

Performance Drivers in a Multinational Enterprise

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Abstract:

Performance is associated typically with a sustained growth rate. Corporate initiatives are dedicated to growth opportunities; however, the sustainable realization of growth has received little attention in literature, despite often being identified as a goal for managers, thereby ultimately leading to unrealized value. The assumption is that performance is sustained competitive advantage that produces a conglomerate surplus. While this is true, this study shows that performance is capability and execution that produces sustained corporate advantage as an outcome. Details emerge from the case study to provide clarity on performance aspects.

Keywords: operative synergies; synergy realization; relatedness; performance; outcomes; capability; execution; growth rate

Introduction:

Performance is associated typically with a sustained growth rate. Corporate initiatives are dedicated to growth opportunities; however, the sustainable realization of growth has received little attention in literature, despite often being identified as a goal for managers (Amit & Livnat, 1988; Bettis, 1981; Eisenhardt & Galunic, 2000; Martin, 2002; Palich, Cardinal, & Miller, 2000; Ramanujam & Varadarajan, 1989), thereby ultimately leading to unrealized value (Goold & Campbell, 1998). Specifically, research on diversification concerned with operative synergies explores the strategic rationale of related diversification (Davis & Thomas, 1993; Tanriverdi & Venkatraman, 2005), but does not reveal anything about realization. It assumes that cross-business synergies are observed in organizational

constructs and that they are easily realizable when in fact they are complex and difficult to achieve. With the exception of Martin (2002), research is too empirically immature to provide adequate insight into growth synergy realization from resource combination, or the unique and timely combination of the elements of the synergies previously discussed.

Synergy realization costs include both direct and indirect costs. Direct costs could include the cost of coordination and control, while indirect costs may relate to the need for a compromise or an adaptation (Campbell & Goold, 2000). Coordination costs may be visible in costs associated with collaborative linkages between business units (Porter, 1985). This could include management time, the cost of a designated liaison, the cost of an

embedded team, the cost of integrating sales forces, human resource related costs, marketing costs, moving costs, culture assimilation costs, costs of standardization, the cost of outsourcing, or costs associated with the installation and maintenance of enterprise resource planning (ERP) systems (Loomer & Harington, 2003; Zhou, 2011). Business level managers may spend a significant amount of their disposable time meeting and negotiating with other business managers for coordinating activities, problem-solving, and making decisions. Resources for exploiting opportunities may not be easy to share due to specialization, for example (Teece, 1980). Corporate costs may increase for the same reasons if escalation is needed (Hill, Hitt, & Hoskisson, 1992; Michel & Hambrick, 1992). Furthermore, corporate-level behavior may be unproductive due to self-interest. For example, disruptive technologies that self-cannibalize, or inequitable intercompany pricing, may be deliberate in the business in order to prop up a favored unit or help penetrate a new market. Corporate managers may not be capable of resolving conflict as they are not fully aware of the situation and do not have the needed operational skills for understanding the impact of a decision. These managers typically do not have to deal with collateral damage wherever it may occur. This may lead to less than optimal decisions, frustrating and alienating business unit managers (Goold & Campbell, 1998; Goold & Luchs, 1993; Michel & Hambrick, 1992; Vancil, 1980). Business unit managers may also be frustrated by imposed decisions and the requirement to resource share (Beer, 1964; Fleishman & Harris, 1962; Gupta & Govindarajan, 1986; Tannenbaum, 1962,) or redeploy (Capron, 1999). This overall organizational inertia introduces waste that results in additional cost and smaller profits. It is the antithesis to performance.

Operative synergies. Studies on operative synergies typically only capture benefits of economies of scope, by sharing similar or slack resources across businesses (Shaver, 2006; Panzar & Willig, 1981; Tanriverdi & Venkatraman, 2005;

Williamson, 1975). Relationships among business units need not be limited to economies of scope but also must lead to value-enhanced revenue, or corporate growth (Davis & Thomas, 1993; Mueller-Stewens & Knoll, 2006; Tanriverdi & Venkatraman, 2005) referred to as positive spillovers (Shaver, 2006). This type of corporate growth associated with the combination and transfer of complementary resources is limited as efficiency gains are not necessarily realized through sharing alone (Eisenhardt & Martin, 2000; Tanriverdi & Venkatraman, 2005). These value-enhancing opportunities, or profitable growth advantages, are created by combining complementary operative resources across businesses.

Competitive Advantage. When competitive advantage creates a higher economic value for the firm than its rivals can produce, cross-unit synergies contribute to corporate advantage (D'Aveni, Dagnino, & Smith, 2010). The opportunities, as represented by box shade variation in Figure 1 below, can be discovered through SWOT analysis, internal performance reviews, competitor analysis, or addressable market analysis. The opportunities are located at the nodes, where they naturally reside as these are the dimensional factors that would enable the exploitation of the opportunity.

An opportunity could be an immediate client need, a servicing issue to be resolved, margin inadequacy, a capital expenditure (CAPEX) enabled sale, a filler for a capacity shortfall, or revenue that could be experienced through a critical support function that has been missing. One opportunity could lead to another. For example, the exploitation of C2/Prod 4/S1/L5 could lead to a further opportunity with Prod 1 at L5 and Serv 1 at L1. The link preserves the attachment to any lines at the primary opportunity. Synergistic linkage will enhance profitability and minimize investment to realize the opportunity. The priority of exploiting the opportunities at the nodes could relate to the magnitude of the opportunity, the investment needed to exploit it, or the profitability of the opportunity, as examples.

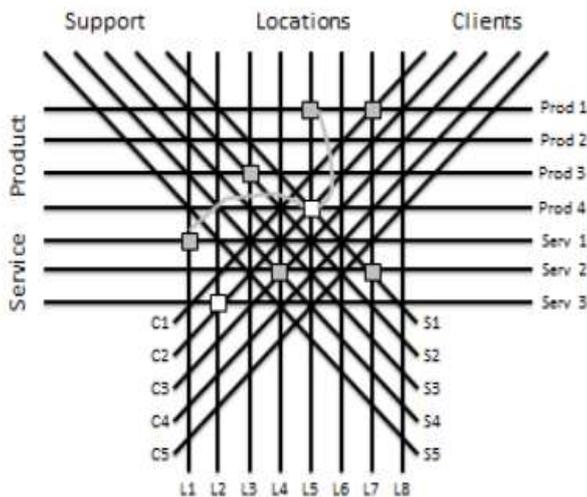


Figure 1. Growth synergy opportunities prioritized at the nodes. This figure illustrates the relatedness of opportunities and the capability of the model to be used for prioritization.

