

**STRATEGY STRUCTURE ENVIRONMENT LINKAGE AND
CORPORATE PERFORMANCE**

BY


OGOLLAH KENNEDY O.

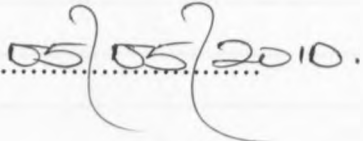
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DECLARATION

I declare that this is the result of my original work and that it has not previously, in part or in its entirety, been submitted to any other college, institution or university other than University of Nairobi for examination. I further certify that all citations in the text have been duly acknowledged.

Signed: 

Date: 

Ogollah Kennedy O.

(D80/80361/2009)

Department of Business Administration

School of Business

University of Nairobi

This Independent study paper has been presented for examination with my approval as the appointed university supervisor.

Signed: 

Date: 

Dr. Zachary B. Awino, PhD

Lecturer,

School of Business

University of Nairobi

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ABSTRACT

Since the classic study of Chandler (1962) many researchers have over the years tried to make attempts to explain and bring convergence on the understanding of the linkage among the variables and/or constructs of strategy, structure and environment. They have generally concluded that although they are closely linked their relationship remains complex and iterative and is not as easy as theory seem to suggest. This paper tries, in light of this complexity on the linkage among the variables existing to bring to light through using an in-depth review of literature a step by step exploration and synthesis of the causal relationship existent among these constructs. Out of examination of an exponential pool of literature we identify the context of each construct, build a relationship among each pair of variable, explore the impacts of the variables on firm performance and eventually draw suggestions that will be able to direct future research hoping to offer a route towards a complete and simpler understanding of the organizations. Finally, this paper purposes to bring a familiarization to the whole concept of configuration theory in management and strategy research by developing a definition centrality and periphery based on how the constructs of configuration are causally connected.

Keywords: strategy, structure, environment, configuration, structuration, performance.

1. INTRODUCTION

Design choices about an organization's architecture which is defined in terms of both explicitly mandated formal structure (incentives, information processing structures, authority relationships) and emergent informal structure (culture, social networks, communities) represent some of the most powerful strategic levers available to the top management of the modern corporation. However, we know surprisingly little about the antecedents and consequences of those choices. It is accepted that optimal design choice is contingent on environmental and internal fit considerations, but the precise connections need revisiting. Most of the theoretical knowledge base in this area is decades old, but this situation has begun to change due to conceptual and methodological innovations in the study of organizations in recent years. Besides this, there is an even greater need to understand how the organization architect adapted will influence or align with the organizations strategy and based on environmental perspective how the three will impact on the corporate performance. Several researchers have identified lack of this understanding as the gap creating the "missing link". Attempts to resolve this missing linkage through empirical research has ended up with contradictory conclusions. Hence, there is need to continue with research endeavours, particularly in developing countries, in an attempt to obtain concrete evidence.

1.1 Background information

For many years both researchers and practitioners have attempted to learn why some organizations achieve higher levels of performance than others. Empirical studies have suggested that the success of an organization seldom depends upon a single factor but rather it largely stems from the ability to reach and maintain a viable balance among a combination of different factors. To address this, several studies have centered upon relationships between environment and performance, while others address the influence of strategy and organization structure upon performance. A small body of research indicates that success depends upon a contingent relationship between environment and strategy. These studies show that as environment becomes increasingly more turbulent and complex firms seeking to gain competitive advantage over other firms in their environment should attempt to become more innovative and proactive (Brittain and Freeman, 1980; Miller and Friesen, 1983; Dutton and Freedman, 1985). Likewise these studies indicate that strategist must pay close attention to structure when elaborating the strategic plans; not to take structure into account is to condemn the firm to inefficiency.

A mismatch between strategy and the structure will lead to inefficiency in all cases meaning a less than optimal input/output ratio and therefore affect performance (Chandler, 1962; Child, 1975). To date though there remains very few studies available that have focused upon the broader issue of the joint influence of these factors upon organizational performance. It is for this reason that researchers are thus interested in the relationship between strategy and structure in organization. Interestingly, despite the near universal recognition of Chandler's insight and most widely held view that structure follows strategy, there are studies that have also suggested the alternative as true (Hall and Saias, 1980; Fredrickson, 1986; Russo, 1991). Even though their arguments were hypothetically theoretical rather than empirical the contradictions out of their studies generated a healthy debate that still dogs both scholars and theorists to date as to the exact order of the linkage between strategy and structure. Importantly, they concluded that strategy, structure and environment are closely linked although their relationship remains complex and iterative which makes the debate continue.

Overall, these unresolved issues suggest a lack of specific understanding in diverse literatures of the fundamental linkages between strategy structure, environment and performance, and how they interact with one another. Most studies have dwelt on measures of performance in relation to individual variables or separately thus failing to demonstrate how these variables may interact to form a strong linkage. This is the gap that needs to be address by exploring the theoretical conceptual relationship between this constructs while at the same time offering a critical evaluation of major aspects defining meanings of the constructs including the social dynamics through which strategy is shaped and the environmental dynamism. This will also necessitate modification of the existing models which will take into account the linkage paradigm and its effects on corporate performance.

1.2 Strategic management orientation

A clear understanding of the term strategy is very important before one can try to understand the concept of strategy. This is because of the availability of different definitions that can be explained through the Greek origin of the term strategy. Several scholars and world renowned scholars have tried to give their voices to the definition of strategy. Liddell-Hart (1967) after concluding his review of wars, policy, strategy and tactics contends that strategy is the art of distributing and applying military means to fulfil the end policy.

Chandler (1962) emphasized the determination of basic long term goals and objectives, the adoption of courses of action to achieve them, and the allocation of resources as being central to strategy. Ansoff (1965) defined strategy as a set of decision-making rules for guidance of organizational behaviour. This meant that strategy constitutes the framework within which decisions are made and actions taken. Andrew (1971) defines corporate strategy as the pattern of major objectives, purpose or goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is to be.

Schendel and Hofer (1979), say the purpose of strategy is to provide directional cues to the organization that enable it to achieve its objectives while responding to the opportunities and threats in the environment. According to this definition, strategy is a match between an organization's resources and skills and the environmental threats and opportunities as it endeavours to achieve its targeted goals and objectives. This is backed by Quinn (1980) who identifies strategy as the pattern or plan that integrates organization major goals, policies and action sequences into a cohesive whole. A well formulated strategy helps to marshal and allocate an organization's resources in a unique and viable posture based on its relative internal competence and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents.

Mintzberg et al. (1983) considers strategy to be a pattern that can be observed from a stream of actions and decisions. He introduces the concept of emergent strategy, which holds that strategy can only be observed after the events it governs. According to Mintzberg, there are two extremes of strategy. The complete deliberate strategy is on one extreme and the complete emergent strategy on the other extreme. In real practice, however, strategy tends to be a mix of the two. Later, Mintzberg (1994), was to point out that strategy is used by people in different ways including, the view of strategy seen as a plan – means to getting from here to there. Strategy also is a pattern in actions over time or a position and even further strategy is perspective. Mintzberg argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Such that from a perspective , a position will be taken and this will be achieved through carefully crafted plans which eventually leads to outcomes and strategy then is reflected in a pattern evident in decisions and actions over time.

Strategy is the managerial action plan for achieving objectives. It is the pattern of moves and approaches devised by management to produce the targeted outcomes (Thompson and Strickland 1992). Strategy has been defined as the determination of basic long term goals and objectives of an enterprise and the adoption of courses of action, and the allocation of resources necessary for carrying out these goals, and the planning and coordinating of growth (Ghosal & Westney, 1993). It is therefore important to score that strategy as a concept is the core concept of strategic management. Rumelt et al. (1995) states that, strategy is about the direction of organizations and most often business firms. Firms if not all organizations are in competition. Competition for factor inputs, competition for customers, and ultimately competition for revenues that cover the costs of their chosen manner of surviving. A strategy is an action a company takes to attain one or more of its goals (Hill and Goreth, 1999). For most if not all organizations an overriding goal is to achieve superior performance. Thus a strategy can often be defined more precisely as an action a company takes to attain superior performance.

Porter (1996) introduced the concept of competitive strategy where he argued that competitive strategy is about being different. He further says that it is about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. To him competitive strategy is a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there. Porter (1998) contends that strategy is basically about competition and the means by which an organization tries to gain competitive advantage. He further states that a competitive strategy is a broad formula for how a business is going to compete, what its goals should be and what policies will be needed to carry out these goals.

Tregoe & Zimmerman (1980); Robert (1993); Treacy & Wiersema (1993), have all looked at strategy as the framework which guides those choices that determine the nature and direction of an organization. They argue that there are several driving forces for an organization but only one can be basis for strategy. Treacy & Wiersema (1993) asserted that companies achieve leadership position by narrowing, not broadening their business focus. Although they identify three “value-disciplines” that can serve as basis for strategy namely, operational excellence, customer intimacy and product leadership, they conclude that only one of these can serve as a basis for strategy.

Steiner (1979), considered the father of strategic planning points out to the general lack of agreement in the meaning of strategy in the business world. He contends that strategy is that which top management does that is of great importance to the organization and answers the questions: What should the organization do? And, what are the ends we seek and how should we achieve them? Borrowing from this it is clearly evident that from the many definitions existed on what strategy is drawing a consensus on this term will remain the major challenge of strategic management research.

In business environment several dimensions may be associated with the term strategy. The existence of these dimensions as seen from above definitions is an indication of why so many tools and frameworks exist for strategy. The variety of so many conceptual frameworks and tools in the area of strategy development cannot be regarded as mutually exclusive but must be seen as mutually supportive. It follows that those definitions which take a holistic approach to strategy capture its meaning better than those which take isolated view. In this respect, the time which they are defined is not a factor (Feurer and Chaharbaghi, 1995).

