be regular updates of strategic plans depending upon the changes in the business environment and organization’s internal circumstances, usually updates are made two to four times a year. During the process of strategic planning, strategic seminars and workshops involving top management, lower level employees and network partners were also found to be common in the research group. This showed that strategies are the result of discussion between chief executive officer, entrepreneur, employee and network partner. However, to design an effective strategic plan (competitive strategy) it is important to know the customer’s business in detail before the meetings and discussions; the focus should be towards the enhancement of customer’s business rather than improving the features of product/service. The respondents assured that the customer details can be gained through critical factor analysis, i.e. customer analysis, market analysis, competitor analysis, company analysis, environment analysis. Besides these findings, key approaches of strategic planning were found to be as mentioned as below:

1. Target – Process – Audition – Inspection of the result – Approval/rejection of the strategic plan.
2. Idea – Target – Options – Strategic decision/plan.

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3. Scenario planning – Cost effective strategies for resource allocation – What if analysis (situations) - Target – Process – Audition – Inspection of the result – Approval/rejection of the strategic plan.
4. Systematic mapping of changes in the business environment and its impact on organization – Strategic updates – New strategies and action plans.
5. Mirror the different scenarios against the current states of the organization – Project the ambition scenarios – Action plan.
6. Preliminary work with executives and external consultant – Internal assessment – Strategy in actions.
7. Internal assessment by chief executive and technology officer on a regular basis – Discussion with external co-operating partner – Action plan.
8. Executive group meeting followed by a team meeting (e.g. quality team) and personnel meeting with different groups – Advancement of strategy – Five year plan frameworks.
9. Annual planning – Detail discussion in a wide group – Drawing action plan with 2 to 4 priorities – Developing measurement tools for control and monitoring – Action plan.

Likewise, the process of strategic implementation and monitoring was also found to be diversified. The process of strategic implementation is mainly concerned with monitoring of daily organizational activities and projecting near future scenario, but not too far into the future. The board of director, chief executive officer and owner are in-charge of implementation and responsible for controlling the strategic actions and plans. It's an executive group work. On the other hand strategic implementation through the immediate supervisors of the unit was also found to be common in practice among the research group. Follow up plans (monitoring) in each stage of strategic implementation, a process approach was common practice in implementing and monitoring of strategic (organizational) activities. Likewise, for obtaining higher efficiency clear instructions are provided to the employee, and if information turns out to be imperfect, the employee has the authority to move to "Plan B" as much as it is possible and practical. However, information needs to be exchanged constantly between the employee and his/her direct supervisors. Monitoring activities are carried out in different ways. For example, every next week office meeting, monthly follow-up and annual evaluation or by the end of the project, even after a couple of years; therefore, strategy is not a separate piece from the operations but one thing being constantly perceived. Surprisingly, there found to be no clear monitoring and milestones in some cases, all what is being done is to serve the strategy. Besides these findings, key approaches of strategic implementation and monitoring were found to be as mentioned below:

1. Office meeting, every two weeks - Follow-up of the developed key performance indicator – Reporting to the board for feedback and comments.
2. Target – Release – Monitoring according to the strategy – Inspections of results – Re-evaluation of formulated strategies.
3. Management by objectives - Performance evaluations – Working models of the executive and steering group.
4. Monthly follow-up of the key strategic performance indicators - Collection of feedback – Correcting process and actions.
5. Collect constant feedback and information from the customers - Based on the feedback constantly go through the quality checking of product and organization's operations procedure – Make correcting decisions.

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6. Every main goal needs to have a separate “group” and “a leader” - The executive group participates and monitors the strategies being implemented and succeeded.

Strategic Planning Barriers and their Mitigation

Barriers of strategic planning are the obstacles/constraints/hindrances that prevent effective strategic planning. Here, the effective strategic planning refers to the clear and concise strategy that clarifies mission, vision and organizational objectives. It mainly answers the four key questions: What to do? When to do? How to do? and Why to do? Likewise, the mitigation of strategic planning barriers refers to the actions that are taken in-order to eliminate or reduce the frequency and severity of different barriers in the process of strategic planning. The process or act of mitigation helps a strategic planner to reduce the impact of barriers in strategic planning. In practice there were found to be different kinds of barriers to strategic planning and ways of mitigation. Table 2 summarizes the identified barriers of strategic planning with examples of each type and their potential solutions in practice.