Sustained Advantage. Opportunities can be prioritized based on corporate growth and synergy value. A resource-based view of cross-unit synergy creates three conditions by which competitive advantage is sustained (Barney, 1991; Conner, 1991; Peteraf, 1993; Wernerfelt, 1984). First, the synergistic resource needs to have value. This happens when these resources are relevant to key success factors of the business (Grant, 2005). They enable the firm to reduce threats to profitability and exploit opportunities available in the environment (Barney, 2007). In the end, these resources need to contribute to the firm's ability to meet customer needs and expectations at a fair price, better than the competition (Collins & Montgomery, 2005; Rose, 1990). Second, the resource needs to be in short supply. If the resource is widely available, the potential competitive advantage erodes (Grant, 2005). The best outcome for competitive advantage is that the resource is rare and valuable (Barney, 2007). Finally, synergistic resources must be difficult to imitate, in order to be a source of sustainable competitive advantage. This is enhanced if competitors have neither the financial capability nor time to obtain them (Grant, 2005; Barney, 2007). This situation may be enhanced through the existence of intellectual property protection, historical conditions, timing disadvantages, the inability of the competitor to assemble the needed resources, and the existence

of socially complex phenomena that cannot be sufficiently influenced (Barney, 2007). To optimize growth synergy choices, firms need to balance the potential value with the associated coordination costs. This must be accomplished with a view towards complexity, consideration for the overall coordination capacity constraints, and an understanding of the opportunity itself so that it can be optimally applied horizontally as well as vertically. Furthermore, the application needs to be accomplished with consideration for the impact of synergy realization on specialization, which may result in a loss of competitive advantage. Organizational capability like managerial expertise, knowledge creation, and adaptation to offset limitations, also need to be taken into consideration (Capron, Dussauge, & Michell, 1998; Hill *et al.*, 1992; Nelson & Winter, 1982). All things considered, firms need to understand and optimize coordination costs that arise from managing complex interdependencies between business units (Zhou, 2011).

Conglomerate Surplus. The sustained corporate advantage of cross-unit synergies can be described as the net present value of the combined firm being greater than the sum of the standalone net present values of the individual firms. A cross-unit business synergy is any cross-business activity that increases the net present value of the firm. An M-form based view could result in a business unit market disparity relative to single-business competitors, or the U-form (Bartlett & Ghoshal, 1993), due to imposed compromise benefitting the firm. As a result an M-form based MUF may not be competitive with a single-unit competitor even though a U-form based firm carries the risk of being a captive vendor (Bartlett & Ghoshal, 1993). Due to the rate of change of the vendor-client relationship, single-business competitors that realize a competitive advantage can be a source of frustration for a substantial portion of the duration of a product life-cycle. It is essential, therefore, to describe the climate, or environmental conditions, that lead to the realization of growth synergies. These cross-unit synergies, in turn, lead to corporate advantage that could be described by the

resulting conglomerate surplus (Berger & Ofek, 1995).

How is performance defined? Is conglomerate surplus the only factor that describes performance? The author has discussed a number of critical factors as described by the literature; a sustained growth rate, exploiting synergies found in product relatedness, exploiting operative synergies for cost optimization, minimizing coordination costs, have a conglomerate surplus, and empowering a sustained advantage through organizational design. The author, in this paper, will discuss performance concepts that emerged from a case study of a multinational enterprise (MNE) that achieved a new performance level following an organizational transformation. A literature review started the discussion. Next, the methods used for the study will be discussed followed by the findings. The conclusion follows with limitations of the study.

Quality of the Research:

Creswell (2014) describes validity in qualitative research as being the determination of whether the findings are accurate from the standpoint of the author, the participant, and the readers of an account. In this case, language and meaning are the data. Creswell (2014), in parallel with Lincoln and Guba's (1985) approach, offers qualitative researchers eight possible strategies for checking the accuracy of findings; triangulation, member-checking, rich descriptions, clarification of bias, the use of negative or discrepant information, prolonged time in the field, peer debriefing, and the use of an external auditor. The author selectively used these strategies to ensure data validity with a focus on triangulation, peer debriefing, and member checking.

Endogenous validity refers to the validity of established causal relationships (Yin, 1994; Lamnek, 1995) or internal logic of the research (Punch, 1998). This was achieved by establishing a clear thematic focus that guided the case selection, abstracting and comparing, conducting peer reviews of causal relationships, and by having an open and comprehensive explanation building. A thematic focus was evident in a clear definition of

an overarching research theme (cross-unit synergies), a narrowing research focus (unit operative synergies), and a specific research question (the sustainable realization of growth synergies as evidence of performance) along with a compatible case selection in which the constructs of interest could be discovered. Continuous abstracting and comparing (Strauss & Corbin, 1990, 1996) occurred as the author continuously compared data sets to build higher order constructs, preliminary results to emerging data to confirm or refine results, and observed causal patterns within the existing literature. This improved the validity of causal relations (Yin, 1994). Peer reviews of causal relationships were discussed with research colleagues for the purpose of capturing and testing additional perspectives based on experience in the field. Additionally, it enabled the validation of internal consistency and theoretical relevance of the author's arguments. The final technique for internal validity was through open and comprehensible building of explanations and causal relationships. The results were documented in such a way that the reader could reconstruct the causal relationship (Mayring, 1996). Openly, the author indicated initial ideas, deducted assumptions, and challenged potential inconsistencies.

Exogenous validity refers to the generalizability of research results critical for robust theory development (Sutton & Straw, 1995; Weick, 1995b) and depends on the research approach (Yin, 1994). Single case study empirical findings are difficult to generalize. Yin (1994) emphasizes that case studies do not allow for statistical generalization. More specifically, it is difficult to make inferences about a population based on empirical data collected in a sample. While issues of generalizability from case studies is severe (Denzin, 1989; Yin, 1994), single-case studies are recognized to be substantial from an evolutionary perspective (Stake, 1995). Single case studies can also provide new ideas and new thinking paradigms. They can help modify existing theories by exposing gaps and helping to fill them. There are several facts about this study that support the

author's conclusions that the findings and propositions will be at least somewhat generalizable. Several of the constructs can be confirmed as being present in existing literature, indicating general theoretical relevance of the research (Eisenhardt, 1989). The findings were confirmed through consultation with participants, who are operationally capable with varied experience in the industry, suggesting the potential transferability of the claims. Finally, the findings were somewhat generalizable due to the continuous comparison of similarities and differences within case items across different levels of analysis.

Reliability refers to the possibility that researchers can replicate the research activity and produce the same findings (Eisenhardt, 1989; Yin, 1994). A challenge for this replication is the attribute of qualitative research, in that it is bound to the context in which it is conducted (Lamnek, 1995), including time. Reliability in qualitative studies is best served by presenting sufficient information so that the reader can draw his/her own conclusions (Yin, 1994). The author attempted to ensure reliability through the explicit disclosure of the research design, including a detailed description of the research process, case selection criteria, interview guide, and methods for collecting and analyzing empirical data.

Data and Analysis:

The purpose of this qualitative phenomenological research study, using Moustakas, (1994) modified van Kaam method, was to explore the real-time experiences of stakeholders, or co-researchers, as they lived and influenced events occurring around them. Awareness is a transient experience (Freeman, 2000) that may involve exerting influence, letting go, and redirecting energy and attention (Depraz, Varela, & Vermersch, 2003). It also involves being present physically and mentally in daily life. Stakeholders have to anticipate events, make sense of existing environments, and exert influence over future trends. Weick (1995) suggests that sense-making is a retrospective cognitive process that explains unanticipated events. He also suggests that events in a socially-

created world both support and constrain action. Weick, Sutcliffe, and Obstfeld (2005) later suggest that individuals form both assumptions and conscious anticipations of future events. By examining sense-making and the development of mental models through actual lived, shared experiences, this study captures the subjective processes that have been largely ignored in the context of the connection between organizational design and growth in a multi-unit firm. Using the experience of stakeholders, the author presents a conceptualization of how individual participants in this study made sense of their lived experience. This was an ongoing process for participants as they refined their understanding of lived experiences and established new equilibriums.