Figure 1.1 summarizes several dimensions and gives examples.

Figure 1.1 Dimensions of Strategy



Source: Adapted from Feuer and Chaharbaghi (1995)

Camillus (2008) describes strategy as a wicked problem which he says is not the degree of difficulty but rather has innumerable cause, is tough to describe and doesn't have the right answer. He concludes that to effectively deal with wicked issues, executives must explore and monitor the assumptions behind their strategies. This brings in the human and social aspects of strategy. This aspect is best demonstrated by Lovas and Ghosal (2000) in their paper strategy as a guided evolution. They emphasize incorporation of an important yet realistic role of top management in shaping the direction and outcomes of an evolutionary process within the firm and incorporate human and social capital as critical units of selection within the process.

1.3 Concept of Strategy

Strategy as a concept has been a part of human thought for thousands of years. The underlying principles of strategy were discussed by Homer, Euripides and many early scholars (Bracker, 1980). It is generally believed that the concept of strategy has its antecedents in the military discipline. The term strategy is indeed from the Greek word "strategia" meaning "generalship" or "the art of war", itself formed from "stratus" meaning "army" and "-ag", meaning "to lead" (Evered, 1983). Within its original context, it was simply understood as a military means to a political end. However, the concept did not originate with the Greeks. This war mongering conditions surrounding the early writings has constancy in territorial gain, ruler overthrow and succession, and attempts at domination and survival (McKiernan, 2006). He further points out that the concept of strategy in military and political context has remained prominent throughout history and has been discussed by many scholars, numerous militarists and political theorists.

The first treatise on strategy is found in the Asian history and summed up in Sun Tzu's classic "The Art of War" written about 500 BC. This records detailing planning, directing, controlling and leading techniques were honed on the hardest military battle fields and are available in an encyclopaedia of military strategy and tactics (Sun Tzu, 1988). Other early heritage of strategy can be traced from organizational theory to democratic reforms of Kleisthenes (508 BC) in Athens, where "strategoï" heading the ten tribes sat collectively as the Athenian war council. Musashi's "Book of the Five Rings", written in the early 1600's in Japan and incorporating lessons from the warriors' heroic victories against mass attacks reflects much of Sun Tzu's wisdom but places a deeper trust in intuition and perception. (McKiernan, 1996).

It was only through the rise of political institutions such as Government and Churches that strategy began to widen beyond the realms of the military. While still reliant on military forces, these institutions could use other forms of leverage such as trade and religious dogma. The most famous early excursion into political arena is Niccolo Machiavelli (1469-1527): A young Italian envoy to the courts of French and Italian principalities. He was able to observe firsthand the lives of people strongly united under one powerful ruler through the manner of Aristotle on acquisition and maintenance of political power. Machiavelli's fascination with that political rarity and his intense desire to see the Medici family assume a similar role in Italy provided foundation for his "Primer for Prince" (Machiavelli, 1992).

The need for the concept of strategy in business became greater after World War II, as business moved from a relatively stable environment into a rapidly changing and competitive environment. One of the early writers to relate the concept of strategy to business was Von Neumann in 1944. Later in 1947 together with Morgenstern, they developed the "Theory of Games". This had to do with giving rise to hope that general theory of competitive behaviour would emerge bringing conceptual insight into competition and collaboration/bargaining between and within firms. Later in the 1950's Andrews and Christiansen of Harvard Business School introduced concept of analysis of successful corporations, followed by attempt to emulate their perceived path to success. Their works was to continue to the mid 1960's when Learned and Guth added their contributions. Ansoff (1965) attributed the changes to two significant factors namely, the marked acceleration in rate of change within firms and the rate of accelerated application of science and technology to the process of management. Schendel and Hofer (1979) describes this period they refer to as the pre-strategy paradigm period as one where strategic managements nature changed in two important ways. First it increased in its level of details and secondly in its importance as the complexity of the environment increased reaffirming Ansoff position earlier.

In the past 50 years, the concept of strategy has penetrated the business segments and has been accepted as a management tool for achieving strategic targets. Several scholars have tried to define the concept of strategy although it can all be captured through definition given by Chandler (1962) in which he emphasized the determination of basic long term goals and objectives, the adoption of courses of action to achieve them, and the allocation of resources as being central to the concept of strategy.

1.4 Organization Structure

The study of organizations is rife with competing vocabularies and perspectives. This has often led to a process of perpetual fission that fragments the collective enterprise of adequate understanding. As such a word that may appear to be simple to describe like organizational structure has been defined and classified in a number of ways in the literature. The concept of structure is usually understood to imply a configuration of activities that is characteristically enduring and persistent; the dominant feature of organizational structure is its patterned regularity. Yet descriptions of structure have typically focused on very different aspects of such patterned regularity. Some have sought to describe structure as a formal configuration of roles and procedures, the prescribed framework of the organization. Others have described structure as the patterned regularities and processes of interaction (Ranson, Hinings and Greenwood, 1980).

Following from the works of Weber (1946) on bureaucracy, structure can be defined as a formal dimension of framework depicted by precise and impersonal tasks, rules and authority relations. The explicit purpose of such formally circumscribed frameworks remains to achieve more calculable and predictable control of organizational performance (Hall, 1963; Hage and Aiken, 1967; Pugh et al., 1967, 1969; Meyer, 1972; Child, 1972, 1977). This forms the first major school of thought on structure.

Out of this school Ghoshal et al. (1994) proposed a simple way of describing organizational structure as differentiating between organizations on the dimension of centralization or decentralization. A second approach categorizes multinational corporations into "pure" structures, including worldwide functional, international division, worldwide product division, geographic region, and matrix. The differences in these types lie primarily in the relationship of a foreign operation to the corporate head office (Habib and Victor, 1991). Another scheme classifies organizational structure into functional, project, and matrix categories. A fourth approach is the mechanistic organic continuum of structures (Burns and Stalker, 1961). Each of these methods in some way differentiates organizations in terms of how tasks are allocated among organizational units and how decision-making authority is specified.

Mechanistic model implies a hierarchical, rigid structure in which power and authority are centralized at the hands of the top management and the designers of work processes. They try to normalize and standardize these work processes as a basic coordination mechanism, thus favouring a high task specialization level and numerous rules and formal schemes (Barney 2002; Burns and Stalker, 1961), strict supervision and close control systems (Miller, 1986). Organic model are structure types useful to develop complex unusual task as it is organized on the basis of groups of specialists and professionals in different areas working together, in such a way that power is decentralized towards these specialists. They enjoy considerable autonomy and have a high degree of discriminability when making certain decisions, because they find themselves in a better position to detect, analyze and adapt to changes in the business environment and, consequently to innovate. Instead of rules, a wide range of link device is also used, including meetings, horizontal and vertical communications (Miller et al., 1988, David et al., 2002).

There is however the second school of thought that believes that the prescribed framework stand in a rather superficial relationship to the day to day work of an organization. That only by examining the patterned regularities of interaction, the “informal structure” or the “substructure” of what people actually do can we arrive at a fundamental understanding of organization structure (Merton, 1940; Selznick, 1943, 1949; Douglas 1971; Zimmerman, 1971). They break with the typical conception of structures as a formal framework counter posed to the interactive patterns of organizational members. Drawing upon Bourdieu (1971, 1977, 1979) and Giddens (1976, 1977, 1979, 1984), they stress the way structures are continually produced and recreated by members so that the structures embody and become constitutive of their provinces of meaning. Such an analysis must incorporate not only relations of meaning and power but also the mediation of contingent size, technology, and environment. The creativity of members in the face of contextual constraint can only be assessed by setting the analysis in a temporal, historical dimension.

Nightingale and Toulouse (1977) describe organizations as an ordered set of activities and relationships between at least two people. The emotional consequences of these activities and relationships, what we shall call feelings are important part of this network and a product of its functioning. Following on this premise, Hall and Sias (1980) argued that structure is more than just a planned network. It is also what happens in the network, or the process that takes place within and between the constituent parts. The result of this process is the

organizational culture, which is reflected in ideas, beliefs and values of its participating members. It has three elements: organizational members belong to more than one society and bring with them values and beliefs from external allegiances and this directs the opinion of organization members. Secondly, any organization is a structure within a structure since the collaboration is required to survive and function. Finally, individuals experience while working will lead to convictions that represent their image of real world.

According to Delmas and Toffel (2009) organizational architecture can be divided into explicitly mandated formal structures involving incentives, information processing structures and authority relationships and emergent informal structures embedded in culture, social networks and communities. They define social processes as diffusion, imitation and bargaining among key stakeholders. They further indicate that organizations structure remains the key to explaining why organizations adopt heterogeneous management practices. They argue that organization structure is associated with facility managers' awareness of institutional pressure. Structural context is defined as the administrative procedures, such as planning, resource allocation, and monitoring and control systems that enable top managers to establish links between corporate strategy and the actions of middle and operational level managers (Bower, 1970; Burgelman, 1983; Charkravarthy and Doz, 1992). Later process scholars have acknowledged that administrative procedures are contextualized by social, political and cultural factors (Johnson, 1987; Lovas and Ghosal, 2000, Pettigrew, 1985).

The above arguments ties up with the structuration theory's fundamentals whose premise is that actors produce and reproduce the institutionalized social structures that persist over time and space and provide guidelines for action (Giddens 1979, 1984). This process is what he refers to as the "duality of structure". Accordingly he states that structure refers to the institutional realm which is a historical accumulation of beliefs, norms, power and interest that, although constructed through and existing within the actions of individuals over time become dissociated from individuals, generating an institutionalized social order that has a longer duration than individual actor or action. The institutional real forms the action realm in which individuals realize institutional order within their day-to-day actions. Jarzabkowski (2008) concludes that top managers may draw upon existing structures in the process of altering them, suggesting a more dynamic structural process which is continuous and can be either sequential or simultaneously applied.