The Table 2, is made with careful evaluation of the respondent’s answers, the barriers of strategic planning were categorized into seven distinct groups. The cited examples of each identified barrier and its potential solution is derived from responses. The research does not claim that the identified barriers of strategic planning represent all issues faced by the manager/strategic planner of Finnish SMEs. However, the research believes that it provides a good estimate of the problems faced by Finnish SMEs in the practice of strategic management.

Table 2. Barriers to strategic planning, examples and potential solution

Strategic planning Barriers	Examples to Strategic Planning Barriers	Potential Solutions to Strategic Planning Barriers in Practice
Lack of proper communication	<ul style="list-style-type: none"> • Unstructured planning process. • Limited involvement of lower level employee in strategic planning. • No appropriate methods for collecting feedback and comments. 	<ul style="list-style-type: none"> • By employing more systematic strategic planning process. • By providing regular training and strategy workshop to employee. • By encouraging and providing opportunities for lower level employee to participate in strategic planning process.
Lack of time, planning expertise and skills	<ul style="list-style-type: none"> • Inefficient use of time in planning. • Incompetence of management. • Organizational tasks are not prioritized. • Lack of experienced strategic planner. • Unrealistic projections and milestones. • Weak implementation plan. 	<ul style="list-style-type: none"> • By scheduling and prioritizing strategic planning to a higher level than the current level. • By employing organizational change and redistributing tasks among the employee. • By providing regular training and strategy workshop to employee. • By hiring an external expert into the work of the management or the board. • By developing network partners and co-operating activities.
Lack of sufficient finance	<ul style="list-style-type: none"> • The challenges of funding strategic change. • Limited capital. • Unwillingness of the management/ shareholder to increase the investment (because development of the markets is obscure in the target of 3-5 years). 	<ul style="list-style-type: none"> • By negotiating and settling with banks, funding agencies and the shareholders; the government should ensure lending to the SMEs. • By increasing the funding and capital, believing in one’s own vision and coping with the circumstances.

continued on following page

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Table 2. Continued

Strategic planning Barriers	Examples to Strategic Planning Barriers	Potential Solutions to Strategic Planning Barriers in Practice
Environmental barriers	<ul style="list-style-type: none"> • Difficulty in predicting the market situation (e.g. customer demand, competitor's move). • Changing competitors, e.g. big companies buying the small companies. • The competing technologies are constantly changing in the market. • Too many variables need to be considered at the time of strategic planning. • Rapidly and constantly changing business environment. • Uncertainties related to the future (e.g. development of the industry, taxation). • Unavailability of reliable and trustworthy information to make decisions. 	<ul style="list-style-type: none"> • By incorporating flexibility in strategic planning. • By making a specific adjustment to the core market, customer satisfaction and developing the service. • By creating clear vision and objective. • By strengthening the participation of the sales team in strategic planning. • Sometimes the decisions have to be made by instincts, even a bad decision is better than no decision at all i.e. one has to believe in own vision and experience. • Acquisition of foreign customers, weighting of the different business sectors also would be an advantage. • By developing a systematic process of strategic planning. • By encouraging government and authorities in making rapid decisions. • By developing network partners and co-operating activities.
Lack of industry knowledge	<ul style="list-style-type: none"> • Insufficient or lack of broader knowledge of the industry, e.g. recent development, current and future potential competitors, future movement and opportunities, history of industry sales (past, present and future expectations), marketing trend within the industry etc. 	<ul style="list-style-type: none"> • By hiring an external expert into the work of the management or the board. • By developing network partners and co-operating activities.
Lack of long term vision	<ul style="list-style-type: none"> • The focus is too much in the presence. • Unclear ambition of the management/owner. • There is no vision in which a strategy can base on. • Narrow perspective, the expected result is too general and broad. 	<ul style="list-style-type: none"> • By conducting open discussion between management, owner and employee. • By developing a clear vision based on what the company (and the owner) wants. • With an agile and continuing strategic review.
Too much bureaucracy	<ul style="list-style-type: none"> • The delays caused by permissions and bureaucracy. • Difficulties of getting stakeholders along. • Strict rules and regulations. 	<ul style="list-style-type: none"> • The chain of command should be more personal and flexible. • By providing certain rights to operational and line managers in decision making or even to the lower level employee.

