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Sustainable Strategic Growth through Aligned Diversification

Bigley JD*

Department of School of Business, California Baptist University, Magnolia Avenue, USA

Abstract

Sustainable growth is a strategy that is complex in an ever-changing environment. It is challenging to consistently achieve a positive reward over a sequence of product or service lifecycles. A single case study is discussed in which a conglomerate achieved consistent success over a globally supported supply chain that serviced clients across multiple life-cycles. To solidify its dominant market position, the company implemented a unique organizational structure. This structure empowered the locations to succeed in their emerging markets with minimal incremental effort. Success was consistently achieved through the efficient exploitation of relatedness, a selective focus, and synergy exploitation.

Keywords: Scalable structure; Sustainable corporate advantage; Portfolio relatedness; Combinative diversity

Introduction

Thinking of new ways to compete, a company can strategically redefine its business and catch competitors off guard. The critical aspect of the winning strategy is likely not to play the game better than the competition, but to develop and play an altogether different game with excellence in a way that cannot be emulated. The alternative is to execute the last stage of a company's life cycle. There are many examples of disruptive products or services entering a field of competitors and quickly taking market share. One does not need to look far to see the destruction of organizations that have cherished the status quo. The majority of attempts to achieve sustained, or even temporary, strategic advantage fails. Where temporary advantage is achieved, an explosive sales cycle may easily end with a disappearing organization. Conversely, those who succeed over multiple product or service life cycles can strategically achieve and re-achieve a dominant position. There are gaps in markets that relate to the capabilities of a firm. To successfully exploit these gaps, the growth strategy would be to have a desirable capability and to identify opportunities before others do. Gaps are typically the result of the emergence of new customer segments, customer needs, products or services, opportunities to service better than the competition, and new ways of producing, delivering, or distributing. To exploit these opportunities an organization may need to redefine how they do business. This includes what they provide, who they provide it to, and how they provide it within client expectations. It also relates to how they can exploit their unique core competencies to scale an optimized portfolio over the life-cycle of the opportunity without failing. And then it follows that, the organization can do this repeatedly over multiple life-cycles without failing.

Theoretical Background

Strategic innovation is when a business model is altered fundamentally so that it competes in a different way. The primary research focus of this paper is to understand the impact of an implemented novel organizational design on sustained corporate advantage. The research question studied in this article may be phrased as such: To what extent, if any, can a multi-dimensional organizational design influence sustained corporate advantage? The relationship between this organizational design and corporate advantage is not adequately discussed in the literature. The design discussed is, in fact, quite novel, but is emerging. In practice, the typical methodology used to improve profits is to cut costs rather than to strengthen capabilities. Disruptive strategic innovation is a way of competing using both a different method and a method that is not traditional. Successful disruptive strategic innovations grow to capture a large share of the established market because of the way they uniquely fill a value-based void and because of the unfulfilled appetites of customers [1]. Firms that choose to compete in this way must have the competencies that effectively meet client's needs. They must also be able to compete in a way they that is hard for competitors to imitate [2]. Furthermore, gaining entry may relate to a firm's innovative capability for lowering barriers for entry and other constraints. These barriers may relate to, but not be limited to, acceptability, affordability, availability and awareness [3].

Strategic Innovation

To begin, what is the difference between creativity and innovation? According to Levitt [4], creativity is an idea, while innovation is producing value from an idea. Innovation is simply an idea in action. With this in mind, what then is strategic innovation? Accordingly [1,5], strategic innovation has three elements. The first is a fundamental recalibration of a business model. This is where the portfolio of products and services is interrogated as to whether or not it does support the business model. It may prompt a change in the model. This questioning includes the company's thoughts about the industry and sectors of interest. The intent of this evaluation is to discover opportunities and evaluate constraints. The second relates to reshaping existing markets. Changes to products and services can extend their lifespan. Changes in the portfolio can increase the profitability of the selection that remains. The optimization of the client base allows for the rationalization of keeping or dropping unprofitable clients. And, the third relates to providing significant value improvements to customers. By strengthening the organization, it is able to increase market share, innovate the contents of the current portfolio, and explore new markets. Strategic innovation

***Corresponding author:** Bigley JD, Department of School of Business, Dr. Robert K Jabs School of Business, California Baptist University, 8432 Magnolia Avenue, Riverside, USA, Tel: +951343-4426; E-mail: jbigley@calbaptist.edu

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will change the nature of the competition in mature markets. These innovations will look beyond imposed constraints to discover market opportunities and create significant value improvements that exclude the competition from the market [6]. Lastly, strategic innovation seeks to create either incremental or radical new lines of business. The intent of strategic innovation is to create a leap in the customer's perception of value [7].

Sustainable Strategic Management

Sustainability is understood to mean that an organization has the capacity to endure shifting and complex market conditions. It is a reflection of an ability to load balance the demands on the organization, regardless of the impact. The capacity related forces involved can be social, political, economic, etc. that meets the needs and conflicting interests of all stakeholders. The strategic management process involves the participants including leadership, the methods that assure continuity, discipline and agility, and scope which include both complexity and available options. The strategy itself must include a mission, a vision, the values of the organization, goals or targets, and a competitive analysis [8]. And so, it would follow that, sustainable strategic management, known as SSM, is when an organization, through a systemic approach, assesses opportunities with clients that are known, clients that are external, and clients on the periphery of existing and new markets. Regarding the plan to harvest the benefits of these relationships, internal stakeholders should be consulted for their input. Ultimately, leaders of organizations must be responsible for enacting policy that facilitates a high level of organizational efficacy now, and provides for a benefit to all stakeholders in the future.