The research included individual textual descriptions as well as composite descriptions concisely oriented and illustrated in a theme map structure. Moustakas (1994) suggested that the integration of textual and structural descriptions into a composite description, such as a relational table, is a path for understanding the essence of an experience. The composite description is an intuitive and reflective integrative description of the meanings and essences of a phenomenon, of which the entire group of individuals is making sense. The participants create meaning through their awareness of the environment, reflection on their experiences, consultation with others, focused response to an enquiry, and iterative refinement to these enquiries.

Coding:

Data collection was facilitated by an interview protocol with specific questions oriented in a sequenced schema. Participants were solicited as volunteers from a pool of leaders based on a willingness to share information about the transformation of the sub-division. Each volunteer co-researcher participated in the changes personally. Following each question, the participants' response was determined to be linked to the question asked and was determined to be meaningful prior to continuing. An answer could trigger a clarifying question, or a question formed to solicit a more fulsome answer, if needed. The additional information modified the answer and

once again was determined to be fulsome or not. The data was given a reference number (ex. RV313) and added then to the data sheet and coded. Sub-code themes were also determined and grouped by code and sub-code. The data was surveyed by the author, who, due to personal experience, was able to apply an “analysis for good” (ANOG). Slight modifications were made as needed to reduce the noise in the data and ensure completeness and clarity. This was accomplished by consolidating like data points and simplifying others by stripping out noise and redundancy in the answers. The data was then re-sorted and generalized through categorizing. A pivot-table was used to extract themes in the wording. The raw data was then posted in a table. In some cases most of the themes were unique in which case a table was not used. From this data, dependencies, relationship, and the sequence of events were determined and organized into a theme relationship map. In some cases the data collected appeared as though the participant was confused about the question. In these cases the Author followed up with the participant and then added the newly acquired information to the raw data previously collected.

The raw data was collected from each participant for each data domain and sub-domain in the sequence in which it is presented in this chapter to promote a progression of thought. The data is separated into exogenous and endogenous domains as well with selected focus in both areas. In some cases, like roles, the participants offered information on themselves while commenting on data provided by their peers. Patterns that emerge in the data are presented as textural responses (what happened), structural responses (how did it happen), or composite descriptions (what the group experienced). Data responses that occurred most frequently within the theme category were given more significance and were typically mentioned first. Data was interpreted into theme patterns. These were broken into themes and then concisely into propositions, or findings of the study. Data items that referred to individuals, functions, line of business, locations, systems, or company names

were obfuscated, eliminated, or given a pseudonym. The propositions, or findings, were formed and listed numerically. Within each proposition, a two-word summary was formed along with a statement that sums up the finding. For example, a central theme, norm strategy, or trigger may have emerged from the data as a result of coding. This data could then be categorized or filtered through the constructs being discussed that may include the strategic frame, horizontal strategies, or a narrowed scope as examples. This was the beginning of the theme map, or the outermost layer. The layers could then be elaborated on by breaking the outermost layer into sub-layers until it was reasonable to stop. This theme map was created to better describe the themes in the data and to show relationships and sequences between unique data items. With the methods understood, now on to the specific themes from the study.

Performance:

Operational Performance. The data that emerged from the study suggests that the multi-dimensional organizational structure (MOS) leader (one for each line in Figure 1) must understand operational performance to be an effective contributor to company growth.

“[I] work closely with facility leaders worldwide, to improve business metrics and operational data (lowering costs, increasing throughput, higher quality, etc.) on ... [LOB] by transforming the way we perform various ... services.” (RH1)

“[I] provide global operations support to local office leaders for the expansion of ... services, with a focus on scalability and reliability.” (RH2)

According to the MOS leaders, the desirable attributes of operational performance are (a) security, (b) transparency, (c) problem solving, (d) financial aspects, (e) best practices, and (f) asset management. Additional data (for a) suggests that security is directly related to compliance with controls already in place. Even so, the business unit is continually taking advantage of the opportunity to enhance controls proactively in light of the dynamic threat-scape. Additional data (for b) suggests that transparency is bi-directional; the role

of listener and speaker may alternate. This information exchange includes requirements or specifications, a performance scorecard that reflects quality and reliability, and the deployment and exposure of effective productivity metrics. Additional data (for c) suggests that problem solving is critical to revenue growth and includes resolving new workflow deployment issues, corrective actions when errors are made, the ability to discover opportunities, the ability to innovate, and the introduction of value-added products that solve customer problems. This is important to client’s perception of MediaCorp’s (a pseudonym for the case company) abilities, as reflected in a client survey response.

“...the gap has now been plugged and was dealt with swiftly and professionally.” (CS34)

Additional data (for d) includes financial aspects of business unit performance, including fair and acceptable revenue allocations, billing velocity that does not tie up cash, and standard financial reporting through a worldwide P&L that is timely

and meaningful. Additional data (for e) suggests that best practices are important to capture, create, model, and propagate horizontally across locations. MOS leaders help unify operations around excellence, produce skills, and lead continuous process improvement. The data specifically suggests an appropriate methodology, lean sigma, as an example. Additional data (for f) suggests that assets are important to clients and must be tracked while they are in the custody of MediaCorp. Additionally they have to be purged or immediately returned once they have been used. Otherwise, they are a security risk and a burden to the vault. Best practices apply to a variety of operational functions, all of which are the responsibility of horizontal leaders who push policy across locations to improve operational performance as illustrated in Figure 2 below.

“[I] partner with local leaders to drive unification, standardization, centralization and operational efficiencies across key WW ... locations.” (RH7)