Source: Own presentation of author.

Strategic Implementation Barriers and their Mitigation

Barriers of strategic implementation are obstacles/constraints/hindrances that prevent efficient strategic implementation. Here, efficient strategic implementation refers to the situation where strategies can be implemented successfully and efficiently as planned. Strategic implementation is mainly concerned with putting planned strategies into actions, so that the desired mission, vision and organizational objectives can be achieved without interruption. As described in the case of strategic planning (the above section) the mitigation of strategic implementation barriers refers to actions that are taken in-order to eliminate or reduce the frequency and severity of different barriers in the process of strategic implementation. The process or act of mitigation helps a strategic planner to reduce the impact of barriers in strategic implementation. In practices there found to be different kinds of barriers to strategic implementation and ways of mitigation. Table 3 summarizes the identified barriers of strategic implementation with examples of each type and their potential solutions in practice.

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Table 3. Barriers to strategic implementation, examples and potential solution

Strategic Implementation Barriers	Examples to Strategic Implementation Barriers	Potential Solutions to Strategic Implementation Barriers in Practice
Poor implementation plan	<ul style="list-style-type: none"> • The strategy remains as a loose dream, no clear milestones and roadmap. • The varying commitment from the distribution and network partner to strategic choice. • Strategy remains in the upper level, the management knows it better not communicated to operational level. 	<ul style="list-style-type: none"> • By improving management practices. • By appointing the right person in the right job with the right skills. • By validating the rules of the game. • By providing regular training and strategic workshops.
Resistance to change	<ul style="list-style-type: none"> • The rigidity of the trade union. • Employee attitude, it has always been done this way. • Inefficient control of resources. • Limited skills and knowledge. 	<ul style="list-style-type: none"> • By dismantling the rigidities of trade union through discussion. • By emphasizing and promoting internal communication. • By anticipating each employee in the process of strategic planning. • By motivating and encouraging employee in implementing strategy. • By providing regular training and strategic workshops.
Time and resource management	<ul style="list-style-type: none"> • Too many strategic implementations at the same time. • Neither enough resources, nor money and time (this also depends on the situation of business environment). • Limited knowledge of time and resource management. • Difficulty of finding the most appropriate and reliable network partner nearby. 	<ul style="list-style-type: none"> • By adopting the principle of one thing at a time. • By hiring a qualified, experienced development manager possessing a higher education degree. The person should also be a bit salesman. • By providing regular training and strategic workshops. • By doing things in a smarter way. • By networking and expanding the number of business partners.
Financial	<ul style="list-style-type: none"> • Poor economic situation. • Lack of capital. • Limited financial resources and funding. 	<ul style="list-style-type: none"> • Improving the result by rationalizing and prioritizing. • By getting capital from outside. • By attracting foreign customers from active industries. • By optimizing operating cost for better financial access.
Customer loyalty	<ul style="list-style-type: none"> • The customers' slippage to technology that is so called universally trendy. 	<ul style="list-style-type: none"> • With strong marketing, so called teaching signaling/messaging. • By persistency, never give up.
Competitors move	<ul style="list-style-type: none"> • Difficulty of taking into account all the variables of strategic planning beforehand. • Compulsive movements in real time. 	<ul style="list-style-type: none"> • By strengthening the participation of the sales team/department in the monitoring of the stakeholders' strategy. • By networking and expanding the amount of business partners.
Limited employee participation	<ul style="list-style-type: none"> • Lack of employee motivation. • Limited involvement of employee in strategic planning/building activities. 	<ul style="list-style-type: none"> • By rewarding the employee for their achievement and good participation, a hard piece (justice) • By providing regular training and strategic workshops.

Source: Own presentation of author.

After a careful evaluation of the respondent's answers, the barriers of strategic implementation were categorized into seven distinct groups, as shown in Table 3. The cited examples of each identified barriers and potential solutions are derived from responses. The research does not claim that the identified barriers of strategic implementation represent all issues faced by the manager/strategic planner of Finnish SMEs. However, the research believes that it provides a good estimate of the problems faced by Finnish SMEs in the practice of strategic management.