Research Methodology

Investigating theoretical and practical methodologies and topics related to strategic innovation and SSM is complex and bound by the context of the organizational issues at hand. The research design reveals the concrete steps and actions that the researcher will follow [9]. The overall strategy for obtaining sound scientific insights is the purpose of the research method. The researcher will use a qualitative method to investigate theoretical and practical methodologies and topics related to strategic innovation and SSM. The qualitative research method is guided by several factors: (a) the nature of the research questions, (b) the exploratory nature of the study, (c) the need for a detailed view of the phenomenon, and (d) a need to accommodate the study of individuals in their natural setting [10]. A qualitative design is ideal when the researcher does not initially know the range of variables to examine [10-12]. Consequently, the qualitative approach taken in this study contributes to theory-building through the observed interaction between a field study and existing theory [13]. The approach taken in this study is consistent with critical realism. This approach has gained wide acceptance in philosophy science. It combines two common-sense perspectives that may be seen as logically incompatible. The two perspectives are ontological realism, the belief that a real world exists independent of our perceptions and theories. The second is epistemological constructivism. This is an understanding that our constructions cannot claim absolute truth. Perceptions and beliefs are shaped by assumptions and experience. Consequently, every theory that attempts to describe complex reality is incomplete [14]. This study will attempt to examine a deployed structure that improved and facilitated sustained corporate advantage. While revealing reality the study does not claim to be complete or absolute. Rather, it is a reflection of an experience. It follows then that an inductive approach is valid as observations of reality will be explored and used to create theory. The author was unaware of another comparable situation. As a result, this is a single case study.

Empirical Setting

The selection of an adequate case is one of the most important aspects of case study design. The researcher chose a globally diversified firm with a number of businesses oriented in a global supply chain. These businesses also connect with businesses external to the division as it relates to inputs and outputs that are a part of the broader supply chain. The case selection was influenced by the researcher's ability to obtain observations and derive insights into strategic innovation and SSM within this multi-national enterprise (MNE). The organization, which will be referred to as 'the MNE', already had a strong cultural component that was entrepreneurial. Consequently, there was already an embedded desire for strategy, innovation, and corporate sustainability. The MNE is dedicated to growth synergies as a critical and immediate strategy. The MNE was also advanced in its desire to attempt novel means to achieve strategic goals. This included organization design, redesign, rapid evolution, and recalibration against new objectives. A high tolerance for action enabled the change needed to achieve the deployment of a novel organizational design. This further enabled the observation of its impact on growth. Furthermore, there were some early successes that could be exploited. As the investigation continued it became more evident that the MNE had achieved significant market share in most of its moderately dynamic markets. The ability to gain broad access at all levels of the firm, including corporate strategy and the ability to change the organization design, made this research opportunity compelling.

Data Collection

The phenomenological case study approach allows for a wide range of data sources [15]. In the case of holistic or case studies with a broad scope, such as this one, methodology researchers specifically suggest the combination of multiple methods of data collection [9,15-17]. Once the new organizational design was in place, key stakeholders were able to assume their roles and begin with the plan to realize growth synergies. Data was collected, regarding the transformation period allowing for the refinement of the data collection process. This also improved the quality and fulsomeness of the data. The purpose of collecting and analyzing this information was so that sense-making could occur and be documented for subsequent communication to the research community. The data collected through in-depth phenomenon-based interviews was validated against and supported by preexisting data.

Data Analysis

The overall objective of the data analysis is the development of a mid-range theory around sustainable growth synergy realization. Mid-range theories include concepts that are close to managerial practice [18]. They are ideal for practitioners as they are less abstract, more focused, and have a more practical orientation. Conclusions about the mid-range theory of continuous growth synergy realization are derived from data. While guidance for quantitative data is mature, guidance for qualitative data continues to emerge [15]. Additionally, the analytical process used in this study is like those used by Ghoshal and Bartlett [19] in studies that are similar. The data collection and analysis is based on phenomenological research methods [20] revised Van Kaam method of analysis. It started with purposive sampling within the single case study site. Recorded interviews, with follow-up discussions to ensure accuracy and completeness, created raw data from textural-structural descriptions. These were analyzed through coding and theme mapping.

Emerging patterns in the data were recognized. These were then clustered and validated. Textural and structural descriptions were then defined. A composite of the descriptions was assembled in the form of a table or a mapping diagram.

Discussion

In this section, the results of the study are discussed with regard to relatedness, a selective focus, the multidimensional organizational structure, interdependencies, and competitive advantage.