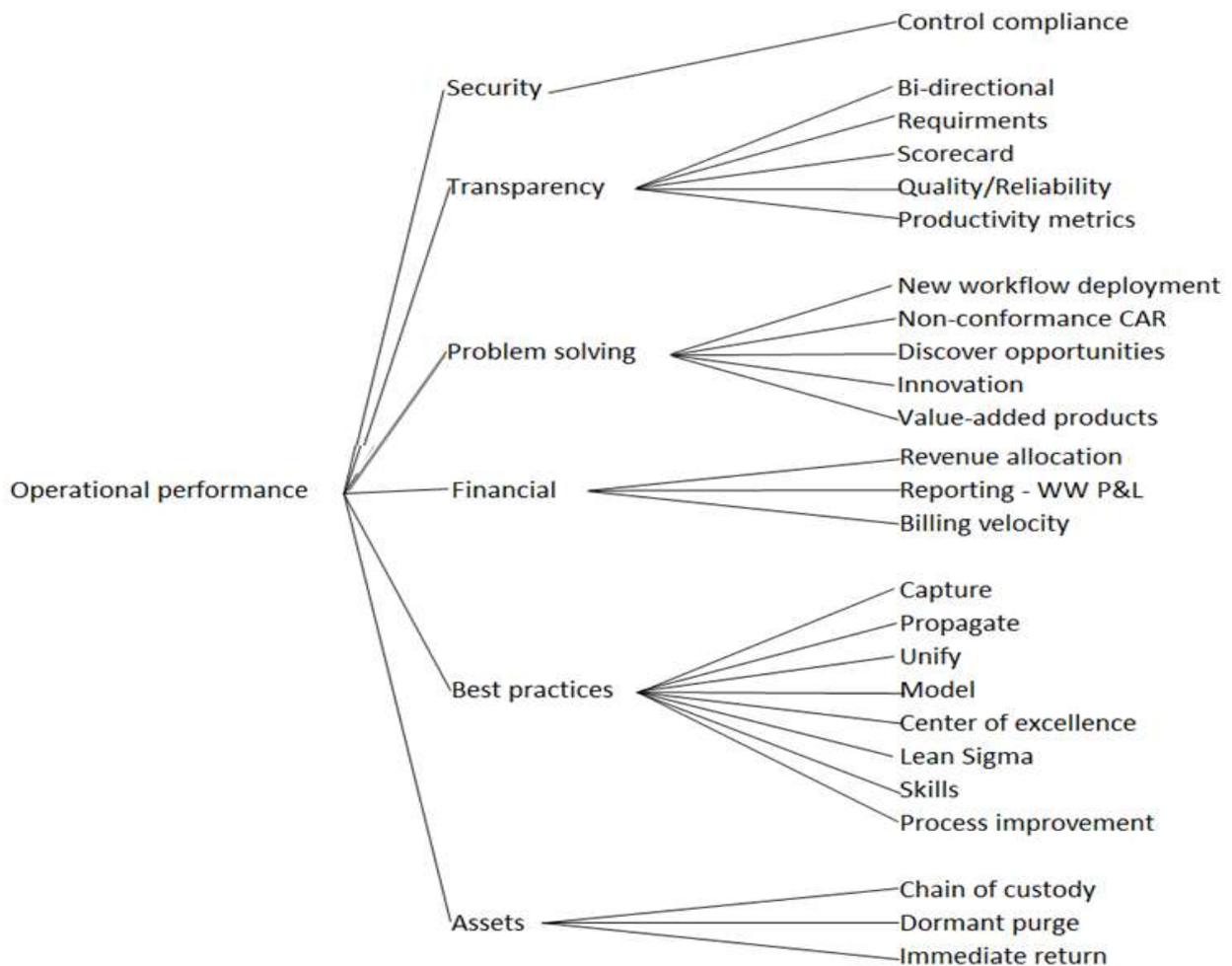


Figure 2. Operational performance theme map. This figure maps operational performance as a theme category into descriptive sub-groupings.

In summary, the data suggests that operational performance is associated with practice compliance, transparency, and the ability to solve problems. The ability for an MOS leader to be aware is enhanced by transparency to information that is relevant. Compliance allows for control and entropy mitigation. Controls and practices need to be optimized, effective, thoroughly deployed, and continuously evolving. Awareness and compliance provides a platform from which the organization can evolve. Organizations should be seen as organic or complex adaptive systems (Burns & Stalker, 1992). Similarly, Eisenhardt and Bhatia (2002) through complex adaptive systems theory, describe a naturalistic approach to organizing through the actions of a change agent. The gap between a competitive advantage and the current state is found through transparency and gap closure by the change agent. The ability of an organization to learn from issues and close these gaps promotes performance that stimulates profits and growth. As Freeman (2000) suggests, organizations propagate intentional action at the rate that the organization can absorb it. The following propositions summarize the key findings of this section:

Proposition 1 (liability prevention): Compliance with liability prevention controls must be at least as dynamic as the evolving threat-scape.

Proposition 2 (resolution transparency): Transparency that leads to client and business problem resolution and innovation is multi-directional and speed sensitive.

Proposition 3 (process grading): Financial and asset management processes should be graded on their accuracy and speed.

Proposition 4 (propagation capacity): An appropriate methodology is needed to propagate best practices at the rate of absorptive capacity.

Efficiency and Growth. The table of emergent data for performance indicates that vertical leaders are driven by efficiency and growth; however, due to financial pressures, the most frequent comment related to the ability to move work where capacity was available. Of course, this is not of interest

unless the performance levels are suitable. All locations needed to embrace performance excellence in order for them to be considered for the shifting of work. The result of the shifting also allows locations to accept orders of a size that exceeded their capacity. This practice would then reflect positively on their P&Ls (profit and loss sheets).

“[I] enlist the operational leads in assisting with cost reduction and efficiency improvement.” (RV146)

Vertical leaders see efficiency and cost reduction as an ongoing and critical activity. Before performance can be improved, the existing situation, through operational data, must be understood.

“[I will] develop a relationship with finance to make sure [we] are reviewing and understanding the numbers.” (RV152)

While performance improvements are being achieved, there can be no impact to business continuity or client satisfaction. If quality performance is compromised, then expectations to achieve increased market share are at risk. Operational excellence is supported by an infrastructure and human resource that performs with consistent excellence regardless of the volume or the order cycle-time. While operational metrics are good for trend analysis, work shifting adds a level of complication due to the addition of coordination activities. Cross-training and the awareness of expectations allows for performance parity regardless of where the work is done.

“[I] work closely with facility leaders worldwide, to establish effective load balancing and off-load methods to eliminate capacity constraints in local offices.” (RV187)

On the other hand, right sizing reduces capacity and can be a constraint. The ability to scale and execute, including the ability to catch non-conformities prior to shipping them, allows for a labor model that is pooled and ‘on-demand’. This follows a theme pattern that emerged in the data with regard

to continuous improvement. The expectation is that excellence is present in all operations; however, the environment is dynamic, in that performance is continuously improving and excellence is a relative existence. Excellence includes improvements in efficiency, measurement systems, quality performance, and synergy-based streamlining. These continuous improvements enhance profitability and allow for market penetration through aggressive pricing strategies. Human resources that can manage this model are subject to career paths that are fulfilling. A total of 36 themes from 55 rich data descriptions were captured from the data as per Table 1 below.

Table 1 Performance Themes

Performance	Count
Work shift for cost	5
Operational excellence	4
P&L accountability	4
Metrics	3
Operational efficiency	3
Consistent service levels	2
Cost measures	2
Efficiency improvement	2
High quality	2
Improve profitability	2
On time delivery	2
Right sizing	2
Cost reduction	2
Optimize profitability	2
Consolidate redundant functions	2
Increase profitability	2

Performance parity	1
Achieve goals	1
Create budgets	1
Develop metrics	1
Enhanced service	1
Increase efficiency	1
Internal servicing	1
Inventory management	1
Minimize cost	1
Optimize quality	1
Optimize capacity	1
Promote centralization	1
Rate card negotiation	1
Reduce material cost	1
Resource redeployment	1
Resource utilization	1
Shared allocation	1
Space optimization	1
Streamline	1
Work shifting for capacity	1
Total	55

The theme map in Figure 3 below focused on several key patterns that emerged, including profitability, execution, customer service, and improvement trends. These are all critical in a dynamic market. The data indicated that profitability drivers were the ability to allocate cost

and revenue, capital investment in infrastructure, cost reductions as a norm, cost measurement capability, suitable rates in rate cards, suitable budgets, increased volume or work, the ability to relocate work, and right-sizing based on volume and complexity trends.

“[I am] responsible for [location] P&L; to improve profitability of all product lines,[while] leveraging global resources.”
(RV23)

Success, with regard to profitability, can be seen in P&Ls, the achievement of goals, meeting client expectations, a consistent and robust product, the optimization of location capability and capacity, and minimized material costs. Performance and profitability are also related to the ability of the organization to execute.

“[I will] ensure [location] facility is a [regional] center of operational excellence for MediaCorp.” (RV49)

This theme pattern emerged in the data as being driven by: the ability to cross-train for enhanced human resource capability, effective performance monitoring for awareness, risk mitigation, the will to pursue excellence, meaningful operational metrics, the ability to detect errors before they ship, seamless work shifting, a centralization paradigm, and the ability to redeploy resources effortlessly. Location leaders believe that with execution driven by these capabilities, measurable performance comes as it relates to quality, asset security, efficiency, on-time delivery, measurable excellence, inventory integrity, and location capacity, resource, and space utilization. Vertical co-researchers also suggested that customer

satisfaction is a key theme with regard to performance. Customer satisfaction is assured through the following attributes: consistency in service levels, the conformance of product to industry and customer standards, the tendency for increased market share, and the ability to enhance products to solve customer problems. There are internal and external customers in a supply chain. Excellent performance presents the best opportunity to satisfy both, regardless of where the work is done.