Overcoming the Barriers of Strategic Planning, Implementation, and Monitoring**Identified Competencies of a Good Strategic Planner**

Strategic leader provides a clear direction for an organization and its employee. For a successful strategic planning, implementation and control, a strategic leader not only needs to micromanage strategies, but also needs to act as an umbrella under which the management develops appropriate strategies for organizational growth and success. Most importantly a strategic leader should be able to answer what, why and how questions in creating organizational mission, vision, and objectives. Strategic leaders are action takers who have the capability to make a choice between different alternatives and have the capability to motivate employees in reaching the organizational goals and objectives. In business practices, through strategies, a strategic leader acts as a connecting bridge between internal operations of an organization and external changing business environment. Therefore, a strategic leader needs to be opportunistic and curious in utilizing organizational resources and improve productivity. Likewise, awareness, responsibility, bureaucratic and leadership capability, decision making ability, initiative was found to be the competencies of a good strategic leader. Besides these competencies, there were found to be few more characteristics that make a strategic leader to be good. The Table 4 summarizes each group with examples derived from respondents answer.

As shown in Table 4, there found to be eight different competencies of a good strategic planner. These competencies were identified after a careful evaluation of the responses. However, these competencies are not the complete list to describe a good strategic planner, but provide a brief idea about the competencies held by a manager/strategic planner in Finnish SMEs.

DISCUSSION

Strategic planning, implementation and monitoring have been equally emphasized in literature as enablers of organizational success. Likewise, each of these processes have been defined and discussed separately, but in practice they are complementary in nature, meaning the processes of strategic planning, implementation and monitoring are mutually inclusive events which go side by side. However, for effective planning, efficient implementation and monitoring of strategies the competencies of a strategic leader count a lot. This study confirmed that Finnish SMEs do practice both the top down and the bottom up approach in the process of strategic planning, at least in the research sample. In comparison to the top down approach of strategic planning the bottom up approach might be beneficial not only in strategic planning but also in strategic implementation because it ensures greater participation and motivation to a lower level employee. After all, people working at the operational level are keys to efficient strategic implementation. In this vein, Rodomska (2014) has argued that the implementation of strategies fails with resistance from employees, as identified in this study. Therefore, the employee participation and open communication/discussion between higher and lower level employee has remained an important aspect of systematic strategic planning, implementation and monitoring. Through a study in Latin America Brenes, Mena, and Molina (2008) has confirmed that successful companies give priorities for systematic strategic planning. This means the systematic strategic approach in strategic management ensures a better understanding of the organization's mission, vision and objectives. This helps not only in effective strategic planning, but also at efficient implementation and monitoring of identified strategies. This is consistent with the argument made by Balogun & Johnson (2004). According to these authors

Overcoming the Barriers of Strategic Planning, Implementation, and Monitoring*Table 4. Competencies of a good strategic planner and examples*

Competencies of a Good Strategic Planner	Examples to Identified Competencies of a Good Strategic Planner
Business intelligence (entrepreneurship)	<ul style="list-style-type: none"> • Ability to understand the overall situation. • Knowledge of markets and economy. • Understanding of profitability and causality of business. • Realize the meaning of customer. • Experience from the industry. • Ability to understand the big picture, i.e. sees the forest from the trees. • Knowledge of target market and technology. • Knowledge of customer and the customer of the customers.
Creative	<ul style="list-style-type: none"> • Experience from the industry. • Thinking capability. • Ability to answer, what, why and how questions. • Ability to perceive what if situation. • Curiosity to use several perspectives and different tools of management.
Responsiveness	<ul style="list-style-type: none"> • Capability to analyze the company and surrounding society and react to the changes. • Ability to gain trust and develop relationship with different stake holders.
Courageous	<ul style="list-style-type: none"> • Ability to translate strategies into actions constantly, i.e. “the radar tuned on”, means there is possible to fine-tune the strategy according to the circumstances. • Risk taking ability.
Patience	<ul style="list-style-type: none"> • Capability to listen the stories from employee, customer and different organizational stakeholders. • Concentration capability, thinking and planning ability.
Analytical capability	<ul style="list-style-type: none"> • Ability to understand human nature and ability to include stakeholders’ commitment to the planning. • Ability to summarize the actions and plans.
Future orientation	<ul style="list-style-type: none"> • Ability to see the future, i.e. “the gift of a sight”. • One must have vision about the direction of the industry. • There has to be a clear target from the owner that the strategy is defined for. • Result oriented, i.e. accurate in going through the process.
Analytical leadership skills	<ul style="list-style-type: none"> • Capability to evaluate present situation and view the future. • Realistic expectation for the future. • Ability to translate strategy into action (easy to dismount of strategy).