Relatedness

Sustainable strategic management often looks at operative synergies as part of the prioritized corporate agenda. Unfortunately, synergies are typically explored through the lens of diversification and acquired through acquisition [21]. Related diversification is described by the deliverables that come from operational units with similar characteristics [22,23]. These common attributes define operational relatedness between business unit functions that create these attributes. Most studies have looked at relatedness and commonality over the business value chain for determining opportunities for operative synergies [23,24], building on the work of Wrigley [25], looks at relatedness by assessing MNEs through the lens of common skills, resources, markets, and purpose. [23] Shows in his study how diversifiers that were related substantially outperformed diversifiers that were unrelated, thereby suggesting that operative synergies yield benefits that are greater than other types of cross-business unit synergies. Even so, all types of relatedness may not be synergistic [26]. For example, resources that were once related may become unrelated and even dis-synergistic over time. Relatedness attributes may vary over time and become neutral or even negative as they may be influenced by exogenous product or service life-cycles, or megatrends, which influence market life-cycles. As examples, market or technology shifting may influence synergistic relationships between business units in an MNE, making resource interdependencies irrelevant [26,27]. Furthermore, relatedness may be an imperfect substitute for synergy. Direct estimates of synergy benefit provide unambiguous relevant data about growth opportunity in an organization [26]. Further to this, relatedness, as described by similarities in production-oriented functions, excludes potential relevant similarities and complementarities in other non-production functions. While often ignored, these may potentially influence growth synergies. These include endogenous and exogenous contributors, including the exploitation of strategic assets that are not adequately covered in the literature as it relates to growth synergy realization. Diversification-performance literature suggests that corporate managers should focus on realizing operative synergies within the group of core related businesses [28-35]. As corporate leaders pursue related diversification, they should populate their portfolios with common strategic assets and complementary resource bases, such as customer knowledge, product knowledge, and managerial knowledge. Operative synergies should be considered with these resources over multiple points in the value chain. These points may be linked. Regular assessment by corporate leaders should establish the value provided by these linkages, review the rationale behind the portfolio structure, manage interdependencies that result in coordination costs, and monitor business for emerging linkages [24]. While the literature describes efficiency synergies, it does not provide much information on joint growth synergies across business units. Resources can be thought of as being complementary if the sum of their individual resource cost is less than their value when linked together [36]. Consequently, the benefit from resource interdependency is referred to as super-additive. Complementary resources are interdependent and mutually supportive, but not identical. For example, [37] explain that complementary knowledge resources could be exploited across businesses for influencing market expansion and influencing corporate performance. Others have come to the same conclusion [38,39] however, knowledge resources should not be considered to be purely dyadic between two entities, but may be triadic, or more realistically systemic [40].

Selective focus

Selective focus is important to the realization of synergistic growth, as it is aligned with the objective to achieve profitable results. Selective focus is achieved by allocating energy strategically to achieve the best results. Available resources can be better utilized through priority, plan, and purpose clarity. The effectiveness of these resources can be measured by looking at value creation. The ability to execute through selective focus is augmented by an appropriate strategic method, a scope that is optimized, and an organization that is directionally exploitable and scalable. The strategic method includes aspects that penetrate boundaries. These may include, as an example, a technology that could break through the walls of a *siloed* organization, thus, making available the revenue that was previously unrealized. Other techniques can be leveraged; for example, existing resource redeployment can achieve improved profitability as these resources are already capable to perform the synergistic task. Additionally, the benefits of a system can be leveraged to encourage a client to pay more, as the ability to track orders may be considered to be a value-add. This directional strategy relates to the organizational structure and its scalability. For example, the complete directional extension of a line in the multi-dimensional organizational structure (MOS), as illustrated in Figure 1, results in increased synergy exploitation opportunities. Similar skills and resources can be exploited to maximize profits. The structure can also scale and be leveraged across divisional lines. For example, a synergistic activity at the MNE can be exploited by another division without incurring proportional additional resource or infrastructure costs. The scope needs to be optimized. Out-of-scope strategies drain energy with little return. A focused strategy must include a scope of work that is in alignment with market trends and which is locally available to exploit. Additionally, the part of the opportunity that is profitable should not be burdened with other aspects that are not. These opportunities should be monitored through metrics to ensure transparency and facilitate timely decision making. The guidance of an appropriate strategic

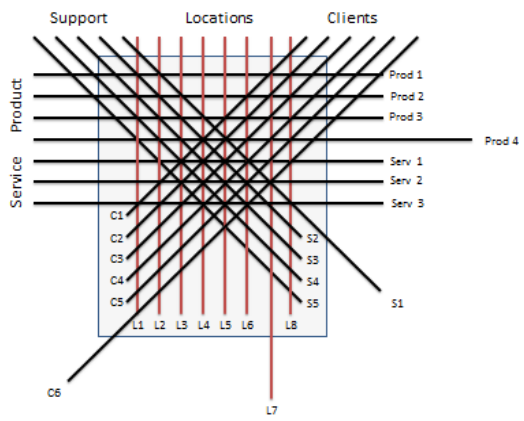

Figure 1: MOS scalability. This figure shows how the MOS lines can scale depending on the need and the dimension.

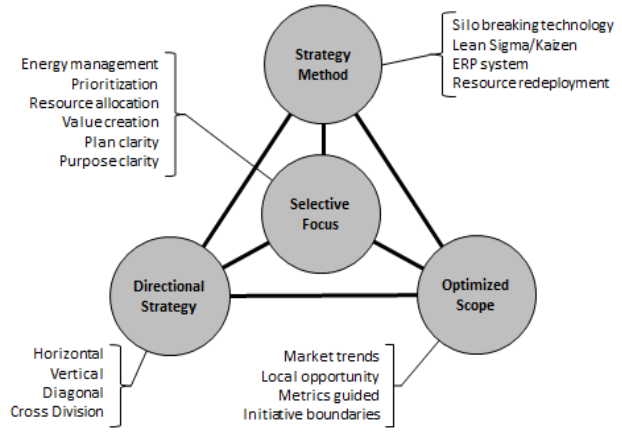

Figure 2: Strategic complementarity. This figure illustrates the dependent relationship between the strategy method, selective focus, directional strategy, and optimized scope, and includes examples within each category.

method, in an optimized scope, leveraging the directional capability of a MOS will help to ensure that only the most profitable opportunities are selected for focused attention. This relationship between the three key strategic themes on selective focus is illustrated in Figure 2. Strategic complementarity. This figure illustrates the dependent relationship between the strategy method, selective focus, directional strategy, and optimized scope, and includes examples within each category. The literature is limited in its discussion about the exploitation of resources in an MNE, especially with regard to primary enablers like culture and alignment, as examples. The purpose of strategy is to create focus that leads to desirable outcomes. The researcher suggests that this selective focus is enacted by linkages between the strategy method, directional strategies, and scope minimization. There are a variety of methods that can be used for fulfilling strategic goals. For example, directional strategy occurs in a MOS both horizontally across locations and vertically across product lines. The optimization of scope restricts the area of concern, thereby avoiding noise and overwhelming analysis. The recognition of strategic complementarity allows for selective focus for growth synergy realization.