“[I will] implement a manufacturing/supply-chain philosophy to ensure consistent service levels and release dates to customers.”(RV110)

A performance culture should also lead to the ability for workers and leaders to advance. If employees experience success, it should bring them personal success. This could be in the form of a career path through succession planning. With this hope, there is potential for a reduction in churn rate. A reduction in turnover cost positively influences profitability. The last aspect of performance relates to the expectation of continuous improvement in performance. This pattern was supported by themes that included continuous improvement in profitability, efficiency performance, quality and reliability improvement, the ability to synergistically exploit existing workflows, and streamlining.

“[I will] continually analyze cost structure to enable right sizing costs, staff, and material expenses and to keep costs in line with [an] evolving business model.”
(RV31)

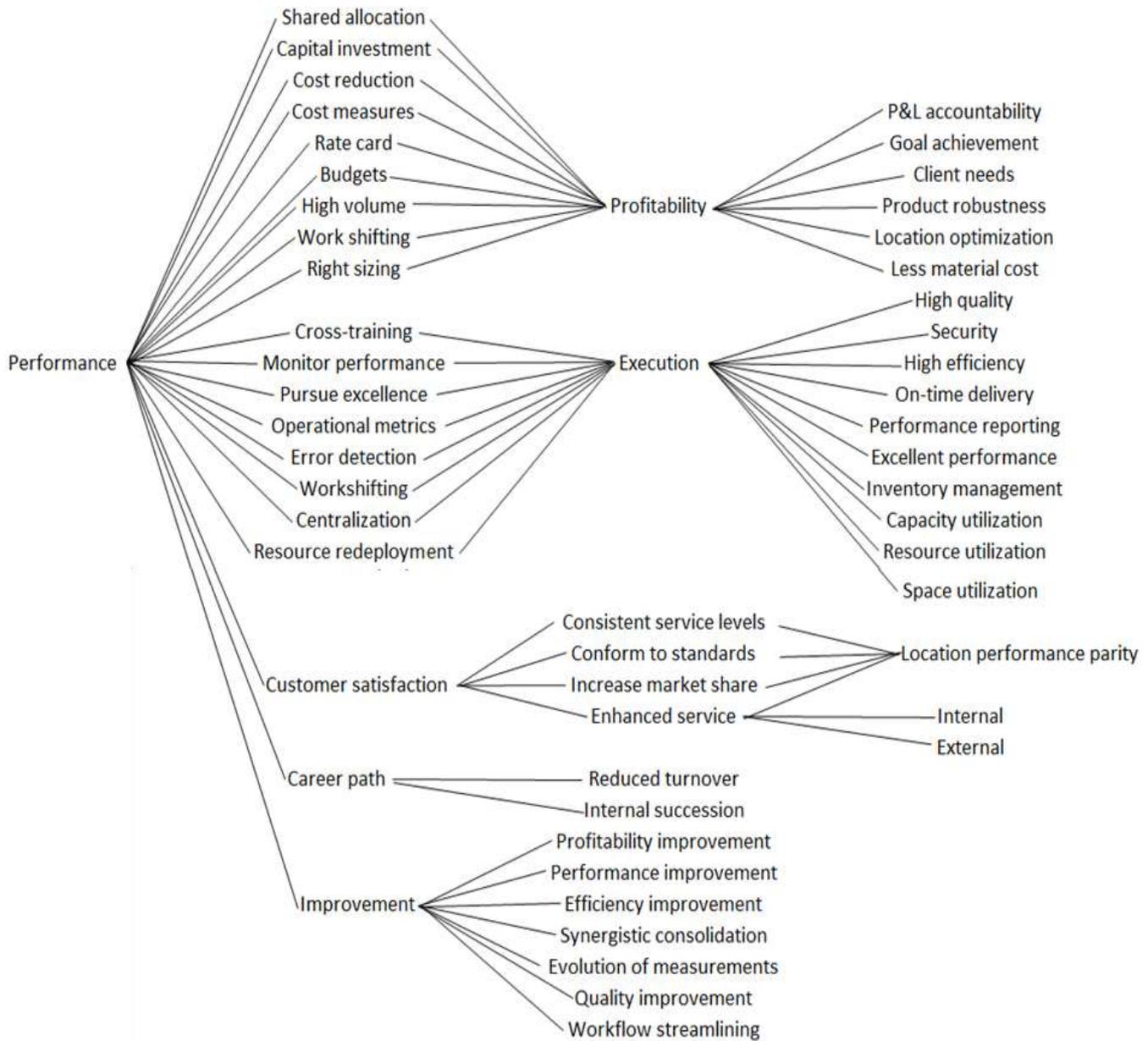


Figure 3. Performance theme map. This figure maps performance as a theme category into descriptive sub-groupings.

In summary, the data suggests that performance is critical to profitability. This is achieved through enablers that are efficiently exploited. Performance leads to customer satisfaction which in turn leads to growth. A dynamic market place demands that performance is not static. Rather it must improve at a suitable rate for the firm to be relevant in the marketplace. This relevance presents growth opportunities. The following propositions summarize the key findings of this section:

Proposition 5 (balanced achievement): Profitability leads to growth when achievement effort is optimally balanced with cost performance.

Proposition 6 (workflow execution): Workflow performance excellence can lead to increased market share when execution results are consistent with customer expectations.

Proposition 7 (profitability enablers): Profitability enablers must be effectively executed and timely to achieve desirable outcomes.

Proposition 8 (customer satisfaction): Consistent performance reliability that conforms to evolving client expectations creates opportunities to increase market share.

Proposition 9 (network capacity): Profitability is enabled by network production capacity that is

seamlessly guided by a propensity for excellence parity.

Proposition 10 (performance workers): High performance workers want to achieve success in an operation that is measured, monitored, and knowledge rich.

Capability. A critical factor that stimulates growth through the exploitation of addressable market opportunities is capability. Capability was broken into seven categories, including (a) dwell, (b) process, (c) security, (d) strategy, (e) system, (f) technical, and (h) training. The dwell pattern related to how quickly MediaCorp is able to turn around orders. Order dwell time is a competitive advantage that can be sold. As other competitors cannot achieve this and as this is important to clients on a timeline, it is an opportunity to pursue the ‘spend’ that is being consumed by other vendors. In addition, a suite of products can be delivered simultaneously rather than in a staggered fashion. The capacity needed to deliver a series of products simultaneously is significantly different than linear delivery schedules. The dwell time does not only relate to product, but also relates to invoicing. Another capability-based penetrator is process. A reliable process can be sold. In the event that a competitor is having reliability problems, this is a good opportunity to take the ‘spend’ going to them. The reliability needs to be present in the network-based production system. An assignment could go to any location in the network and it is assumed that performance parity has been achieved. Furthermore, clients expect consistent performance without entropy. A process is competitive if it has installed controls to sustain excellent performance. Next, security is becoming more important and is a market penetrator. This capability includes integrity in the market place for MediaCorp’s security. The security management system is guided by a standard that is robust. This standard must be consistently deployed and maintained in all locations and workflows. Another capability-based penetrator is strategy. Clients want to have strategic discussions about the future of the market. They desire to engage MediaCorp in

developing projects that relate to new formats and tools. These endeavors need to have a development roadmap, a schedule, and deployment. Additionally, the enterprise resource planning (ERP) system itself creates capability and is a market penetrator. Clients are given access to the system to track their orders. This is desirable and the user interface (UI) is influenced through client input and enhancement. Technical capabilities are also a market penetrator. The ability to solve client problems is appreciated.