Source: Own presentation of author.

two way communication between top and lower level employee allows better interpretation, adaption and implementation of strategies at the operational level.

In the study sample it was found that majority of Finnish SMEs do make strategic plans for one year, three years, five years, and three to five years, and even one of the respondents claimed to have plans for 10 years. Likewise, the Finnish SMEs make the process of monitoring of strategic implementation in every two weeks, monthly, annually or by the end of the project. The current practice of strategic planning, implementation and monitoring in Finnish SMEs shows that strategy is not a separate piece from operations but these are things being perceived constantly. By examining the current practice of strategic management among Finnish SMEs, the study has identified not only the barriers of strategic planning, implementation and monitoring but also the potential ways to overcome those identified barriers have been presented (see Tables 2 and 3 for details). Likewise, the study has also highlighted the competencies of a good strategic planner (see Table 4 for details). The distinctive barriers of strategic planning, implementation and monitoring were similar to those identified in the previous researches (e.g. Al-Ghamdi, 1998; Beer & Eisenstat, 2000; O’Regan & Ghobadian, 2002; Nazemi, Asadi, & Asadi, 2015). Brenes et al. (2008) have also discussed factors leading to successful implementation of strategy

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which are similar to the findings of this study. The current practice of strategic planning, implementation and monitoring among Finnish SMEs found to be similar to the five step strategic planning process as discussed by Dye and Sibony (2007). According to the authors those five steps are: identify the strategic issues which might have potential impact on future performance, conduct the strategic discussion within the right group of people, adapt the planning cycle according to the needs, develop implementation and monitoring processes, and finally deploy right people in the right task. Likewise, the competencies of a good strategic planner were similar to those discussed in earlier research (e.g. Schoemaker & Krupp, 2015). However, there is some difference in the identified barriers in the present study and previous studies; this difference might be due to the fact that these studies have been conducted at different time frame, geographical location and industry structure.

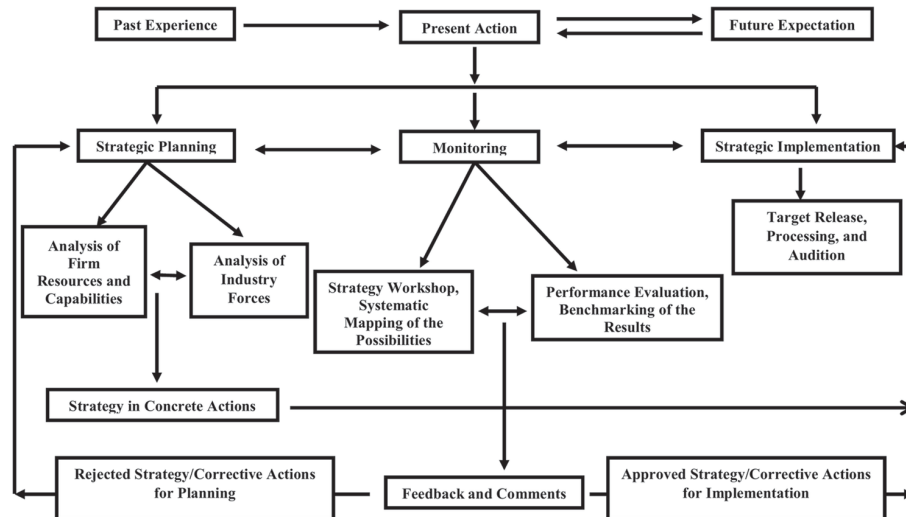
MANAGERIAL IMPLICATIONS

From the point of competencies of a good strategic leader, the research could find implied possibilities to overcome the barriers of strategic planning, implementation and monitoring. In other words, by developing good competencies a strategic leader can reduce the barriers of strategic planning, implementation and monitoring beforehand. Likewise, the study concludes that strategic planning, implementation and monitoring are the operational function that guarantees better utilization of the firm's resources and capabilities which are being directed by the competencies that a strategic leader holds. The competencies of a strategic leader enable not only effective strategic planning, but also enable efficient implementation of strategies and monitoring, hence, the better utilization of the organization's resources and capabilities to reach the desired mission, vision and organizational objectives. However, for better utilization of resources, capabilities, and to overcome the internal and external environmental barriers it is necessary to follow some common principle in the process of strategic planning, implementation and monitoring. In this vein Beinhocker and Kaplan (2002) have emphasized redesigning the process of annual strategic planning so that the real time strategy can be made. Therefore, a framework has been presented which shows how past experiences and future expectations can be correlated through present actions, i.e. strategic planning, implementation and monitoring (see Figure 3). Indeed, the knowledge of how to deploy resources in strategic implementation leads to sustained strategic advantage by virtue of which the process of strategic implementation goes spontaneous (Barney, 2001).