Multi-dimensional organizational design

A critical result that emerged from the empirical data was theory about the realization of sustainable growth synergies in a multi-unit firm with a multidimensional organizational structure. In this section, the researcher will discuss two related themes for sustainable growth synergy realization, including a selective focus on opportunities and an organization design based on decentralized collaboration. Collaboration must be considered together with self-interest, otherwise there is minimal motivation. A deeper theme of guided and balanced self-interest aligns these principles contributing to a culture of entrepreneurship and strategic growth. Limited information is available that explores the implementation of designs that exploit synergies across business units with more than two dimensions [41]. Some firms studied were organized along the lines of key accounts, professional services, support functions, or facility management. Managers were responsible for profits, market position, and customer retention, but they controlled very few resources. Often, resources are controlled by facility managers who are responsible for the bottom line. This creates tension between sales, as they develop new market opportunities, and facility managers, who are accountable for the efficient utilization of resources [42-44]. Risk-averse behavior of resource managers must be confronted by market opportunities identified by account managers. Concurrently, market managers cannot be overly optimistic in their judgments about market opportunities. It is therefore essential that a MOS simultaneously reports performance on two or more dimensions. Managers need to be held accountable for their dimension as it contributes to overall firm performance and the execution of growth synergies. Unique challenges for implementation are present in a globally integrated enterprise with globally integrated support functions. The researcher believes that the organizational design of a firm is a critical driver for success or failure with regard to the realization of growth opportunity. The most successful form of an MNE is the M-form, named by Williamson [45], in which activities are organized into separate business units [46,47]. Resources are delegated to managers charged with creating economic value for the firm. These resources are controlled within business structures that are measured for financial performance. The boundaries of the units are reinforced by financial systems. To illustrate, organizational design has been influenced by corporate agendas driven by synergistic savings evident in the form of corporate account management, shared service centers, and matrix organizations. Consequently, most businesses now depend on some resources that are controlled by other units [41]. Each dimension in a dimension-oriented structure is not flat, as a layer might imply, but rather is intrinsically variable. For example, products within this dimension are different in complexity, volume, capacity consumption, quality rigor, seasonality, and sensitivity to penalty or liability. Within the support functions there is variability in team expertise and the nature of the support, as examples. Support could be present in the form of ERP enhancements or module creation, or storage, and the availability of workflow assets. There is variability in the client dimension with regard to size, rate structure, administrative load, hunter vs. harvester activity, and the meaningfulness of relationships. Geographic locations vary in culture, size, and mix of products used in local markets, further strengthening the idea of a dimension rather than a layer [48]. This multidimensional organizational design is applied to a multi-unit business that includes a global value chain. The MNE must be competitively agile in its dynamic market while managing through an otherwise complex organizational construct. The researcher proposes a minimalist role of the corporate center with the addition of secondary work structures, or collaboration platforms, that exploit capabilities across business units [49]. This research contributes to organizational theory by exploring an innovative multidimensional organizational design with the advantage of collaborative opportunity exploitation in a dynamic environment. In the case of the MNE in this study, the design included dimensions that related to products and services, geographic locations, support functions, and clients. The MNEs manager deployed and stressed the benefit of a MOS to jointly bear the operative responsibilities of the sub-divisions, arguing that it provides for flexibility and responsiveness to client needs in all locations over all functions. The intent is that this structure is built upon as it is extended to other sub-divisions and divisions. This is reflected in Figure 1 and further explained below. The culture at the MNE in this study has been largely one of strategic and operational autonomy. While corporate influences budgets by stretching them, interventions are rare and executives at this level are reluctant to become directly involved as they have been decoupled from operative activities. This has allowed the MNE to move to a structure with the four dimensions described, support functions (S#), clients (C#), products or services (Prod #/Serv #), and locations (L#). The corporate