From the works of Rice and Mitchell (1973), there is an increase in need for a hybrid system of defining structure in research. Weick (1976) and March and Olsen (1976) admit that although they may be loosely coupled the position and activities make little structural sense though quite arbitrary. As such organizational structure, therefore describes both the prescribed framework and realized configurations of interactions and the degree to which they are mutually constituted and constituting (Fombrun, 1986).

1.5 Structuration Theory

Structuration is a French word appropriated to Antony Giddens a British sociologist who is renowned for his "theory of structuration" and his holistic view of modern societies. He is considered to be one of the most prominent modern contributors in the field of sociology, the author of at least 34 books, published in at least 29 languages, issuing on average more than one book every year. Giddens is "the fifth most-referenced author of books in the humanities". He uses the word to describe his understanding of the ongoing process of social reproduction at the interpersonal, family, institutional or societal level. Structures depend upon the ongoing reproduction by people of structural principles as sets of transforming rules or principles which at an analytical level represent the properties or character of social reproduction. They are also the starting point for human independent agency which uses resources to produce, reproduce, change and communicate different forms of orders (Giddens, 1976: 127).

Structuration theory provides many opportunities for providing a framework in which to consider the place within a wide ranging theoretical framework. Of particular interest in this theory is the many years put by Giddens along with other thinkers like Beck and Bourdieu on analysis of agency and structure in which primacy is granted to neither (Frankel 2001). The many elements brought together in the theory can be used to develop a rich picture of institutional dynamic and importantly, the relationship between the intersecting values, behaviour and use of resources in different sorts of organizations. The potential to use the structuration framework to document a rich picture of particular realities and not just abstraction is what makes it appealing. Giddens departed from the conceptualization of structure as some given or external form. Structure is what gives form and shape to social life, but it is not itself the form and shape. Structure exists only in and through the activities of human agents (Giddens 1989: 256).

In this theory, Giddens (1979, 1984) argues that although people are not entirely free to choose their own actions, and their knowledge is limited, they nonetheless are the agency which reproduces the social structure and lead to social change. He goes on to point out that the connection between structure and action are a duality that cannot be conceived of apart from one another. By it he says, action and structure cannot be analyzed separately, as structures are created, maintained and changed through actions, while actions are given meaningful form through the background of structure: the line of causality runs in both directions making it impossible to determine what is changing what. He expresses his arguments through an expression "duality of structure".

Structuration is very useful in synthesizing micro and macro issues. On the micro scale are the individual's internal sense of self and identity referred to as traditional view/ pre modern era which he argues is neither inherited nor static but rather is a reflexive project. It is therefore not a set of observable characteristics of the moment (behaviour) but rather it is the capacity to keep a particular narrative going thus becoming an account of one's life. Whereas the macro scale deals with the state and social organizations referred to as modernity/post tradition era and looks at social organizations as influenced by individuals within. It offers vast opportunities over time and space, recognizes influence of knowledge and takes into account reflexivity, such that every action has two interpretations (Giddens, 1989).

1.6 Environmental Context

The role of environmental context within the geneology of strategic management is both dominant and subtle. Schools of thoughts have either blessed or ignored it, or in their own chequered chronology have accomplished both (Cappelli and Scherer, 1991). Environmental context represents an outer environment within which or to influence which, the elements of organizational strategy are blended. A consistent characteristic of the strategy paradigm, regardless of perspective is the assumption of a link between a firm's strategic profile and its external context (Venkatraman and Prescott, 1990; Astley and Van de Ven, 1983). Organization theorists emphasize that organizations must adapt to their environment if they are to remain viable. As such a greater need to clearly identify both the components and dimensions of the environment and clearly define them exists. However, one of the shortcomings of much of the theoretical and empirical research on organizational environments has been the failure clearly to conceptualize organizational environment or the elements comprising it (Lawrence and Lorsch, 1967; Thompson, 1967; Terrebery, 1968).

Dill (1962) in one of the earliest attempts to define the environment commented that it is all elements not formally defined as belonging to the organization. He further posited that the complete description is usually prohibitive and suggested that the more manageable task was to use concepts or dimensions which attempt to capture the essence of an environment's effect on the organization instead. Duncan (1972) defined environment as the totality of physical and social factors that are taken directly into consideration in the decision-making behavior of individuals in organizations. This brings into play the behavioural theory of perception of organizational members. Defined in this way, then there are factors within the boundaries of the organization or decision making units that must be considered. A differentiation is made therefore between the systems internal and external environments. The internal environment consists of those relevant physical and social factors within the boundaries of the organization or specific decision units that are taken directly into consideration in the decision making behavior of individuals in the system. The external environment is the factors outside the boundaries.

Duncan (1972) is credited with the introduction of the empirical construct of environmental perception of uncertainty, degrees of complexity and dynamic environment where behavioural aspects of individuals differ with some having high tolerance for ambiguity and uncertainty than others leading to perception. He identified two dimensions of the environment, namely the simple – complex dimension and the static – dynamic dimension. The simple part deals with the degree to which factors in decision making are few in number and similar to one another and how they are located in few components while the complex phase are large in numbers. That is the number of factors taken into consideration in decision making. The static focuses on the degree to which the factors remain stable while dynamic phase focuses on the frequency of change.

Downey et al. (1975), in their paper examining the conceptual and methodological adequacy of Lawrence and Lorsch's , and Duncan's uncertainty instrument and comparing the two; And also replicating Duncan's analysis of his complexity – dynamism hypothesis concluded that uncertainty is an attribute of an individual's behavioural trait and environment rather than an attribute of the physical environment and that physical environment attributes should not be used as criterion for uncertainty measure without assurance that those physical attributes tend to elicit similar uncertainty perception by individuals of course contradictory to earlier Duncan's complexity – dynamism experiment.

According to Tan and Litschert (1994) the literature on organizational environments reflects two prominent perspectives. The first perspective is that of information uncertainty, which suggests that the environment is the source of information (Duncan, 1972; Lawrence and Lorsch, 1967; Tung, 1979). A key focus of this perspective is emphasis on perceived uncertainty and the subjective rather than objective data generated by participants in organizations. The second perspective is the resource dependence which posits that the environment is a source of scarce resources which are sought after by competing organizations (March and Simon, 1958; Lawrence and Lorsch, 1967). It indicates that as the environment becomes less munificent or more hostile, firms are subjected to greater uncertainty. Management's ability to cope with these conditions by reducing the firm's dependence on or increase its control over these resources will affect organizational effectiveness.

The environment may also be viewed as a multidimensional construct with conceptual and empirical studies having identified several specific environmental dimensions, which include dynamism (Dess and Beard, 1984; Thompson, 1967), complexity (Child, 1972; Dess and Beard, 1984; Mintzberg, 1979; Thompson, 1967; Tung, 1979), and hostility (Miller and Friesen, 1978; Mintzberg, 1979). Environmental complexity and dynamism have been closely linked to the information uncertainty perspective (Lawrence and Lorsch, 1967; Thompson, 1967), while hostility has been tied to the resource dependence perspective (Aldrich, 1979). The perspectives offer a better understanding of the impact of each environmental dimension on the formulation of a firm's strategy. These dimensions affect top management's perception of uncertainty, which in turn influences such strategic decision characteristics as propensity for risk-taking, futurity, proactiveness and defensiveness (Miles and Snow, 1978; Miller and Friesen, 1982).

1.7 Environmental Analysis

The unresolved issue among researchers on how environment can be analysed has been a source of equivocal empirical results. Some researchers have treated the environment as an objective fact independent of firms (Aldrich, 1979) while others have treated the construct as perceptually determined and enacted (Weick, 1969). The debate is enriched by reviewing some of the outstanding works from empirical and theoretical literature available to try and draw a favourable analysis criterion.

Bourgeois (1980) while studying strategy and environment integration concluded that the issue is not whether analysis should be objective or perceptual but rather he suggests that both are real and relevant from a strategic management standpoint. Objective environments are relevant to primary strategy making (domain selection), while perceived environments are a prime input to secondary strategy making (domain navigation). It has also been argued that perceptual analysis makes sense since only factors that participants perceive can enter into strategy formulation behaviour (Duncan, 1972; Lawrence and Lorsch, 1967).

Fahey and Narayan (1986) say that analysing the environment as a whole is impossible since it is too complex and inter connected. They have proposed that the environment be decomposed into segments. The two conceptions that are widely used in organization environment are the task environment and the institutional environment. The task environment can be broadly defined as all aspects of the environment potentially relevant to goal setting and goal attainment. These aspects have been considered as stocks of resources or sources of information such as sources of inputs, markets of outputs, competitors and regulators. Institutional environment includes - societal, demographic, economic, political and international elements (Scott, 1987).

The most remarkable contribution to the analysis of environmental context in strategic management though is in the works of the strategist historicist McKiernan (2006) who has through theoretical review concluded that the different schools of thought that have dominated theory and practice of strategic management have treated organization's environment differently. More importantly is that he has been able to introduce and explain the influential issues in the environmental debate. He takes recognition of both the positivist approaches in environmental context which is dominated by environment as a distinct construct that is observable and analyzable and plays a role of precedence and power in the linear process of creating deliberate strategy. And the interpretive approaches in which environment's incorporation is subtle, as emphasis is placed upon perception over analysis when tackling its complexities and turbulence of outer context; hence, environment is "sense-made" by human actors through acts of innovation rather than discovery.