“Technical and supply chain resources [are] available enabl[ing] problem solving.” (MP93)

There is also the expectation that MediaCorp is a thought leader in the business generally. One way to provide technical capability as a penetrator is to make technology available to clients. MediaCorp attracted technical vendors on-site by providing office and workspace within existing facilities. When clients toured facilities, they were able to make the visits more valuable by exposing them to multiple vendors. MediaCorp also deployed a university that enabled clients and employees to leverage the facility. When a large client saw MediaCorp University, the MOS leader said:

“I demo-ed MU [the companies learning management system] for him and he could also see all of our trainings in the system, as well as process training when we pair [the university] with the [knowledge base]... [the client] said specifically, this is a leader of all the vendors by far and is a differentiator when it comes to making decisions about which vendor to go to for any services.” (MP44)

Clients also commented on the need to train employees at MediaCorp in client surveys.

“Please continue to support growth with staffing and training as you are trend setting for the future.” (CS58)

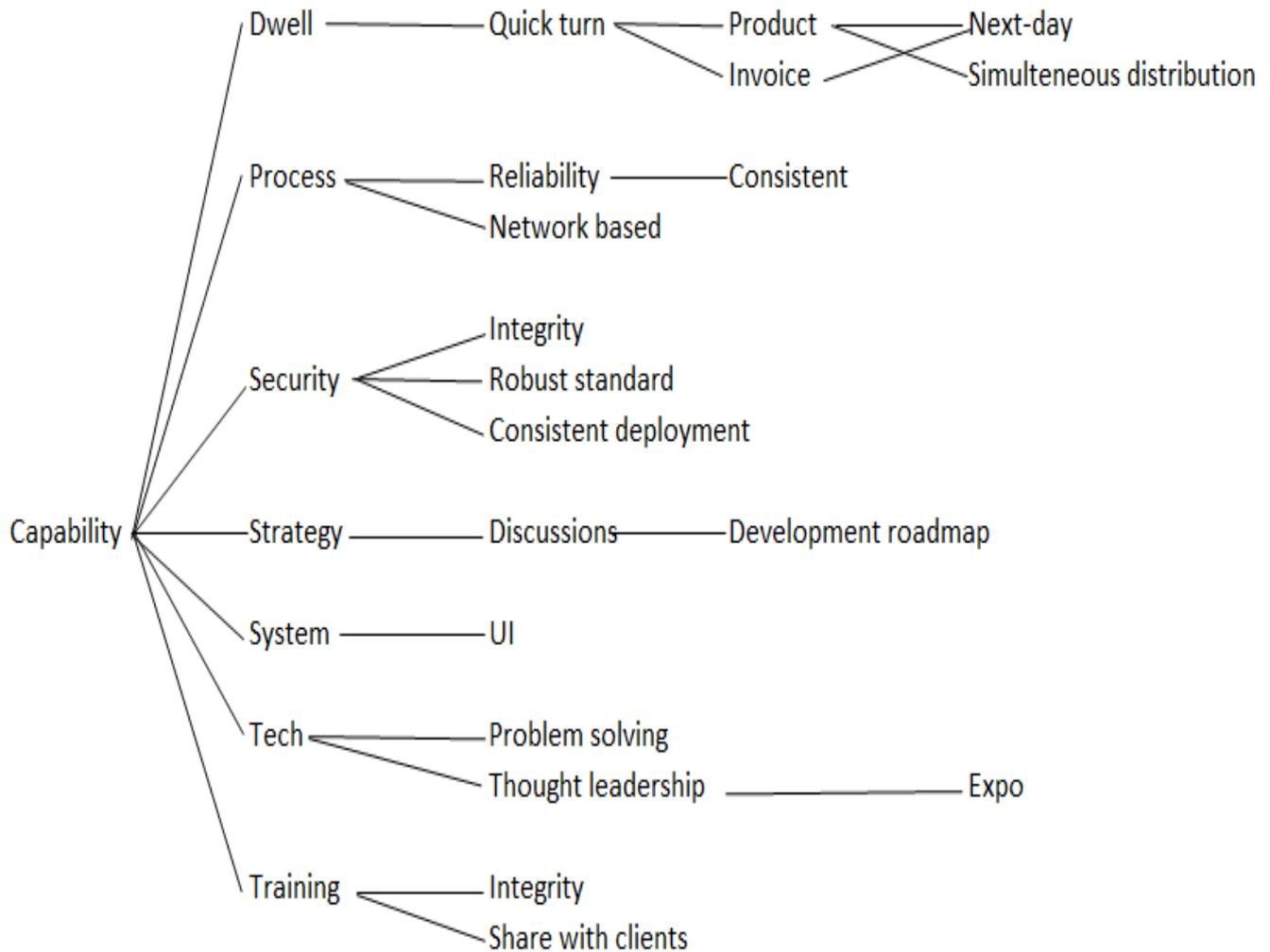


Figure 4. Market penetrator: capability. This figure maps capability as a theme category into descriptive sub-groupings.

Execution. The MOS leaders indicated that execution related to how human resources were treated. This included how they were inspired to make the transition and achieve growth goals. It was related to the nature of the relationships.

My successful projects typically ended up being all about attitude – both mine and theirs. I also need to be able to recognize that not everyone is going to get ‘on board’ all the time – and that’s ok too. I send a message when I keep moving towards the goal, without backing off (or getting my feelings hurt) when the reaction is not completely positive. Change is hard for people. It isn’t about me and my delivery (or ability) most of the time. It speaks more to their fears. (S143)

The capability of the operation was important for growth realization as was cohesion within the team. Additional information was provided that related to

how product and services were introduced to the manufacturing environment to assure performance that met expectations from the start. Workflow management had to include design and testing, an examination of the first article to ensure compliance, on-going periodic tests at appropriate intervals as part of the quality plan, and then lastly, the exporting of a mature process to all relevant locations once the performance becomes predictable and mature. The data regarding the human aspects of execution that emerged from the study will be discussed more fully in the next few sections.

To get everyone, including P&L owners, invested in the change activity, the MOS leader needs to be a source of inspiration.

“[I was] helping people understand the benefits and positive experience of the changes.” (S110)

This includes having a belief in the mission and exhibiting an attitude that everything is possible within the prescribed timeline. Leaders need to sell the benefits of the change activity. This, along with conveying the positive experience that will result from the change, will help garner buy-in from stakeholders. Even so, there will be stakeholders that will have a high level of sensitivity and anxiety. This may be driven by the magnitude of the change they will need to endure and how disruptive it is to entrenched routines. MOS leaders need to be aware of these concerns and plan for them. Finally, the sequence of activities driven by dependencies and activity duration need to have the attention of the change leader.

The MOS leader needs strong relationships to achieve desired outcomes. MOS leaders suggested that trust, credibility, professionalism, and a strong core team were critical.

“...have a single management team of two or three (united in the plan and strategy) to cooperatively disperse the talent, [integrate] process and tools into [business units] and deploy a load-balanced, sensibly equipped unit for each customer.” (S77)

These relationships provide the capability, trust, and resiliency needed during a transition. There also needs to be a significant amount of cohesion and alignment within the team. When these relationships are strong and autonomous, leadership teams can push the organization forward quickly. The researcher will discuss capability and cohesion to close out the positive change experiences that emerged from the data.