center is outside the MOS and is generally unaware of how the MOS operates. This is largely reflective of the autonomy given to the federated sub-divisions which are given global entrepreneurial responsibility for their markets. The MNE business managers unanimously stressed the importance and benefit of deploying the MOS, arguing that it provided for functional support, sales support, product or service support, and local responsiveness. Furthermore, it emphasized a strong culture of collaborative decentralization. Corporate center interventions were rare as they were cautious not to assume operative responsibilities. As an example, and to illustrate, a client (C6) could want more of the MNEs products or services. A location (L7) could expand its product or service portfolio due to a local market opportunity. An ERP (S1) could be used by other divisions to leverage profitability, whereupon they would share the cost of the system, improving profitability of the MNE. Lastly, a product (Prod 4) could be sold to other clients, possibly external to the MNE. The scalability of the MOS, exogenous to its existing domain, points to profitability as all of these instances exploit existing skills, infrastructure, and resources (Figure 1). A business unit in an MNE is given both autonomy and self-interest when it is given the opportunity to identify growth synergy opportunities, when it can define their value-based attributes, when it can determine deployment timelines and the scope of coverage, and when it can determine the task rollout sequence as represented in an operational deployment plan. The researcher has found that business unit autonomy is augmented in at least three ways. The first is through a suitable culture, as defined in part by its organizational design and its reward system. The second is through administration and control, which includes financial review, secondary structures, and a centralized workflow management system that provides organization-wide data and analysis. The third augmentation area is related to strategy. The strategy must have structure in order for it to be focused and executed. The framework for the strategy provides this. It is also selective in that it is prioritized based on contribution to the desired outcome as measured by business modeling. Strategy also includes the sequence of the execution of tasks. These are ordered in relation to environmental conditions and dependencies. Outcomes of exploiting self-interest include profitability in the form of social impact, organizational efficacy, team efficacy, and personal leadership efficacy [50]. The dimensions in a multidimensional organizational design are important to the market. Business should be conducted with customers in the way that they prefer so that there is sustainable value in the relationship [51]. To illustrate, the MOS deployed at the MNE included a primary dimension that related to client management (C#). A P&L was provided to each account manager with regard to the client's overall global financial performance. This P&L was support function, location, and product agnostic. It allowed the managers to understand the profitability of working with all clients as well as each individual client. It also allowed for an understanding of profitability from the client, as it related to product type and the location where the work is done. The customer-centric nature of multidimensional firms is enhanced by treating clients as profit centers [51] and by listening to them for the purpose of discovering service opportunities [49]. Economic gain is created by pursuing unique location-specific market strategies, by integrating product and service offerings for maximizing customer profitability [28,52], and by making the relationship *sticky* through optimized complexity and interdependency. The MNE in this study operates in an industry that is networked. Consequently, the center of innovation has shifted from the company to the network in which it operates. The network flourishes when it exists in a state of deep collaboration, cross-pollination, and concurrent engineering. This network develops value-based solutions in parallel exceeding time to market requirements (Grossman, 2005). Additionally, growth synergies can be achieved through alumni relationships within the industry-wide network. The exploitation of available market knowledge then becomes more critical than creating personal knowledge. Knowledge can be easily obtained from the network if it is not locally available. Organizational constructs must exploit network-based knowledge resources [53]. Collaborative knowledge workers are increasingly valuable due to their collective influence on profitability opportunities in a multidimensional firm [54,55], and especially in a firm with a structure that requires collaborative arrangements [56,57]. The MNE desires that knowledge workers are attracted to their firm, as they see that it is an opportunity to increase their personal market potential within the industry network [53,58,59]. Managing the chaos found in these networks is the current opportunity for competitive advantage in an MNE. The transformational changes and ongoing challenges faced by the MNE depend on the ability of a system to predict change need, the ability to self-organize, and the ability to morph into a new form without intervention from forces exogenous to the system [60]. The robustness of the new form evolved during the transition. Recognizing that chaos is a system of events in flux and change [61], bifurcations can change the system suddenly causing it to behave unpredictably [62]. This drives the need for both predictive change and organizational agility in a moderately dynamic market that the MOS provides.

Interdependencies

As synergies are recognized and realized, interdependencies between business units are strengthened [63,64]. Depending on leadership behaviors, these interdependencies can include the obfuscation of relevant facts, and to role ambiguity. This ambiguity makes it more difficult to measure the synergistic potential that exists. The effort needed to evaluate the businesses requires higher controlling costs, as overhead needs to manage multiple equilibria through critical decision making about joint design, joint scheduling, mutual adjustments, setting transfer pricing, and designing reward systems that encourage cooperation [65-67]. The burden on information systems and the volume of initial and ongoing decisions made, leads to a higher probability of decision errors [68,69]. Knowledge sharing depends on the combinability of knowledge bases and active collaboration [70,71]. This non-exhaustive resource across workflows and products carries the risk of contamination [72]. Effort is needed to manage the ripple effect of beneficial and non-beneficial decisions [24]. As more inputs are shared between the integrated businesses and as more relationships need to be adjusted, the sensitivity to the ripple effect increases. Furthermore, the potential for the asymmetrical distribution of benefits can be frustrating. This 'unfair' distribution stalls decision making and diminishes entrepreneurial energy. Synergy is instead better served by simplification to reduce waste, the liberation of workers to make creative decisions, and a healthy work experience [73]. Moreover, interdependency may also drive the need for compromise, resulting in a less favorable outcome for one of the involved parties. The imposed compromise may result in an interdependency that diminishes the value of a product, enacts self-cannibalization, or diminishes the value of a customer [74]. Compromise may also reduce a business unit's ability to be flexible [63,75,76]. Rigidity may become evident in slower adaptation to change in a dynamic market, resulting in the inability to innovate due to internal competition [77-79] and inefficiencies in organizational design [80]. Furthermore, continued strategy innovation is necessary in disruptive and high-velocity environments where structure and norms are unstable or erratic [81-84]. As a result, a typical multi-unit organization looks like Figure 3. This figure illustrates how an organization can be fragmented, broken, and incomplete. It also