McKiernan (2006) describes the early era as periods of masterpieces based on experience and practices, and much of their knowledge transfer is prescriptive and easily understood. Environmental context is about competitors, intelligence, physical topography and supply lines and can be labelled in a positivist sense. The environment thus existed as a distinct entity with emphasis being on how one is encouraged to perceive of it. The contemporary era is described as a period in which the environmental context has benefitted a lot from contributions of planning, learning, position and the resource based schools of thought each with its distinct lineage (McKiernan, 1996). Planning period helped emphasize the distinction between the inner and outer context and assumed inherently that the later existed in its own right to be appraised, monitored and “fitted” to internal corporate strategy. Perception of environment was “outside-in”. During the learning school periods environmental context was considered to be too complex to comprehend and measurement was more through observations and research within the firm resulting to the concepts of environmental enactment and symbolic interpretivism taking centre stage (Hatch, 1997). Environmental context instead of being viewed as identifiable entity that could be analyzed was treated as a socially constructed entity perceived cognitively and enacted by individuals or groups within the organization. Perception of environment was “inside-out”.

The positioning school is governed by empiricism rather than theoretical perspective. This period witnessed especially through works of a young economic scholar, Michael Porter (1980), saw a linkage of surrounding sector context to strategy using the five force model. It provided an “outside- in” perspective analysis to the environment. The academic debate on enactment and intepretivism had failed to translate the rich intellectual grounding it had into usable tools that could be applied into an objective environmental context. Lastly the resource based school that has adopted the “inside-out” perspective environmental context, though they did not jettison environmental context but altered its position in the strategy design schema. Child (2000), when theorizing about organization cross-nationality, identified both high and low context approached, with the former occupied by economists and embracing economic universalism and technology theory and the later occupied by socialists embracing cultural and institutional theory.

1.8 Firm performance and its measurement

The organizational performance construct is probably the most widely used dependent variable, in fact it is the ultimate dependent variable of interest for any researchers concerned with just about any area of management yet it remains vague and loosely defined (Richard et al, 2009; Rodgers and Wright, 1998). The construct has acquired a central role as the deemed goal of the modern industrial activity. Measuring it is essential in allowing researchers and managers to evaluate the specific actions of firms, where firms stand vis-à-vis their rivals, and how firms evolve and perform over time. Its importance as the ultimate criterion is reflected in its pervasive use as a dependent variable (Richard et al, 2009; March and Sutton, 1997). Performance is so common in management research that its structure and definition are rarely explicitly justified; instead, its appropriateness, in no matter what form is unquestionably assumed (March and Sutton, 1997).

However, the definition of organizational performance is surprisingly an open question with few studies using consistent definitions and measures (Kirby, 2005). Hersey and Blanchard (1998) argued that performance has multiple meanings. Management scientists define performance as the degree to which actual results have met the expected standards and taking corrective measures if not. Marketers view performance in quantitative and qualitative terms. Sales revenue and inventory turnover are regarded as quantitative measures while qualitative measures include skills and perceived share markets. Accountants judge performance by how much well a firm is achieving set standards in terms of profitability, production and operation managers view performance in terms of minimizing production costs through wastage, idle time, average job lateness, average number of jobs waiting and average completion time (Adam and Ebert, 1987). Economists on the other hand look at performance in terms of sufficiency. They argue that efficiency of a competitive market results in efficient production due to free entry and exit of firms, thus price will equal average cost at the minimum point on the long-run average cost curve of each firm. They also regard sales growth, productivity, employment and capacity utilization and export performance as proxy for performance.

Although firm performance plays a key role in strategic research, there is considerable debate on appropriateness of various approaches to the concept utilization and measurement of organization performance. The complexity of performance is perhaps the major factor contributing to the debate. Out of literature are three common approaches to organization performance measurement namely the objective measures of performance that tend to be quantitative, the subjective measures that tend to be qualitative and triangulation. An objective measure is essentially quantitative and is based on such things like sales, net income, cash flows and Return on Investments (ROI). A subjective evaluation is qualitative and therefore judgemental and usually based on perception of respondent. The objective and subjective approaches can also be differentiated in terms of ends and means. Objective measures focus on end results while subjective measures focus on the process or means by which ends results are achieved (Cohen, 1993).

1.8.1 Quantitative Measures of Firm Performance

The objective measures of performance incorporate the accounting measures, the financial markets, mixture of both accounting and financial measures and finally survival measure. They are however prone to several limitations such as accounting rules system like GAAP not being always consistent with underlying logic of organization performance, emphasis on historical activity over future performance (Keats, 1988), and environmental context affecting their validity and usage. For instance, Jusoh and Parnell (2008) found difficulty in applying western accounting measure in emerging economies of Vietnam. Quantitative measures also tend to miss out on multidimensionality of performance as they tend to evaluate the organization as a whole (Devinney and Stewart, 1988).

Although Boselie et al. (2005) found out that in half of the articles they reviewed it was financial measures that were used with profit as the most common followed by various measures of sales. Pauwe and Boselie (2005) point out that financial indicators are problematic because of a wide range of both internal and external factors that have nothing to do with employees influence on them. Financial indicators emphasize a shareholders approach to the concept of performance.

There is generally a natural variability and stickiness in performance especially over short periods of time therefore time series characteristics are very important (Jacobson, 1987; 1988; Waring, 1996). Making objective measures including accounting rates of return, have temporal properties that imply that the internal antecedents of performance in any year may not relate directly to performance in that year though they appear to be highly correlated (Jacobson, 1987). Proponents of shareholder value though do advocate for removal of the time frame series from the equation (Benston, 1985; Rappaport, 1978)

1.8.2 Qualitative Measures of Firm Performance

Although focus of attention in performance has been mainly on financial measures, some scholars have proposed a broader performance construct of “business performance” or firm performance to incorporate non-financial measures such as market share, customer satisfaction and new products among them. They have recognized the difficulty in obtaining objective measures of performance (Youndt et al., 1996). They point out that standardization is not possible when dealing with organizations in different sectors, and asking managers to assess their own performance relative to others in same sector or industry is an acceptable option. To minimize the effects of random errors, they suggest the use of multiple respondents to assess performance. They thus propose the subjective approach.

The subjective measures ask supposedly well informed respondents about organizations performance. This allows them to be tailored to the dimensionality of the context of interest. They can be categorized as those fully subject and those that replicate objective measures or quasi objective (Richard et al., 2009). They have though been viewed with a great deal of skepticism since they introduce increased error by allowing the imperfections of human recognition to play a greater role (Gilovich, Griffin and Kahneman, 2002; Kahneman and Trevisky, 2002). Subjective measures have received increased interest as measures of performance in recent years in line with the trend of assessing performance against a triple bottom line of economics, social and environmental performance and against the balance score card that add customer, internal process and innovation measures to financial performance (Kaplan and Norton, 1996). Corporate social responsibility (CSR) and corporate social performance (CSP) and reputation are examples of two key aspects of increased subjective measures.

Chandler and Hanks (1994) came up with a perceptual performance measure by asking on six items. Three measured growth in market share, perceived change in cash flow and sales growth. Other three items measured business volume: Sales, earnings and net worth. It is important to note that performance measure may be influenced by size of the firm and ambition of the manager or entrepreneur. Perpetual measures are used due to difficulty in obtaining quantitative data such as profits and sales revenue. It is not unique, as this has been used in several studies and findings have shown little difference between objective and subjective data (Huselid, 1995; Guest, 1997; Rodrigues and Ventura 2003).

1.8.3 Triangulation

Literature is available that many SME's establish business for reasons other than wealth creation (Boyd and Gumpert, 1987; Peacock, 1990). Postma and Zwart (2001) concluded that several researchers have argued that in order to measure the multidimensional performance constructs, both objective and subjective measure need to be included in measurement instruments. It is for this reason that there has been a long tradition that has called for triangulation from multiple measures and the application of longitudinal analysis both of which have a marginal effect on management literature.

Triangulation with multiple measures offers the advantage of simultaneously reducing error and improving construct validity on the conditional fact that the multiple measures are tapping the same theoretical domain (Campbell and Fiske, 1959; Venkatraman and Ramanujam, 1986, 1987). However, part of its drawback is that it does not work effectively when the structure of the construct is multidimensional, possess non- recursive properties and has complex interaction among items (Richard et al., 2009). Emerging arguments on performance measures call for extending one's measures to include longitudinal data that is repeated over time can be used to tap the time dependent nature of performance as well as serving to remove error. Ailawadi et al. (2004) and Boulding (1990) found that adopting longitudinal analysis reduces the influence of common method error such as format effects and contextual firm-specific fixed effects.

Measuring performance in small ventures is subject to a variety of problems (Leitz, 1981; Tsai, McMillan and Low, 1991). Traditional accounting measures such as net profits or return on investment are questionable since some new ventures take many years to reach profitability (Biggadike, 1979; Tsai, McMillan and Low, 1991). Market share is not often relevant to small ventures. Survival is an incomplete measure since it does not evaluate performance differences among firms they say. Tsai et al. (1991) among others have suggested the use of multiple measures to compensate for weaknesses in each of the performance measures individually. Thus, multiple measures are: average annual growth of full time employees since the firm was founded, growth in sales revenue during the last financial year, growth in profits over the last fiscal year and profitability relative to competitors. This kind of stalemate is best solved by adapting triangulation approach.

It is critical to note that management research on performance has been locked into three methodological paradigms. That is sociology (survival analysis), psychology (psychometric techniques) and economics (econometrics). This forms the foundation of the new trends of performance measurement that is done on a triple bottom line of economic, social and environmental assessment scale.

2. EMPIRICAL LITERATURE REVIEW

In trying to understand strategy, structure, environment linkage and corporate performance this section takes an in-depth insight into empirical literature with an aim of creating a clear and simpler understanding of configuration – performance linkage. Focus is on empirical literature so as to see how first configuration is jointly produced by organizational (strategy and structure) and environmental attributes that are critical to a firm in any industry, and second to evaluate if configuration out of both organizational and environmental attributes has any impact on corporate performance. The section then concludes by presenting a summary of the empirical literature reviewed in relation to the four variables, identifying inherent gaps and finally concluding by building a case on how the gaps will be filled.