In order for the MOS leader to be successful during times of radical change in a moderately dynamic market, the capacity of the operation and the human resources component needs to be capable. Ideally in a MUF, the facility needs to have a 24-hour service scenario even if it means that increased shift coverage is hired. This ‘always on’ perspective makes it possible for additional capability to be available to transitioning business units and it makes it possible for operational issues to be remedied quickly.

“Adding temporary support help[ed] the team to go through [the] transition.” (S19)

This also helps with quick turn-around times and overall business continuity. The business unit should be load balanced to avoid capacity shocks that could compromise progress along the transformational roadmap. When a new business unit is created, it should be deployed with capacity that is also load balanced. Otherwise, it will experience an extra measure of needless stress, retarding the rate at which it will mature. Staff recruiting is very important to the business. Training should be immersive and happen within the business unit. A too conservative posture on training will add to effort waste, task complexity, and will create rework. The staff should be augmented such that the capacity is on the high side during the introduction of the new production work, or whatever the change activity is that will happen as previously discussed. Training needs should be assessed and facilitated as applicable; however, if work can be achieved without additional headcount then this preserves capacity that would have otherwise been redirected to training. The data regarding headcount and load balancing showed that an awareness of the service level agreements (SLAs) in play are critical to know. They should be achieved from the start while volume throughput is low to avoid negativity. The pace is then set as the volume increases. The implications of the pace should be thoroughly understood and introduced during times of negotiation, as overly aggressive SLAs can compromise profitability potential. Each business unit needs to absorb all SLAs as operative norms into their business unit. Additionally, comments from MOS leaders suggested that thorough rate negotiations lead to profitability. It is worth the effort. From here the MNE is able to exploit training and focus on the recruiting effort, assuring that the best people are hired.

Cohesion within the team and external to other teams is critical to the speed of change achieved. The plan must be designed to preserve business continuity during any transition.

Part of the success was the continuity between the two teams. We didn't just off-load the work, but created an extension of [the team] in [location]. They do things like we do things in [location]. (S155)

Business continuity may be affected by the dispersion of talent and tools. Decision making involves dividing the processes so that more people could be involved without affecting anyone who already had large tasks to perform. The data suggested that every stakeholder needed to have a piece of the plan to perform. A cohesive team will have a united front with regard to the plan, strategy, and organizational goals.

With execution comes the need for workflows to function as expected. Deliverables need to be within specification tolerances before they are delivered.

"[Function] spec tests ...this is the first thing that needs to be verified...can the facility meet the spec requirements?" (S93)

The data that emerged from the leaders, as illustrated in Figure 5 below, suggested that the roadmap for workflow development and maturity has three critical milestones; (a) pull in 'first article' products by type, (b) pull in the rest of the product types individually, and (c) push the workflow out to all business units. Once a workflow proof of concept (POC) has been set up and tested for a deliverable spec, the 'first article' to be shipped must be inspected rigorously before any delivery can be made. When the reliability of the deliveries is at a suitable level, other specifications can be introduced to the workflow. Synergies between product specifications allow for a variety of deliverables to be executed within the workflow; however, the scope of deliverables needs to be specified so as to not stress the workflow. This leads to a risk for the introduction of non-conformities. When the workflow is mature on the designated variety of specifications, it can be exploited in as many business units as possible. A workflow development plan with these steps can optimize synergy, utilization of resources, and positively influence profitability.

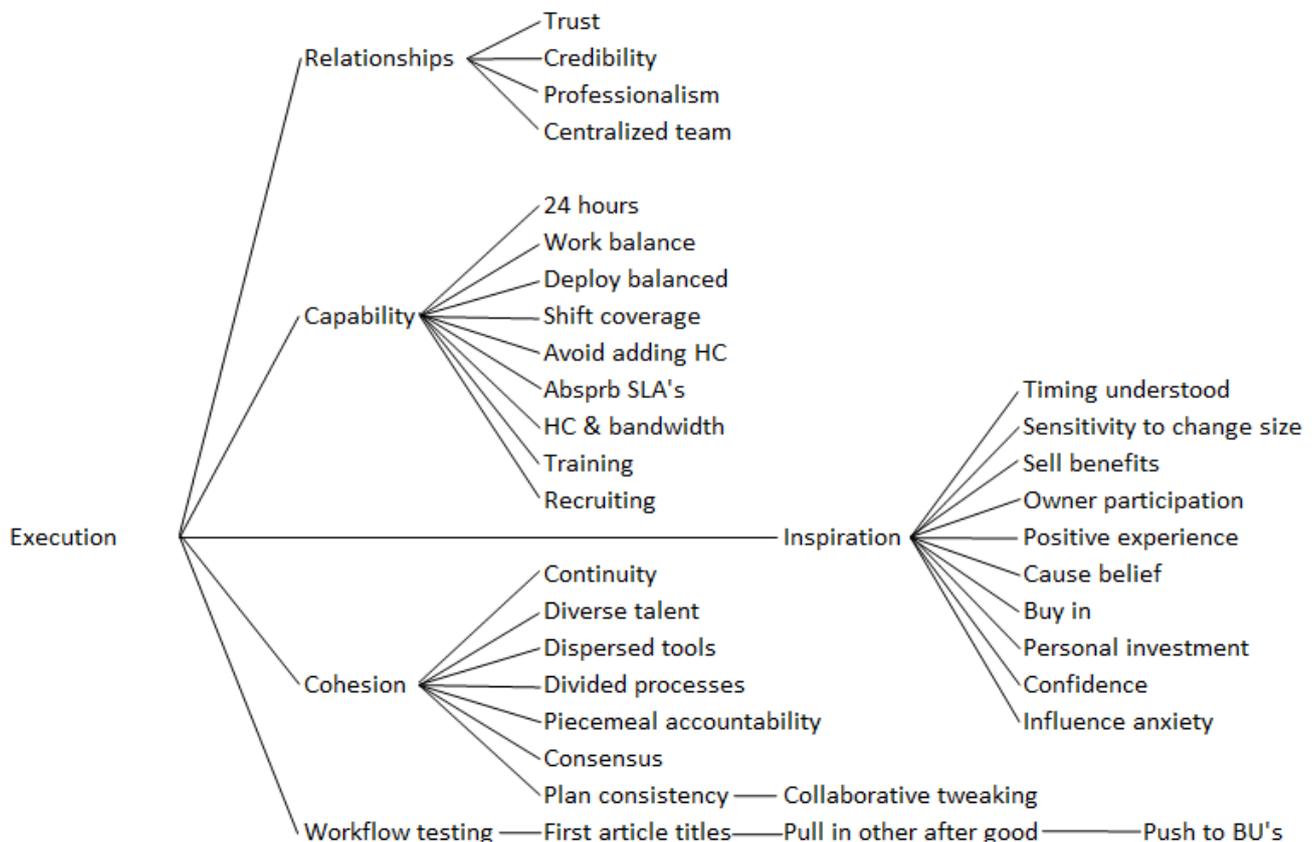


Figure 5. Positive change: execution theme map. This figure maps execution as a theme category into descriptive sub-groupings.