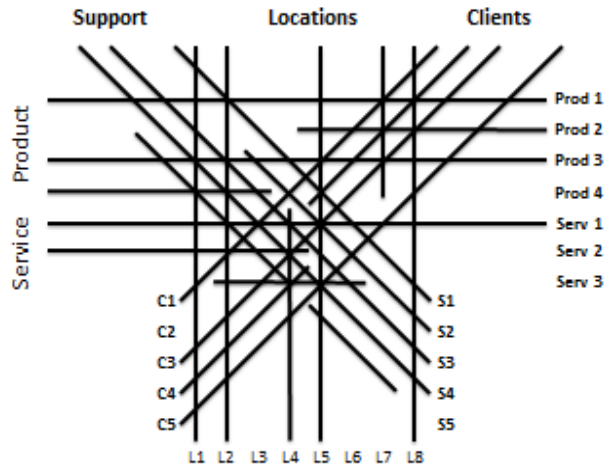

Figure 3: The multi-unit organization prior to growth synergy. This figure illustrates the incompleteness of a MOS due the lack of growth synergy exploitation in the organization.

shows the opportunity for lines to be complete across all locations, clients, and support functions. For example, there are products and services that have not been developed that could be sold in a variety of markets. This would be represented by an incomplete product line. There are also clients that the MNE does not have that they could if they had the right product offerings. There are market locations that the MNE should be leveraging. There are support functions that are not available at all locations. Growth synergy realization would make the lattice in Figure 3 more complete, flexible and robust (Figure 3).

Competitive advantage

When competitive advantage creates a higher economic value for the firm than its rivals can produce, cross-unit synergies contribute to corporate advantage [85]. The opportunities, as represented by box shade variation in Figure 4 below, can be discovered through SWOT analysis, which is a structured planning method used to evaluate the strengths, weaknesses, opportunities, and threats, internal performance reviews, competitor analysis, or addressable market analysis. The opportunities are located at the nodes, where they naturally reside as these are the dimensional factors that would enable the exploitation of the opportunity. An opportunity could be an immediate client need, a servicing issue to be resolved, margin inadequacy; a capital expenditure (CAPEX) enabled sale, filler for a capacity shortfall, or revenue that could be experienced through a critical support function that has been missing. One opportunity could lead to another. For example, the exploitation of C2/Prod 4/S1/L5 could lead to a further opportunity with Prod 1 at L5 and Serv 1 at L1. The link preserves the attachment to any lines at the primary opportunity. Synergistic linkage will enhance profitability and minimize investment to realize the opportunity. The priority of exploiting the opportunities at the nodes could relate to the magnitude of the opportunity, the investment needed to exploit it, or the profitability of the opportunity, as examples (Figure 4).

Contribution to Theory and Management Practice

The researcher intended to create insight into the attributes of the corporate effect, by clarifying and deriving empirically strategic success factors for sustainable profitability [86]. This study also aimed to contribute to theories of managerial practice, organization, and strategy. Additionally, the study provided a topology of organizational resource management that may influence the achievement of sustained corporate advantage. The researcher attempted to contribute to corporate strategy theory by exploring the value-producing effect of combining complementary resources that are energized by growth opportunities. The study confirmed the importance of similarities and complementarities within and between resource pools. Furthermore, this research provided an empirical example of dynamic capabilities through organization design. Finally, this research provided insights into corporate strategy oriented around interactions between business units. This contrasts with literature that primarily discusses the creation of strategy between businesses and corporate, or within businesses [87]. The objective of the MNEs strategy was simply to outperform competitors with regard to reliability, on-time client servicing, and problem-solving capability. More broadly, the strategy was to realize growth synergies for sustained corporate advantage. In the newly implemented MOS this could be achieved by focusing on organizational efficacy and functional optimization within each dimension. The vertically-oriented bands in the structure were to be optimized through operational excellence and strategic positioning in local markets. Location managers attempted to position their businesses in markets where there was sustainable growth, low volatility, profit potential, and high earnings potential; however, these markets are by nature dynamic and clients are fickle. Further opportunities were obtained through global operational excellence, market leading technology, innovation leadership, and workflow management that is transparent to the client. Additionally, local business aimed at optimizing costs by taking on off-load during capacity cycles to reduce carrying costs and by leveraging the global supply chains' world-class processes. Much of the profitability optimization literature focuses on diversification and operative synergies, like cost optimization, rather than growth synergies as a phenomenon [88]. This perspective overlooks the profitability enhancements that can be experienced through the unique combination of capabilities and strategy. By examining growth synergies at the MNE through a phenomenological single case study, the researcher was able to explore, discover, and capture findings that have previously been ignored. The objective of the empirical part of this study was to analyze

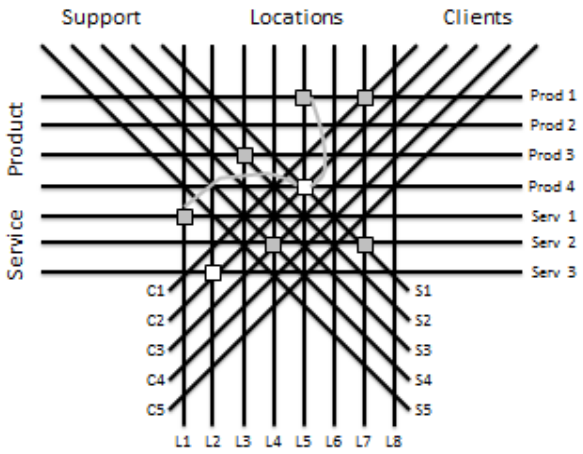

Figure 4: Growth synergy opportunities prioritized at the nodes. This figure illustrates the relatedness of opportunities and the capability of the model to be used for prioritization.