2.1 Strategy Structure Relationship: What shapes what?

Since Chandlers (1962) classic, the relationship between strategy and structure has been subject of both empirical and conceptual studies with aim and intention to show the direct or indirect link from strategy to structure. Direct links of structure can be explained by the nature and diversity of the products and markets of the organization (Chandler, 1962; Channon, 1973; Rumelt, 1974). There already exists a substantial body of work dealing with the relationship between strategy and structure, but most of the studies oversimplify things by focussing mainly on diversification and divisionalization. Chandler (1962) classic study showed how changes in strategy namely product-market diversification, required subsequent alterations in structure particularly divisionalization. This formed the basis of the structure follows strategy paradigm which was later tested and confirmed in Britain (Chanon, 1973), France (Pooley-Dias, 1972) and Germany (Thanheiser, 1972). Rumelt (1974) was then able to show how the match influenced performance. In all this cases strategy was characterized mainly in terms of breath of markets either as diversified or undiversified. Structure on other hand was largely according to its divisionalized or departmentalized form and nature of controls. Studies suggest that strategy implementation requires a 'fit' between strategy and organization design. Fit has been described by Miles and Snow as a process as well as a state,

“.....a dynamic search that seeks to align the organization with its environment and to arrange resources internally in support of that alignment. The basic alignment mechanism is strategy and the internal arrangements are organizational structure and management processes” (Miles and Snow 1984: 11).

Firms which are able to achieve a fit between their strategy and structure can create a significant competitive advantage, while firms that do not have a fit are left vulnerable to external changes and internal inefficiencies. As a result, firms with a fit between strategy and structure should perform better than those without such a fit. Organizations face not only an “entrepreneurial” problem (which strategy to adopt), but also an “administrative” problem (the selection of structures that are consistent with the strategy). They argue that, over time, strategy and structure reinforce each other: organizations choose an administrative system that is consistent with their strategy and then find that this system continues to propel them in the same strategic direction.

Chakravarthy (1982) conceptualized that the structural characteristics of an organization with a high-level of adaptation are flexibility and decentralization, similar to an organic structure. He also posited that an organization with a low level of adaptation would have the structural characteristics of tight control and centralization, analogous to a mechanistic structure. Further to that he also believed that organizations having different levels of adaptation would utilize different strategies to match their structural arrangements. Using Miles and Snow's (1978) strategy typology, Chakravarthy argued that organizations with a high-level of adaptation would exhibit a prospector strategy and organic structure while organizations with a low-level of adaptation would adopt a defender strategy and a mechanistic structure.

Galan and Sanches – Bueno (2009) after reviewing 10 years data from 1993 to 2003 with context to Spanish organizations concluded that strategy leads structure and structure leads strategy however the former is stronger than the latter. They also concluded that, the relationship between diversification strategy and multidimensional structure postulated by Chandler (1962) focusing on administrative efficiency remains applicable to today's market only that it requires broadening based on current circumstances. In architecture form follows function. In business, structure follows strategy (Abbot, 2009). In essence, the company decides what its (hopefully) unique approach to marketplace is and structures an organization that best fits that approach. With ICT age it is not uncommon to find one can follow the maxim of the architect Van der Rohe where “one can do more with less’ such that heavy staff departments in organizations are now reviewed on productivity rather than by numbers of staff.

2.2 Strategy and Environment Linkage

A consistent characteristic of the strategy paradigm, regardless of perspective is the assumption of a link between a firm's strategic profile and its external context (Venkatraman and Prescott, 1990). The strategic choice perspective asserts that this linkage has significant implications for performance (Miller and Friesen, 1983), yet empirical evidence is inconsistent and limited to results that reflect market driven economies.

The literature on organizational environments reflects two prominent perspectives. The first perspective is that of information uncertainty, which suggests that the environment is the source of information (Duncan, 1972; Lawrence and Lorsch, 1967; Tung, 1979). A key focus of research based on this perspective is emphasis on perceived uncertainty and the subjective rather than objective data generated by participants in organizations. Resource dependence, the second perspective, posits that the environment is a source of scarce resources which are sought after by competing organizations (March and Simon, 1958). As the environment becomes less munificent or more hostile, firms are subjected to greater uncertainty. Management's ability to cope with these conditions by reducing the firm's dependence on or increase its control over these resources will affect organizational effectiveness (March and Simon, 1958).

The environment may also be viewed as a multidimensional construct (Duncan, 1972; Lawrence and Lorsch, 1967). Conceptual and empirical studies have identified several specific environmental dimensions, which include dynamism (Dess and Beard, 1984; Thompson, 1967), complexity (Child, 1972; Dess and Beard, 1984; Mintzberg, 1979; Thompson, 1967; Tung, 1979), and hostility (Miller and Friesen, 1978; Mintzberg, 1979). Environmental complexity and dynamism have been closely linked to the information uncertainty perspective (Lawrence and Lorsch, 1967; Thompson, 1967), while hostility has been tied to the resource dependence perspective (Aldrich, 1979). The perspectives offer a better understanding of the impact of each environmental dimension on the formulation of a firm's strategy. These dimensions affect top management's perception of uncertainty, which in turn influences such strategic decision characteristics as propensity for risk-taking, futurity, proactiveness and defensiveness (Miles and Snow, 1978; Miller and Friesen, 1982).

It is further posited that the fit between environmental dimensions and strategic orientation will lead to better organizational performance (Venkatraman and Prescott, 1990). The strategic choice perspective proposes that strategy, structure and process must fit environmental circumstances and that these conditions may change over time (Child, 1972; Lawrence and Lorsch, 1969; Thompson, 1967). Management must be able to scan and interpret the environment and make decisions appropriate for both internal arrangement and external alignment. Consistent with this perspective, Mintzberg (1973) defines strategy as a patterned stream of decisions, which focus on a set of resource allocations that are employed in an attempt to reach a position consistent with a firm's environment. He identified entrepreneurial planning and adaptive modes of strategy making and related this to organizational and environmental context in which they occur. He placed emphasis on decision making process rather than context of strategies and structure was defined along simple dimensions of size, age and power distributions.

The evidence supporting a relationship between the environment-strategy coalignment and performance is compelling, and empirical studies demonstrate that the pattern of strategic change following deregulation is associated with differences in performance (Smith and Grimm, 1987). Miller and Friesen (1983) summarized their findings by arguing that successful archetypes adopted differing strategies to cope with differing environments. Lenz (1980) found that the combination of environment, strategy, and organizational structure in high-performance firms differed significantly from that of low- performance firms. Similarly, Hambrick (1983) found that alternative strategies did not lead to equal success within an industry. Thus the current literature suggests that different strategies may have different performance implications.

Miles and Snow (1978) showed how prospectus, defenders, reactors and analysers choose unique strategies to adapt to their environments and showed how they may influence organizations technology and its structures. They discussed strategic content but focussed mostly on innovation and product line breadth. Few details are given on marketing, production, R & D, vertical integration and asset management strategies. Miller and Friesen (1978) came up with empirical taxonomy of organizations and examined adaptive strategies and their environmental correlates with concentration being on process of strategy making more than context.

In particular for firms that operate in competitive environments, the strategy literature indicates that there is a need for a distinctive strategic orientation in order to exploit critical environmental resources and achieve a competitive advantage (Child, 1972; Miller and Friesen, 1983). Strategic management theory and techniques have become standard materials in executive training programs (Luo and Yu, 1991). These practices encourage managers to become more sensitive to the dictates of the external environment, and require managers to scan environmental conditions, evaluate strengths and weaknesses, and make informed strategic decisions.

2.3 Structure and Environment Linkage

Over the last decade, environmental issues have become increasingly significant to policy makers in both the political and the business world (Avilla and Bradley, 1993; Ladd, 1994). Globally, governments are increasingly seen to be adopting environmentally aware measures, to regulate the activity of corporations and consumers alike. For the business community, the issue has been how seriously to regard the need for environmentally aware strategies. The environment is increasingly perceived to be affecting bottom line performance, and this presents a fundamental conundrum for the business strategist. A decision is required as to the position a company adopts in relation to the environment. This position may be located anywhere across a continuum ranging from adopting a policy of compliance with existing or future regulations, to attempting to adopt a management strategy. (Ghobadian et al., 1995)

Literatures on population ecology of organizations contend that the environment selects out various common organization forms. There are only a rather limited number of possible strategies and structures feasible in any type of environment. A few favoured strategies cause the organization pursuing them to thrive at expense of competing organizations. Competitors must therefore either begin to move towards the superior strategies or perish. In either event the repertoire of viable configurations will tend to happen relatively quickly in short bursts and that once reached, a fairly stable set of configurations will exist over a long period (Hannan and Freeman, 1977; Aldrich, 1979).

Karake (1996) point out that managers often face environmental turbulence in terms of the emergence of new proprietary technologies, rapidly changing economic and political trends, changes in societal values, and shifts in consumer demands. Such industry-related turbulence increases the complexity and the range of issues managers scrutinize when trying to make decisions. Managerial preference about how to handle turbulence affects decisions about the resources, competences and organizational structures that will become the underpinning of the firm's competitive advantage. Successful movement between organizational forms is considered rare (Miller and Friesen, 1984), due to the constraining forces of the environment and structural inertia of the form itself. Organizational forms possess distinct organizational competencies (Miles and Snow, 1978; Selznick, 1957; Snow and Hrebiniak, 1980) which limit the range of choices available to an organization when faced with environmental change (Prahalad and Hamel, 1990).