In the sample of the study the author tried to understand how a firm establishes strategies, directions and action plans to reach the common goals and organizational objectives in practice. Also, the emphasis was given to the actions and practices conducted by managers in mitigating internal and external threats. After analyzing existing strategic management practices in the study sample, an extended strategic framework has been presented to overcome the barriers of planning, implementation and monitoring. The presented framework is entirely based on respondent's opinion and the author's understanding in the process of data analysis (see section: current practice of strategic planning, implementation and monitoring). However, the framework is believed to provide better strategic choice, so that the firm becomes more adaptive to changing internal and external operating environment. Either one way or another the majority of respondent's view of strategic planning, implementation and monitoring is closely related to plan-do-check-act (PDAC) cycle (also called Deming's cycle), which is a strategic management concept. The planning phases are related to collections and analysis of data and information from past experience and converting it into present actions to identify the areas of competitive advantage through strategic

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Figure 3. Framework for effective and/or efficient strategic planning, implementation and monitoring
Source: Own presentation of author.



actions and plans. Based on the firm's capabilities and industry forces a firm should develop different alternatives, so that the strategies can be matched with the present needs and future expectations. The strategic planning can be monitored either through a strategic workshop or systematic mapping of the different alternatives (see Figure 3). In the "do" phase developed strategies are taken into practice, representing strategic implementation in the framework; here the monitoring can be carried out by evaluating performance and benchmarking of the results. However, there should be close co-ordination between the process of monitoring both in planning and implementation phase as shown in the framework (see Figure 3). This is due to the fact that in practice it's really difficult to determine when the planning ends and the process of strategic implementation starts. Check and act phase represents the process of monitoring where results are collected and matched with the action plan so that the future corrective actions can be developed, if necessary. Feedback and comments gained through the process of monitoring can be one of the most effective ways of overcoming the barriers of strategic planning and implementation because it helps to map present actions and future expectation based on past experiences. However, the future expectation signals a strategic planner in designing an alternative course of actions and decisions. A similar thought has been proposed by Gates (2010, p. xi) and says projection of "future scenarios allow organizations to explore multiple potential futures and generate robust strategies and early warning signs to understand how the future is unfolding".

The RBV asserts that firm's strategies are the result of the assets base of the firm and its competitors while Porters five forces asserts that firm's strategies are the result of constraints arising from broader industry and public policy environment. Likewise, the turbulence in the business environment is the measure of resource transfer between different stakeholders acting within the firm's operating environment. In business practices, barriers in strategic planning, implementation and monitoring are the result of imbalance between external industry forces, the organizational resources and capabilities. In a similar manner, by analyzing firm's resources, capabilities and industry forces, a strategic leader can prepare their minds for real time strategy making as argued by Beinhocker & Kaplan (2002). This shows that the

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firm's resources and industry forces are the two key parameters in synthesizing the firm's strategy (see Figure 3) in real time. Here, the real time strategy is defined as the act of making purposeful choices in identifying and exploiting a niche in the market through present actions and reach future goals, guided by past experiences, supported with organizational resources and capabilities. Based on the proposed framework, the study suggests that the process of strategic planning, implementation and monitoring are guided mainly by three factors: past experiences, present actions and future expectations. Here, the argument is that there is one-way communication between past experience and present actions while there is two way communications between present actions and future expectations in the process of strategic planning, implementation and monitoring (see Figure 3). This is because of two reasons. First, the past experience guides/influences/impacts the present action taken by a firm and present action guides the future expectations. Second, to reach the organizational objectives the present actions need to be modified or altered according to the changing business environment (e.g. competitors move, internal situation, changes in the business landscape, changes in tax policies, and rules and regulations from the government). This is in line with the argument made by Fitzsimmons (2006), according to the author for better understanding and wiser judgement in turbulent times a strategist should be able to make an assessment of uncertainty and potential risk, because uncertainty in business environment provides both opportunities and threats (Takala & Usitalo, 2012). Furthermore, Fitzsimmons (2006, p. 135) argues that "intuition and judgment of decision makers will always be vital to strategy" as it helps in choosing right alternatives from different options. In this study it is called competencies of a good strategic leader (see Table 4). Thus, by presenting a framework the study has tried to help managers and strategic planners to overcome some of the practical issues of strategic planning, implementation and monitoring.