how an MNE could continuously realize growth synergies in a dynamic market. MNEs today sometimes see the path to success through cost efficiencies alone rather than reconfiguring operative resources to match market opportunities, such as increasing market share [75,89-94]. These actions may influence the destruction of value more than the creation of it [95]. Based on the data obtained from the case study, the researcher was able to infer constructs and propositions that provide a mid-range theory of continuous growth synergies in an MNE. These constructs and propositions identify critical elements in strategy and organizational design that contribute to desirable outcomes. Consequently, they conceptualize critical success factors that emerged from the data. In recent years, theorists have called for a more expanded view of novel organization designs and their linkage to results in an MNE, potentially with a global supply chain. The researcher created insight into the attributes of the corporate effect by clarifying and deriving empirically strategic success factors for sustainable profitability. This study also contributed to theories of managerial practice, organization, and strategy. Additionally, the study provided a topology of corporate resources that influence the achievement of sustained corporate advantage. The researcher contributed to corporate strategy theory by exploring the value-producing effect of combining complementary resources that are energized by growth opportunities. The role of a corporate center that creates value by combining resources is further suggested. The study confirmed the importance of similarities and complementarities within and between resource pools. Furthermore, this research provided an empirical example of dynamic capabilities through organization design. Finally, this research provided insights into corporate strategy that is oriented around interactions between business units. This contrasts with literature that primarily discusses the creation of strategy between businesses and corporate or within businesses [87]. A selective focus contributes to continuous profitable growth by channeling energy and focusing attention on market opportunities. This lowers ambiguity, reduces the impact of corporate biases, improves on the ability to discover growth synergies, and inspires change leaders to exploit profitability-enhancing opportunities. Selective focus also channels the attention, energy, mindfulness, and sense-making of MOS leaders. The execution of initiatives that enhance profitability is accomplished by resource redeployment and the scalability of MOS-based resources [96-100]. The MOS provides a center of gravity and is the focus of growth attention due to its inherent ability to propagate one-ness during scaling. This scaling is achieved with minimal energy expenditure, as the organization is already in a change orientation and has the capabilities to preserve the established momentum in an efficient way. Cost efficiencies are not ignored in this construct, but rather accelerate through 'horizontalization' that is enabled through the MOS structure across all locations. This success is not the content of initiatives, but rather the timely and courageous execution of them. Customers benefit from the sharing of best practices and capabilities, further enhancing profitability through the addressable market. A customer focus helps MOS leaders to build market knowledge and domain experience. Growth synergies can be focused on market segments where the MNE has a competitive advantage. These findings emphasize the significance of strategic guidance for the realization of growth synergies. A second key theme in the theory that emerged from the data is that entrepreneurial decentralized collaboration reinforces the ability of an MNE to grow profitably. Four mutually reinforcing elements support this capability including: the production network, aligned and accurate financial controls, corporate support, and strong integrative mechanisms. Decentralized autonomy can help organizations foster commitment to manage selective focus. An autonomous agility can provide the flexibility and responsiveness needed to capture market opportunities that constitute growth synergy initiatives. This delegation of authority allows location leaders to capitalize on market opportunities that they are close to and thus, can more easily exploit. Business-specific financial controls enable the discovery of opportunities and the monitoring of improved profitability that is realized through their exploitation. Financial reporting also helps to generate a productive self-interest by exposing value-destroying growth strategy as compared to value-enhancing growth strategy. The impact of justified resource reallocation to the highest margin opportunities enhances overall profitability. Financial feedback encourages business unit managers to look both inward and outward to exploit growth synergy potential. Functioning as a common point of reference, the budget encourages constructive self-interest through cross-business collaboration that enables the exploitation of opportunities. Strong integrative mechanisms accelerate collaboration and the realization of growth synergies by establishing trust, reducing conflict, inspiring action, exploiting complexity, economizing attention, increasing domain knowledge, and promoting a nimble client response. A third theme is the megatrend that is seen as increasing complexity, and that continues to challenge enterprises aiming to grow. Exogenously-imposed complexity can be a significant hurdle for profitable growth. Conversely, it can be a great opportunity for creating customer loyalty by making the relationship 'sticky'. Complexity can be associated with waste. It includes excessive workflows, non-value added steps in workflows, and a portfolio that includes products with features that customers do not want to pay for. These manifestations of waste reflect redundancy rather than synergy. Excessive complexity drains the energy needed for profits and growth. Supporting too many products leads to difficulty earning back the cost of capital. However, excessive simplicity may lead to fewer options or variations than are expected by customers, and thus, missed opportunities. This may throttle growth even in an expanding market, whereas optimal simplicity may improve the gross margin and promote revenue growth by targeting customers who are willing to pay a premium [101,102]. The MNE must understand, through rigorous analysis, where they stand on this issue and react accordingly. Complexity-reduction techniques may be realized through lean sigma initiatives, for example, that deliver increased velocity and quality. Once achieved, optimal complexity is a competitive advantage that must be delivered at the lowest cost to achieve growth synergies. The MNE can be positioned in the market optimally so that competitors are unable to counterattack due to an inability to respond. Optimal complexity is achieved by (a) eliminating complexity that customers will not pay for, (b) exploiting complexity that customers will pay for, and (c) minimizing the cost of complexity offered. Some examples of complexity management could include streamlining and standardizing basic product features, automating as many workflow steps as possible, minimizing the number of workflow steps, cross-training to allow for better capacity utilization during volatile demand, utilizing robust and complex pricing schemes, achieving portfolio optimization through customer value analysis, standardizing internally, retaining a culture of deep functional expertise and excellence in product design, sharing parts and engineering, customizing foundational platform designs, and investing in an information system. Optimal complexity must be delivered at the lowest cost. For example, new products can be offered without increasing the number of parts significantly. Internal standardization can allow for low cost production of highly complex and desirable products. Conversely, products that are not generating economic profit should be eliminated to reduce complexity in the portfolio. Standardization makes the workflow systems and training more supportable, dependable, reliable, and promotes optimal amounts