Organizations with too little structure lack enough guidance to generate appropriate behaviors efficiently (Weick, 1993; Okhuysen and Eisenhardt, 2002; Baker and Nelson, 2005), while organizations with too much structure are too constrained and lack flexibility (Miller and Friesen, 1980; Siggelkow, 2002; Martin and Eisenhardt, 2000). This tension produces a dilemma for organizations, as high performance in dynamic environments demands both efficiency and flexibility. Research shows that high-performing organizations resolve this tension using a moderate amount of structure to generate a variety of high-performing solutions (Brown and Eisenhardt, 1997, 1998). Overall, this suggests an inverted U-shaped relationship between the amount of structure and performance, a relationship often observed when tensions are at work. Another argument is that achieving high performance with moderate structure is influenced by the changing nature of environmental opportunities (Rindova and Kotha, 2001). Highly dynamic environments require flexibility to cope with a flow of opportunities that typically is faster, more complex, more ambiguous, and less predictable than in less dynamic environments. Research shows that high-performing organizations cope with dynamic environments with less structure (Martin and Eisenhardt, 2000; Rowley, Behrens, and Krackhardt, 2000). Conversely, less dynamic environments favor efficiency, and so high performing organizations have more structure in these environments (Pisano, 1994; Rivkin and Siggelkow, 2003). Overall, this suggests that the optimal amount of structure decreases with increasing environmental dynamism, a consistent finding within multiple literatures.

This is found coherent to structure legitimization by Pavis et al. (2009) who elaborate that entrepreneurial organizations that have narrow structures find the challenge in any environment the same, they need to gain enough strength in the structure before failure ensues. For Lowell and Rumelt (2009), in this uncertainty businesses have to do more of what is working out and less of what is not. It is foolhardy to think that one can see the future and design strategies for response.

One reason why results from research regarding the interrelationships between organizational form, response to environmental change, and performance may be mixed is that prior research has had the tendency to focus on changes between organizational forms as opposed to also examining changes within organizational form (Fox-Wolfgramm, Boal, and Hunt, 1998). Given that organizations can respond to emerging environmental conditions by making changes either within their current form or by changing to another form, the current study examines both within-form and between-organizational-form changes (Davis, Eisenhardt and Bingham, 2009).

3. STRATEGY STRUCTURE ENVIRONMENT AND PERFORMANCE LINKAGE

Any research domain that contains the study of firms from a strategic management perspective has firm strategy formulation and implementation decisions pointed out as the key in explaining superior performance. Conceptually, this relationship is purported to be within the paradigm that explains the effect of environment, strategy and structure on firm performance. This leads to either the historically dominant approach which focuses on empirical classification of organizations in order to define inductively a set of configurations appropriate to a given context or the deductively derived configurations which apply broadly and are not dependent on particular industry contexts.

3.1 Configuration Approach

“Configuration approach” or concept of adjustment or fit indicates that a firm’s performance will depend on the degree of adjustment existing between organizational context and organization structure remembering that no single form of organization exists that is ideal for every situation (Burns and Stalker, 1961; Lawrence and Lorsch, 1967; Donaldson, 2006; Zott and Amit, 2008). Ketchen et al. (1997) argue that certain strategies are usually associated with some specific organization structures in particular environments. This can be due to fact that strategy, structure and environment have some complimentary aspects and what really guides firm success is an appropriate adjustment between this three (Miller, 1988; Miller et al.,2002; Snow et al.,2005).

Fiss (2008) concluded that the study of organizational configuration which he defines as commonly occurring clusters of attributes of organizational strategies, structure and processes forms a central pillar of both organizational research and strategic management literature. He goes on to point out that the challenge today in this area is that empirical classifications have recently enjoyed less attention than theoretically derived typologies that lend themselves more rapidly to theory testing, taxonomies continue to exert an important influence on research. Likewise continuing attention to configuration theories stem from their multidimensional nature, acknowledging the complexity and interdependent nature of organization, where fit and competitive advantage frequently rest not on a single attribute, instead on relationship and complimentary between multiple characteristics (Burton and Obel, 2004; Miller, 1996; Siggelkow,2002).

However, Pertusa-Ortega et al. (2009) in their study evaluating strategy, structure, environment and firm performance in Spanish firms noted a contradiction. To them even when both internal and external adjustments are combined, statistical analysis indicated a contradiction to the fact that completely adjusted firms have a better performance. A small body of research indicates that success depends upon a contingent relationship between environment and strategy. However, few, if any empirical studies focus upon the broader issues of the joint influence of all these factors upon organizational performance (Lenz, 1980). Several studies center upon relationship between environment and performance, while others address the influence of strategy and organizational structure upon performance. Lenz (1980) further goes on to point that empirical studies of organizational performance are generally found within three bodies of research, namely; investigations by industrial organization economists, work in areas of business policy and studies of various disciplines under organization theory and this addresses particular aspects of this broad problem of managing multiple dependencies.

Research on industrial organization is usually guided by Mason (1939) paradigm (S-C-P paradigm) which postulates that market structures influence the conduct of organizations and their conduct in turn affects performance (Vermon, 1972; Weiss, 1971). Whereas the business policy research of organization performance is either guided by working hypothesis of Chandler (1962) that structure follows strategy or by nexus of conceptual developments in both business policy and industrial organization which postulates environment and strategy as primary determinants of performance. Lastly in organizational theory research a small body of empirical research has shown that organizational performance is largely dependent upon the degree of congruence between environmental conditions and organizational structure.

Researchers have argued that the fit between the strategy and structure of a firm leads to better performance because the structure provides the necessary systems and processes essential for successful strategy implementation (Channon, 1973; Rumelt, 1974). However, research at the international level has yet to provide empirical evidence showing that firms that matched strategy and structure perform better than those that have not. Miles and Snow (1978) argue that organization performance is a function of managerial strategy, organizational characteristics and the environment. They suggest that strategy's impact on organization success will be greatest when external and internal factors are in alignment.

Although many studies have included one or more of these sets of variable, to date no study has remained true to Miles and Snow's contention that optimal performance is a complex interaction of these factors. Also no study has taken the Miles and Snow variables and operationalized them in a model that can test whether the contingencies they posit in theory hold in practice. Studies of private firms investigated whether the effects of strategy are moderated by environment (Davies and Walters, 2004; James and Hatten, 1994; Luo, 1999). Strategy and Organizational structure (Jennings and Seaman, 1994; Miller, 1987; Miller and Toulouse, 1986). Processes (Slater, Olson and Hult, 2006). Public sector works (Andrews, Boyne and Walker, 2006; Meier, O'Toole, Boyne and Walker, 2007). Grinyer et al. (1980) in their study analyzing the strategy, structure, environment and firm performance in 48 UK companies concluded that strategy – structure linkage is stable and positive and fit between strategy and structure was found to be negatively correlated with perceived environmental hostility but unrelated to financial performance. Meier et al.(2007) while testing this in several hundreds public organization over a period of six years indicated that at least for those organizations the contingency relationship proposed by Miles and Snow do not hold.

The evidence supporting a relationship between the environment-strategy co-alignment and performance is compelling, and empirical studies demonstrate that the pattern of strategic change following deregulation is associated with differences in performance (Smith and Grimm, 1987). Miller and Friesen (1983) summarized their findings by arguing that successful archetypes adopted differing strategies to cope with differing environments. The fit between environmental dimensions and strategic orientation will lead to better organizational performance (Venkatraman and Prescott, 1990). The strategic choice perspective proposes that strategy, structure and process must fit environmental circumstances and that these conditions may change over time. Management must be able to scan and interpret the environment and make decisions appropriate for both internal arrangement and external alignment. Lenz (1980) found that the combination of environment, strategy, and organizational structure in high-performance firms differed significantly from that of low- performance firms. Similarly, Hambrick (1983) found that alternative strategies did not lead to equal success within an industry. Thus the current literature suggests that different strategies may have different performance implications.

Astley (1983) indicated that organizations tend to change their elements in a manner that either extends a given configuration or moves it quickly to a new configuration that is preserved for a long time. Piecemeal changes will often destroy the complementary among many elements of configurations and will thus be avoided. Only when change is absolutely necessary or extremely advantageous will organizations be tempted to move concertedly and rapidly from one configuration to another that is broadly different. Such changes, because they are expensive will not be undertaken very frequently. Consequently organizations will adhere to their configurations for fairly long periods.

It is important to note that from above arguments, both theoretical and empirical arguments have been deservedly influential, but more comprehensive and systematic tests are still required. Proper testing requires incorporating the interaction and doing so will serve to demonstrate further that the world of organizations and their strategies do not sort itself out quite as neatly as theory seems to suggest. Results may be mixed with hints of contingencies and complications.

3.2 Co-alignment Approach

Co-alignment referred to also as consistency, contingency, 'fit' is emerging as an important organizing concept in organizational research (Aldrich, 1979), including strategic management (Miles and Snow, 1978; Venkatraman and Camillus, 1984; Venkatraman, 1990). This concept's relevance to strategic management research stems from a view that the strategy concept relates to the efficient alignment of organizational resources and capabilities with environmental opportunities and threats (Andrews, 1980; Bourgeois, 1980; Schendel and Hofer, 1979). In general, co-alignment refers to the match between (or among) a set of theoretical dimensions. Its role in the organizational theory literature is important from two different perspectives. First is the descriptive perspective which specifies the existence of relationships among a set of theoretically-related variables without any explicit linkage to performance. Second is the normative perspective which develops an explicit link between co-alignment and performance (Venkatraman, 1990).

Co-alignment, which presupposes the underlying “fit” among environmental and organizational variables, has its roots in the design and environmental schools of strategy and organization theory. The environmental school propounded by Mintzberg (1973), Hannan and Freeman (1977), and Miller, Droge and Toulouse (1988) suggests that the environment is the central actor in the strategy making process. The organization must respond to its environments, or else be selected out. The design school proposes a model of strategy making in which a match or fit is sought between internal capabilities and external possibilities. The two works that were influential in the development of this school include ‘leadership and administration’ by Selzenick (1957) and ‘strategy and structure’ by Chandler (1962). Selzenick introduced the idea of distinctive competence and matching internal state with external expectations, while Chandler introduced the notion of strategy and structure. Organization theory contributed through its contingency theory, which is guided by general orienting hypothesis that organizations whose internal features match the demands of their environments will achieve the best adaptation (Scott, 1998). This theory laid the foundation for the environmental school of strategy.