FUTURE RESEARCH DIRECTIONS

Although many scholars have tried to identify the barriers of strategic planning, implementation and monitoring, few scholars have paid attention to the ways of mitigating those barriers. Also, there have been few attempts to understand the competencies of a good strategic leader from a practice point of view. This study has tried to address these issues. However, the research was limited to the qualitative study considering only 36 SMEs. Hence, the results and findings cannot be generalized, though it provides meaningful results and findings for both strategic practitioners and academic researchers. Therefore, future studies considering a larger sample size, comprising a wider group of industries has been recommended, so that the results and findings of the present study can be compared, generalized, and validated. Additionally, to avoid the tautology in research finding and refine the concept developed in this study, future research could adopt a longitudinal case considering past experience, present actions and future expectations as shown in the framework above (see Figure 3).

CONCLUSION

It is very important for a manager and strategic leader to know the barriers of strategic planning, implementation and monitoring. This will help to improve organizational performance. During the turbulent business environment the strategy needs to be updated all the time, which makes it very challenging to maintain effective and/or efficient strategic planning, implementation and monitoring. Therefore, to

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understand the barriers of strategic planning, implementation and monitoring, this study has highlighted the current practice of strategic planning, implementation and monitoring processes followed by Finnish SMEs. From a practical view point potential solutions in overcoming the identified barriers have been proposed. The research believes that results and findings of this study will help managers of SMEs and strategic planners in better practice of strategic management, hence to improve organizational performance in a changing business environment. Likewise, the competencies of a strategic leader or manager count a lot in the process of strategic management. In this regards the present study has identified a few competencies of a good strategic planner. By developing the identified competencies, a strategic leader or manager can enhance their practice of strategic management. In addition, the proposed framework provides a practical guideline in strategic planning, implementation and monitoring, especially to SMEs. However, internal assessment of resources and capabilities, and its systematic mapping with the external business environment is crucial not only for better strategic planning, but also very important for the successful implementation of developed strategies.

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KEY TERMS AND DEFINITIONS

Barriers of Strategic Planning and Implementation: Obstacles/constraints/hindrances preventing effective strategic planning and implementation.

Environmental Turbulence: The measure of resource transfer between different stakeholders acting within a firm's operating environment.

Inductive Approach: A research approach which begins with the observation followed by a pattern analysis and finally a theory or result and findings are produced.

Industry Organization (IO) Theory: A theory of the firm precisely concerned with the opportunities and threats' streaming from the environment. It asserts that the industry forces in which a firm operates are very important for a firm's growth and survival.

Open Ended Survey Questions: An unstructured but clear question that provides better opportunities for respondents to express their views and opinion on the subject matter. It also provides greater anonymity to respondents and often elicits more honest and clear responses.

Resource Based View (RBV): A theory of the firm which claims that a firm's competitiveness is the result of the firm's capabilities in mobilizing organizational resources. RBV asserts that firm's strategies are the result of the asset base of the firm and its competitors and provides guidelines for organizations to gain competitive advantage.

Strategic Implementation: An act of execution of the chosen strategic plan and actions, supported with a control procedure. It mainly concerned with putting planned strategies into actions, so that the desired mission, vision and organizational objectives can be achieved without interruption.

Strategic Planning: Act of developing clear and concise strategy that clarifies mission, vision and organizational objectives by answering four key questions: What to do? When to do? How to do? and Why to do?

Thematic Analysis: A qualitative research method for identifying, detecting and analyzing factors or variables that influence respondent's behavior, actions and thoughts in regards to a particular course of actions. Thus, it helps in developing and reporting themes/pattern analysis within the collected data.

ENDNOTES

¹ Editors' note: See chapter 16 for a review of instruments and tools of the situational analysis including SWOT and compare with the ideas suggested in this chapter.