of redundancy. Optimal simplification can be applied to support areas as well, including the purchasing process for example. The cost of procurement should be minimized. Internal complexity must improve flexibility so that customized products can be delivered in the least amount of time, maximizing the value per dollar of cost incurred. Velocity is relevant because being the first to market can still help the MNE capture market share because you are fast. These, and other forms of differentiation, provide opportunities for the realization of growth synergies through performance excellence. The economic profit of complexity is driven by its cost. This is achieved by (a) identifying which complexity creates value and which destroys it, (b) understanding the costs a complexity imposes on the business, and (c) exposing the underlying causes of the complexity. Business leaders need to know whether potential new features are worth the complexity they introduce into systems. The ability to execute these principles is related to the intellectual capital that is woven into workflows from lessons learned. This is a culture that is very difficult to copy, and so it is a competitive advantage. The cost introduced by complexity is evident in increased setup time, increased learning curves, increased scheduling capability, more defects and rework, and collateral impacts. Workflow impact is seen by having more work in progress, higher cueing time, longer lead times, lower process speed, and a lower ratio of value-added steps as compared to the total number of workflow steps. A fourth theme that emerged is the need for information at the right time and in the right place. The speed of information availability can drive operating practices. For example, information can inform the billing process so that cash conversion time is minimized. The firm can then be paid before they have to pay their bills. Information also allows for quicker and more effective decision making, shorter decision lead time, risk limitation, and it encourages entrepreneurial behavior. Without critical information, a firm can be so focused on meeting their budget plan that they miss significant market opportunities. Complexity creates noise in information systems. Typically, a few workflows produce most of the economic value in a company. Non-value-added workflows are still tracked and managed by information systems. Not all product lines are profitable. Clients provide a varying degree of economic profit to the firm. Information velocity must be a value integrated into a firm's culture, and information volume should be directed towards a minimum set of configurations. Overall, complexity hinders management's ability to identify, collect, and respond to information that is strategically critical to the business. Managing all the non-value-added aspects of a firm drains energy that could be better spent creating economic profits and corporate value. Noise in the information system from non-value-added activities can obfuscate the best opportunities, resulting in underinvestment in value generators and over-investment in value destroyers. The minority value destroyers, while impressive in the portfolio, contribute to the demise of the value generators. Complex decision-making compromises market entry or the ability to capture market share due to decision lead times. Additionally, complexity is a drag on productivity, reducing the PCE and the realizable free cash flow (economic profit percentage). Traditional information systems tend to grossly underestimate the resources required for specialty, low-volume products, and overestimate the resources needed for higher volume, standard products. MNE leaders need to emphasize a differentiated offering that maximizes operating profit while minimizing invested capital. Accelerating the growth of products or services with a negative economic profit (EP) magnifies value destruction. Leaders must be selective about which parts of the value chain they want to participate in. Reducing non-value-adding workflows will free up assets and capital tied up in unprofitable operations. Leaders have to be aware and agile with this analysis as product life-cycles are getting shorter, minimizing windows of opportunity. They also need to be able to launch products and product extensions that create economic benefit to the firm. Strategy cannot be based on hope. Rather it should be informed by relevant data so that pockets of value-creation can be *cherry-picked*. All decisions related to economic profits require that (a) existing portfolio offerings be optimized by increasing complexity, by adding new value-generating products of decreasing complexity, by eliminating non-value-generating products, (b) existing value generating offerings be strengthened through product extensions and new market penetrations, and (c) internal complexities are reduced so that corporate resources can be shifted towards value-added activities. The MNE must focus on what adds value and on improvements as it considers value-share (the total potential for value creation in a market) rather than market share. The MNE needs to increase the value-driven application of finite resources and it must understand the profit pool available to them in the market. MNEs can defend value creators and reform or eliminate value destroyers by identifying their areas of complexity (complexity profile), seeing how the market is rewarding complexity, identifying market segments where there is value-creation opportunity, mapping the impact of complexity (value-stream mapping), grading opportunities using PCE, and prioritizing the value production from focused actions.

Conclusion

Several major findings were put forward during this study. First, the study emphasized a topology for resource-based efficiency. This includes the exploitation of profitability, pricing power, strength, and scalability synergies. This study puts forward, specifically, mid-range theory regarding strategic growth synergy. There is a profitability advantage for organizations that can recombine and redeploy complementary operative resources across business units. This study puts forward mid-range theory regarding growth synergy realization through the strategic concept of focused and selective action. Another mid-range theory is discussed regarding decentralized collaboration within a MOS that inspires performance through a guided and balanced self-interest. This study focuses on creating corporate value by achieving profitability super-additives that benefit from cross-business complementarity and related diversifiers. The novel organizational constructs offered up by the researcher suggest a governance methodology that is more agile, continuously robust, and significantly able to exploit the addressable market for increased profitability. These organizational constructs provide competitive opportunities to MNEs that exploit them, as they provide the ability to achieve the successful recombination of resources across businesses, dynamic capability in a moderately dynamic market, co-evolutionary change at a suitable pace, and the ability to exploit innovation across business units and sectors. The researcher believes that this study puts forward a compelling and under-explored perspective on strategy and organization in an MNE with the intent of encouraging further research in this area of study.

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