Strategic decision making is at the heart of the organization-environment co-alignment process as emphasized in both the business policy (BP) and organization theory (OT) literature. This co-alignment delineates the activities through which organizational leaders establish the social or economic mission of the organization, define its domain(s) of action, and determine how it will navigate or compete within its chosen domain(s) (Bourgeois, 1980). Although BP and OT have both focused on this co-alignment, each has approached the subject from a different set of perspectives and a different set of variables. BP’s approach has been to view management as a proactive or opportunistic agent and has centred much of its research on the strategy variable (Mintzberg, 1972). On the other hand, OT has taken a more reactive stance by viewing the environment as a deterministic force to which organizations respond (Duncan, 1972; Lawrence & Lorsch, 1967).

The concept of co-alignment appears to be relevant in strategic management from a variety of perspectives. However, the development of a scheme powerful enough to compare and contrast all the differing perspectives may be a difficult task. Nevertheless, Venkatraman and Camillus (1984) proposed a conceptual scheme for classifying major schools of thought. Two dimensions underlie the proposed scheme. These include the conceptualization and the domain of fit in strategic management.

Regarding the conceptualization of fit, Venkatraman and Camillus (1984) argued that although strategy has been conceptualized in different ways, one fundamental distinction underlies most conceptualizations on whether the focus should be on the content of strategy or on the process of strategy making. The other dimension addresses the domain of fit. Venkatraman and Camillus (1984) observed that because strategic management presently serves as a meeting ground for researchers rooted in different disciplinary orientations, the field is marked by great diversity in concepts, terminology and methods of inquiry. Consequently, not all researchers recognize the entire range of variables while conceptualizing and researching strategy issues. Thus, while exploring strategy concepts, it is essential to delineate clearly the domain of the elements considered by various streams. Using the classical organization-environment juxtaposition, Venkatraman and Camillus (1984) distinguished three categories of the domain, namely: internal, external, and integrated.

From the foregoing, it is evident that the various propositions on performance implications of environment-strategy relationship rest on the general notion of co-alignment, which is a central anchor for strategic management research (Miles and Snow, 1978; Venkatraman and Camillus, 1984). However, Venkatraman and Prescott (1990) warn that its use in theory construction is limited unless considerable attention is provided to link the articulation of the theoretical position with appropriate operationalization schemes. Specifically, in researching the effects of environment-strategy co-alignment, Venkatraman and Prescott (1990) pointed out the emergence of two important issues. First are the problems surrounding the conceptualization and operationalization of environments and strategy; and second, is the development of an appropriate analytical scheme (given the specific conceptualizations of environment and strategy) for systematically measuring the degree of co-alignment and its impact on performance.

4. CONCEPTUAL MODEL

A conceptual model presented in figure 1.2 captures the relationships between and among the various variables underpinning the linkage of strategy, structure, environment and performance as discussed in the foregoing sections of the literature review. The schematic diagram presents variables that have direct influence on firm performance and those that intervene or act as moderators. The conceptual framework suggests interrelationships between and among key variables in this study viz: strategy, structure, environment and performance. The intervening/moderating factors which are likely to influence the interpretation process are of behavioural, cultural and institutional theory perspectives which are environment in context.

In conclusion, this section has discussed the relationship between perceived strategy, structure, environment and firm performance and the factors or conditions that mediate this relationship. However research requires that one uses both content and context as the ideal approach to empirical investigations and therefore there will be need to develop a contextual perspective so as to fully complete the conceptual model proposed in **figure 1.2** below. This will also necessitate modification of the existing model which will take into account the linkage paradigm, critical evaluation of major aspects defining meanings of the constructs including social dynamics through which strategy is shaped and environmental dynamism.

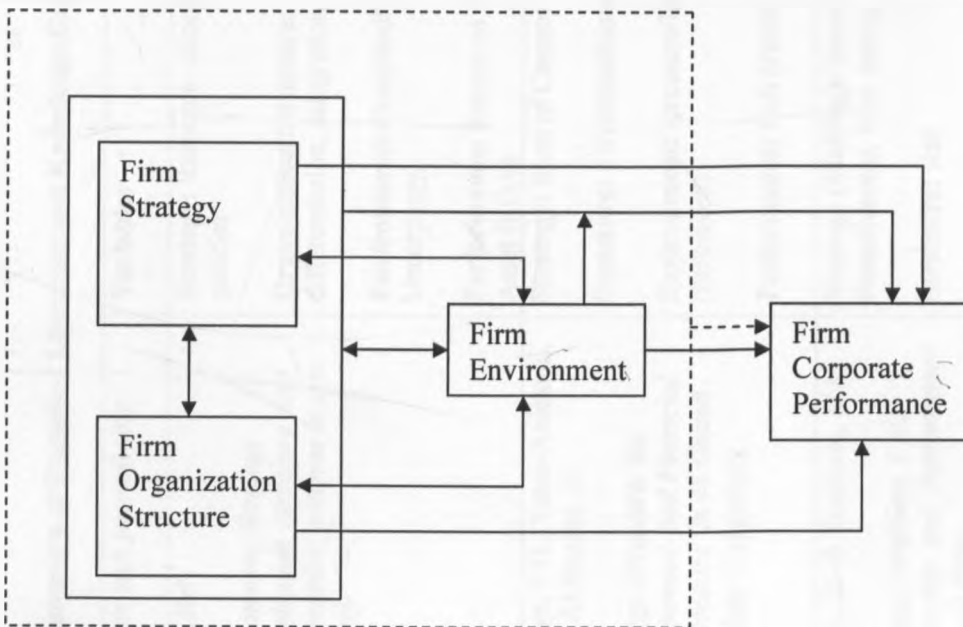


Figure 1.2 Conceptual Model

5. SUMMARY OF EMPIRICAL LITERATURE REVIEW AND KNOWLEDGE GAPS

Table 1: Summary of Empirical Literature and Knowledge Gaps

Year & Journal	Author and journal title	Variables	Findings	Gaps/Remarks
1980 -SMJ	Lenz, R.T. <i>Environment, Strategy Organization structure and performance: patterns in one industry</i>	Strategy: Resource allocation & policies Organization Structure: differentiation, integration. Environment: Complexity, Uncertainty. Performance: Return on Average Asset (ROA)	Performance stems from relationship among many different factors. Neither environment, strategy, structure acting alone is sufficient to explain difference in performance	Looked at only a single hypothesis related to whether combination of environment, strategy, structure associated with high performance firms differ with that of low performance firms. Need to assess side by side firms from different industries. Need to study the strategic choices as determined by population served.
1980 - AMJ	Grinyer, P.H., Yasai-Ardekani, M. & Al-Bazzas, S. <i>Strategy, Structure, the Environment and Financial Performance in 48 United Kingdom Companies</i>	Strategy: Span of Control Structure: Divisionalization Environment: pressure/hostility (Perceived) Performance: ROI (Profits)	Confirmed positive relationship between strategy and structure and independent of other correlates of structure such as no. of sites, no. of employees, size in sales, geographic dispersion. No match of strategy/structure and performance	Methodology gap was noted as they could not get ROI data on the subsidiaries. Gap: Study concentrated on the match of strategy and structure and the impact on performance while ignoring the linkage.
1986 – American Journal of Small Business	Miller, D. & Toulouse, J.M <i>Strategy, Structure, CEO Personality and Performance in Small Firms</i>	Strategy (Making): Innovation, Proactiveness, Risk taking. Structure: size CEO personality: Academic background & years in organization	Performance correlated positively with innovation and aggressive and analytical mode of decision making. Environment has strong influence on moderating all other variables (stable and dynamic environment)	Failed to study the causal link between performance and the independent variables. Language (for example Anglophone) needs to be studied as a variable in context.

		<p>Environment: dynamism/ uncertainty</p> <p>Performance: ROI, Sales growth, growth in net income</p>		
1987 – AMJ	<p>Miller, D.</p> <p><i>Strategy making and Structure: Analysis and Implications on performance</i></p>	<p>Strategy (Making): Rationality, Assertiveness and interaction.</p> <p>Structure: formalization, centralization, Complexity, integration</p> <p>Performance; Relative Profitability, growth in income ROI</p>	<p>Reinforced findings that emphasized configuration or gestalts.</p> <p>Aspects of strategy, structure, environment configure to form integrated whole with crucial impact on performance.</p>	<p>Concentrated on individual match of strategy and structure and its impact on performance.</p> <p>Failed to test if strategy making behaviour moderate that relationship and its environment will influence strategy making behaviour</p>
1990 – SMJ	<p>Venkatraman, N.& Prescott J. E</p> <p><i>Environment-Strategy Coalignment: An Empirical Test of its Performance Implications</i></p>	<p>Strategy: Resource deployments, R & D, Marketing, investment etc.</p> <p>Environment: Global exporting, Fragmented, Stable Auxiliary Services, Emerging, Mature, Global importing and Declining.</p> <p>Performance: Return on Investment (ROI) business unit.</p>	<p>Provided for strategy environment co alignment modelling.</p> <p>Study found out that there was a positive performance impact of environment –strategy coalignment</p>	<p>The study limited itself to ‘external fit’, that is, the formulation of strategy in alignment with the environmental context. There is need to consider a broader set of variables that reflect organizational context and implementation issues.</p>
1991 - SMJ	<p>Habib, M.M. & Victor, B.</p> <p><i>Strategy, Structure and Performance of US Manufacturing and Service MNCs: A Comparative Analysis</i></p>	<p>Strategy: product/ service diversity, extent of foreign involvement.</p> <p>Structure: Types (function/product or services) Geographic: global/international/ regional</p> <p>Performance: economic (ROA), Accounting measures.</p>	<p>Supported the strategy-structure fit.</p> <p>Provide empirical evidence effect of matrix structure.</p>	<p>ROA does not capture the fit of strategy - structure fit.</p> <p>Ignored contextual, environment and market variable like technology, market concentration.</p>