In summary, the data suggests that for positive change experiences to happen, the leader of that change needs to inspire. This includes the ability to sell the situation, as well as to sense the environment. A lack of awareness can inhibit change as much as a charismatic pitch could push it along. The relationship that the change leader has with the stakeholders will relate to the outcome. The capability and robustness of the plan will influence the plan outcome. A sequence of activities is important for deploying a workflow into production. Typically plans that are growth oriented have increases in capacity and the reduction of redundancy associated with them. The data suggests that positive change comes from meticulous planning driven by a keen awareness of the environment. The following propositions summarize the key findings of this section:

Proposition 11 (vision ideation): Transition execution performance is significantly dependent on stakeholder's belief and participation in the change vision ideation process.

Proposition 12 (stakeholder relationships): Achieving capability requirements is as much about understanding requirement details as it is about the relationship that stakeholders have with change leaders.

Proposition 13 (unity-diversity): Unity, as seen in consensus, consistency, and continuity, is partly achieved through diversity of talent, tools, and processes.

Proposition 14 (maturity acceleration): A phased workflow rollout needs to be structured around a validated 'right-the-first-time' ideology that accelerates maturity and achievement within the deployment scope.

Proposition 15 (burden support): The ability to execute is driven by the degree of support given to change agents to complete change activities, which are typically a challenge beyond their existing work burden.

Proposition 16 (motivated engagement): Stakeholders are motivated by personal engagement in change driven by respect,

participation, and interest in the intended outcome.

Outcomes. Ultimately, it is the financial outcome that validates that profitability has been influenced through performance. The outcome resulting from the performance achieved was increased profitability. Mature storefronts for MediaCorp were able to reduce overall labor costs by more than 20% normalized to volume.

"Based on the [pro-forma] methodology... showing the potential benefits of the storefront strategy [storefront location 1] shows annual savings of [amount] and [storefront location 2] shows annual savings of [amount]." (SI33)

As each business unit leader owns their P&L and is accountable for meeting targets. The success of this self-interest based financial policy was predicted.

"The outcome should be [an] increase in utilizing off-load hubs, reduce the off-loads to higher cost facilities, and cleaner financials." (SI25)

The design of the organization in the network must be aligned to the implementation. The MOS is ideally suited for this.

"It will be perfectly aligned since it will encourage communication with LOB leads and communication with off-load hubs." (SI26)

The collaborative dimensions assure that all dimensions are involved in and benefit from the deployment of the policy. The location experienced financial success in their P&L. Each line of business (LOB) P&L realized success from the lower cost configuration and the higher volume experienced from aggressive local sales unconstrained by capacity concerns. Alignment and execution were encouraged through communication and monitoring.

"They [are] all ... on board with this...we will escalate as soon as we see deviation from the plan." (SI28)

The financial benefit was achieved on the same volume with the same complexity configuration,

even though the storefronts were not fully mature. The network-based production was measurably augmented by the self-interest policy.

Conclusions:

The purpose of this qualitative phenomenological research study was to explore opportunities for performance enhancement using a single case study of a multi-unit firm by examining how a complex organizational design could realize growth in a dynamic market. During the study sixteen propositions were listed as theory building elements for performance in an MNE. Performance is critical for timing in business efforts. For example, recent studies have begun to suggest that products and services are experiencing shorter life-cycles (D'Aveni, et al, 2010). For the purpose of this study the phenomenon or object of the analysis was the precipitating event that led to permanent cross-business collaboration within the MNE. The unit of analysis on which the phenomenon was studied is the strategy and the organizational design that leads to sustainable desired outcomes. Sustainable outcomes are achievable across multiple product life-cycles if performance within the sequence of life-cycles is optimized.

Contributions to Theory:

The primary contribution of this article is new empirical insights about the effects of performance on growth realization in an MNE. These results are, therefore, relevant to the achievement of sustained profitability and competitive advantage by focusing a multi-unit firm on business unit capability and execution. Sixteen propositions were extracted from the participants instigated by a precipitated event that contribute to theory on performance in an MNE with a global supply chain. The result is outcomes that are influence by performance. These are described in detail and are useful for understanding the achievement of sustained corporate advantage.

Limitations and Future Research:

The author attempted to develop generalizable theoretical findings based on the empirical results of a case study. Even so, this study encountered

several limitations concerning theory and empirical study. The limitations were as follows:

1. There are some weaknesses regarding the generalizability of the findings. The single case study approach was based on approximately twenty in-depth interviews. Given that the phenomenon under investigation is novel and complex, this methodological choice seems reasonable. The research method mandates that in-depth observation is required for collecting and analyzing the resultant holistic data (Eisenhardt, 1989; Miles & Huberman, 1994; Siggelkow 2007; Yin, 1994). The choice of a phenomenological case study using a qualitative approach is affirmed; however, the generalizability of results is not exact due to the context of the case. The context is defined as a moderately dynamic environment, a large size organization with a multi-national organizational structure, and a business with a relatively low degree of relatedness within a vertically integrated value chain. Other firm-specific factors, such as company history, may influence the exactness of the generalizations. The author understands that comparative case studies within similar contexts would help better ground evolving theories.

2. A single case study approach does not make it possible to determine the significance and weighting of drivers for the realization of sustainable growth. Drivers may occur in unique situations relevant to the single case study; however, they may not be relevant in general. Consequently, their general relevance may not be understood. This includes the relative importance of strategic actions and organizational design factors.

3. The research was limited by subjective interpretations of the data. This led to various theoretical constructs from qualitative information provided by participants. Subjective biases are reduced through the review of the coding process (Yin, 1994), using key informants for validating results (Mayring, 1996), and by following data analysis (Strauss & Corbin, 1990, 1996). Even so, this research still has associated risk due to

potential subjective and invalid interpretations of quotations.

4. Several meaningful metrics, from preexisting company data, were used to assess the extent to which growth was successfully realized. Metrics such as average changes in interview ratings, job descriptions, qualitative assessments validating performance, and financial results over a time span of ten months were among the preexisting data that was used. While this is a short period for the assessment of sustained growth synergies, the author feels that this is adequate given the speed of the change driven by the transition from an M-form design to a multi-dimensional design. Additionally, this data was augmented and validated by interview data that was collected over approximately sixty days and which related to the experiences of the stakeholders who went through the transition. In the event that a longer period of time would have been used for the investigation, other important success factors may have emerged. Unfortunately, a longer-term observation period was beyond the time scope allotted to this study and this additional data would likely have produced little additional value.

5. While this research design is holistic and multi-faceted, there were some limitations with regard to theory building. The nature of phenomena under investigation is complex as it includes strategic focused action, organizational design, and corporate management. As a result, the development of a complete and fulsome theory is constrained (Miles & Huberman, 1994). Given that reality based phenomena tends to be complicated, it follows that this study can only offer a mid-range theory of continuous growth realization while developing thought-provoking and new perspectives that may inspire creative theorizing in the future.

6. Finally, the selection of variables may be incomplete. While the analysis is focused on MNE factors of growth realization, like strategy and organizational design, other factors like leadership efficacy, human resource inspiration, and the embedding of human networks were generally

neglected. These factors at the initiative level and personal level may impact successful cross-business unit collaboration (Martin, 2002; Martin & Eisenhardt, 2010) and, consequently, on the sustainable realization of growth synergies. As a result, the author suggests that further research is required for developing a more holistic theory on realizing sustainable growth synergies.

The author anticipates that these propositions will stimulate further research as organizational performance is significantly complex and situational. These observations are meant to stimulate further thinking. By studying the distinctive features of performance, the author hopes that interest has been sparked on researching aspects of performance that have not been covered.

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