1994 - SMJ	Tan, J.J. & Listschert, R.J. <i>Environment-Strategy Relationship and its Performance Implications: An Empirical Study of Chinese Electronics Industry</i>	Strategy: Analysis, Defensiveness, futurity, Riskiness, & Proactiveness. Environment: Dynamism, Complexity and Hostility. Performance: ROA, ROS, Sales growth and position.	Increased environmental uncertainty were found to be negatively related to proactive strategies and positively related to defensive strategies. Defensive strategies were also linked to higher performance	The study limited itself to external fit and considered only part of the environmental dimensions. Organizational context variables that influence strategy implementation were not considered
1994-SMJ	Jennings, D, F. & Seaman, S.L. <i>High and Low Levels of Organizational Adaptation: an Empirical Analysis of Strategy, Structure and Performance</i>	Strategy: prospector, defender Structure: Mechanistic/Organic Performance: Value, profitability and risk	Provide empirical evidence regarding impact of strategy/ structure alignment on performance. Introduced concept of equifinality	Concentrated on adaptation impacts without establishing how strategy/structure match becomes optimal. Failed to determine the factors that are driving force behind an organizations adaptation by examining manner in which managers scan their environment.
1999- Journal of small business management	Luo, Y. <i>Environment-Strategy-Performance Relations in Small Business in China: A case of Township and Village Enterprises in Southern China</i>	Strategy: Innovativeness, risk taking and proactiveness. Environment: Complexity-Hostility and Dynamism – Munificence (perception of uncertainty) Performance: profitability, market position	Environmental characteristics have a significant influence on township and village (TVE's) In a complex environment the TVE appear not to take risks and are more of prospectors, adaptive, innovative and proactive.	Study concentrated on small TVE's and failed to offer comparison of strategic responses compared to private-owned small business. Ignored the structural component of TVE's which are co-dependent on local governments and can shift between hybrid and single phased.
2004-SMJ	Davies, H. & Walters, P. <i>Emergent Patterns of Strategy, Environment and Performance in A Transition Economy</i>	Strategy: Product line breadth, marketing intensity, commodity to specialty products, emphasis of efficiency. Environment: Marketization, munificence. Performance: economic performance, operational success.	Confirmed dynamic fit perspective in which performance is higher in more marketized environments and higher in more munificent environments than less.	Methodological gaps include: Indicators for environment were perceptual thus subjective. Munificence and marketization being “emerging variable” were indicated by summing values of their indicators thus raising validity questions. Study failed in measuring performance since a clear definition was not established.

<p>2007- unpublished PhD</p>	<p>Awino, Z.A. <i>Effects of Selected Strategy Variables on Corporate Performance: A Survey of Supply Chain Management in Large Private Manufacturing Firms in Kenya</i></p>	<p>Strategy variables: Competence, Capability, Strategy implementation. Performance: Revenue, ROA, Respective growth rate.</p>	<p>Independent effect of strategy variables on performance is relatively weaker than joint effects. Leadership and corporate policies have joint significant effect on performance</p>	<p>Performance measures as operationalized not used in analyses. Variables used for performance reporting were qualitative and do not constitute performance but are enablers for the achievement of performance. Thus there is need for quantitative approach to performance measure. Study failed to consider the effects of structural components on performance and test if environment will influence level of performance.</p>
<p>2007- conference paper at Tucson AZ (USA)</p>	<p>Meier, K.J., O' Toole Jr., J.L., Boyne, G.A, Walker, R.M & Andrews, R. <i>Alignment and Results: Testing the interaction Effects of Strategy, Structure and Environment from Miles and Snow</i></p>	<p>Strategy: Defenders, Prospectus, Reactors & Analyzers Structure: Organic/ Mechanistic Environment: Turbulence munificence Performance: pass rate of students</p>	<p>Found mixed feedback on how the three strategies impact on environment. Impact on performance governed by how structure and environment are aligned and how strategy is employed thereafter.</p>	<p>Study omitted organizational process in testing alignment and only used the four variables. Study omitted test for centrality of organization goal. Study failed to test for contingencies and complications in the individual interactions.</p>
<p>2008- Conference paper at 24th EGOS colloquium in Amsterdam.</p>	<p>Fiss, P.C <i>Configuration of Strategy, Structure and Environment: A Fuzzy Set Analysis of High Technology Firms.</i></p>	<p>Strategy: Cost leadership, Differentiation. Structure: Formalization, Centralization, Administrative Complexity, Size. Environment: Rate of change, uncertainty. Performance: ROA (pre-tax profit)</p>	<p>Demonstrated existence of several equifinal configurations around grouped samples. Found that pure systems of strategy gave high performance as opposed to hybrid types.</p>	<p>Focused on some measures while excluding others like operationalization of environmental characteristics. Study was on high technology sector only. There is need for cross-industry data.</p>

<p>2008- EuroMed Journal of Business</p>	<p>Pertusa – Ortega, E.M., Claver-Cortes, E. & Molina-Azorin, J.F.</p> <p><i>Strategy, Structure, Environment and Performance in Spanish Firms.</i></p>	<p>Strategy: Cost leadership, Innovation, Differentiation.</p> <p>Structure: Organic models/ mechanistic</p> <p>Environment: Uncertainty, Dynamism</p> <p>Performance: ROA, ROS, ROE</p>	<p>Traditional theoretical models are not exactly applicable in context of European- Mediterranean SME's.</p> <p>Cost leadership is not associated with a favourable environment.</p> <p>Innovation differentiation strategy is not associated with organic structures.</p> <p>The relationship between adjustment and performance is partially confirmed.</p>	<p>Methodological: Used opinion scale which is limiting due to subjective character.</p> <p>Study ignored hybrid organizational forms and other organizational dimensions such as planning, control systems, processes, information and communication flows, and organization culture.</p>
<p>2009 - unpublished PhD</p>	<p>Chiyoge B. S.</p> <p><i>Influence of Core – Competencies on the Relationship between Co-Alignment Variables and Performance of Profit – oriented Parastatals in Kenya</i></p>	<p>Strategy: Defenders, Prospectors, Analyzers and Reactors</p> <p>Structure: Formalization, Centralization, Specialization, Standardization of procedures/ methods/ employment practices</p> <p>Environment: Defined along Porters 5 forces model.</p> <p>Performance: ROA (Profitability Ration), Growth in Sales.</p>	<p>Found weak relationship between environment and structure, and environment and strategy.</p> <p>Core-Competencies moderated relationship between Co-alignment variables and firm performance.</p>	<p>Operationalization of performance was limited to ROA. There is need to test other measures of performance.</p> <p>Study concentrated on Government parastatals which tend to have highly regulated environments, structures and controlled strategies. There is need to test the relationship in more flexible organizations.</p>

The studies reviewed above presented mixed findings regarding the relationship between variables of strategy, structure, environment and firm performance. While a number of them found a positive relationship between the variables and performance, others found the opposite. One possible explanation for this situation could be the variety of methodologies and definitions of variables. Another explanation could be the study contextual factors that were not captured by the models employed. Most of these studies were carried out in different countries and different managerial regimes.

The studies reviewed also seem to examine the direct relationship between the individual variables or specific set of the variables and performance. As such they have overlooked testing the variable interactions, their relations and causal linkage of all of them and consequently the joint impacts on firm performance. As such critical organizational context and implementation issues are ignored. Lastly the studies reviewed have reflected weaknesses in variable definitions and operationalization. Besides limited statistical analysis and ignoring of human elemental factors.

6. CONCLUSION

The theoretical framework for strategy, structure and environment that has been tested in the past is today under serious scrutiny. Managers are leading more through uncertainty than ever before. Even governments have been drawn back to pay special attention and even bail out businesses. The magnitude of this era will be realized when the fog has faded and new nexus for strategy structure alignment is being sought. The resultant demand is to build flexibility into the strategy process, with a portfolio of initiatives from which best choices shall be made adaptable to the new environment pattern. Firms which are able to achieve a fit between their strategy and structure can create a significant competitive advantage, while firms that do not have a fit are left vulnerable to external changes and internal inefficiencies. Thus under the global economic crisis, the fit between these constructs is likely to be the key focus scholars and practitioners.

Despite this logical explanation empirical results have been mixed. Some researchers have found support for the configurations–performance relationship others report no connection. This equivocality has created concern about the appropriateness of future inquiry. Indeed, in reference to the most prominent approach to configurations strategic groups it has been suggested that it may be necessary to abandon this concept and redirect attention toward other potential determinants of performance. Before research on configurations and performance is abandoned, plausible alternative explanations for the lack of findings should be examined. The role of statistical power in extant research provides one such alternative. Statistical power is, in essence, the probability that an empirical test will detect a relationship when a relationship, in fact, exists.

Specific longitudinal empirical studies in small and medium enterprises more especially in emerging economies is recommended to assess the strategy-structure-environment configurations that have been experienced in the changing environment over the economic crisis period being experienced and also provide the linkage to context and the measures. This will be expected to be a significant contribution in knowledge in this area as no other study seems to have considered this holistic approach. Specific recommendation is to test the configuration linkages raised above by examining empirically the situation of SMEs in Kenya which is not only a non-western context but also a country where studies on small and medium enterprises have been globally acknowledged (ILO 1971, Parker and Torres, 1995).

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