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Concepts used by JSE listed companies in strategy formulation and implementation and its effect on financial performance

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

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ABSTRACT

Continuous changes taking place in the business environment require organisations to adapt constantly to new realities, new products, new technologies, and new concepts. The manner in which organisations create and sustain competitive advantage is therefore one of the fundamental questions in the field of strategic management research.

Most concepts taught in business schools are largely based on research in American and European countries. Previous research work has also shown that there are clear key differences in concepts used across regions, industries, and company size. These arguments therefore led one to conclude that there is a lack of research available on popular concepts used by local companies and the impact on their financial performance, hence the purpose of this research study. This research was the first research study and therefore a pioneering study in establishing concepts used in the South African context. This research, in a small measure, attempted to build concepts based on local research.

The objectives of this study were firstly to identify the popular concepts used by JSE listed companies in formulating and implementing their strategy; and secondly, to establish the effect of these popular concepts on financial performance. The research was quantitative and descriptive in nature. Self-administered questionnaires were sent to 250 CEO's of the JSE listed companies out of whom 35 completed the survey.

The popular concepts used by JSE listed companies in formulating and implementing their strategy were identified; and the effect on financial performance were established. The popular concepts used by JSE listed companies in formulating and implementing their strategy identified were the concepts "environmental analysis", "strategic positioning", "growth", "customer focused/ customer relationship management", and "shareholder return/ shareholder value". The following relationships were found to be significant and important:

- The relationship between "environmental analysis" and market capitalisation from years 1 to 3 and years 2 to 3 show a negative relationship; and
- The relationship between "environmental analysis" and share price from years 1 to 3 and years 2 to 3 show a negative relationship.

Keywords: popular concepts, South Africa, strategy, financial performance

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Marélize Lintvelt

11 November 2013

DEDICATION

I dedicate this research to my parents, Deon and Lynette; my brothers, Phillip and Benjamin; and my husband, Heinrich.

To my parents and my brothers, thank you for all your support, guidance, and love throughout the last two years. Thank you for believing in me.

To my husband, thank you for all your support, encouragement, and understanding throughout the last two years. Thank you for loving me during all the difficult times.

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1.1. Problem definition

Continuous changes taking place in the business environment require organisations to adapt constantly to new realities, new products, new technologies, and new concepts. The competitiveness of organisations relies heavily on the anticipation of market changes and the identification of future trends. A crucial factor therefore for success and a major challenge for managers is the capacity and ability of organisations to adapt swiftly to changes and to deal with uncertainty. Methods and strategies have been developed to increase the understanding of the business environment and traditional approaches to strategy may not be sufficient in such highly intensive, complex, uncertain, and competitive markets. (Varum & Melo, 2010) The manner in which organisations create and sustain competitive advantage is therefore one of the fundamental questions in the field of strategic management research (Garfield, 2013).

Strategy is one of the least understood concepts although it is also one of the most studied and taught concepts (Ronda-Pupo & Guerras-Martin, 2012). Brown, Squire, and Lewis (2010) argue that "the links between strategy and performance remains an elusive 'holy grail' for researchers and practitioners alike" (Brown, Squire, & Lewis, 2010, p. 4179). Strategy is one of the main areas of research on management studies and the need of applying and studying the concept is reinforced by the increasing speed of the political, social, and economic changes brought by the globalisation process (Quintella & Dias, 2007). Casadesus-Masanell and Ricart (2010) also argue that drivers such as deregulation, globalisation, and technological change are severely changing the competitive game (Casadesus-Masanell & Ricart, 2010). Globalisation refers to the process of amplification of economic, social, political, and cultural relations across all international boundaries, and it can be said that Africa has been globalising due to its interactions with the rest of the world (Shaka, 2013).

Most concepts taught in business schools are largely based on research in American and European countries. Bain & Company has done extensive research since 1993 to identify popular management concepts. Most data was collected on American and European firms as can be seen in Figure 1. A small percentage of information has been collected on African firms as can be seen in Figure 1. (Rigby & Bilodeau, 2013)

Africa forms part of the EMEA group. EMEA is the abbreviation for Europe, Middle East, and Africa (Europe, Middle East and Africa - EMEA, 2013). Bain & Company has also shown that there are clear key differences in concepts used across regions, industries, and company size (Rigby, 2003, 2011; Rigby & Bilodeau, 2005, 2007, 2009, 2013). Only the aggregated results from the Bain & Company survey are presented, and the results can therefore not be used in the South African context for the reason as mentioned above. Studies on popular concepts used by practitioners cannot be compared and validated as there are only results available from the studies done by Bain & Company. These arguments therefore lead to the conclusion that there is a lack of research available on popular concepts used by local companies and the impact on their financial performance, hence the purpose of this research study.

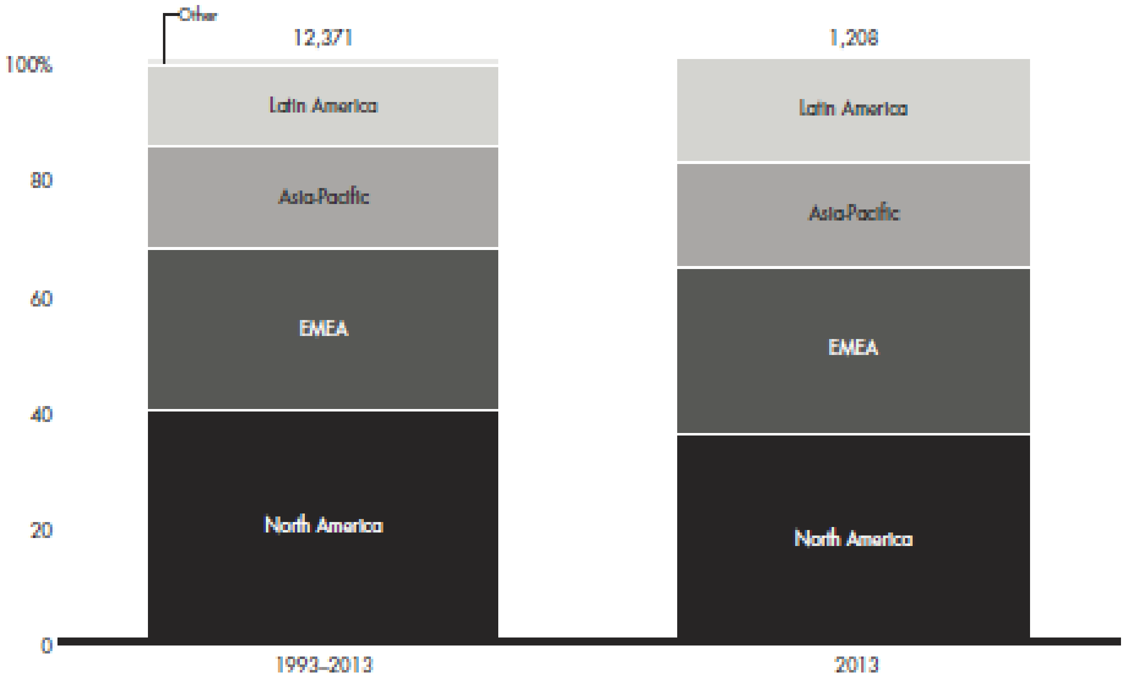

Figure 1: Respondents covering a 20 year span

(Rigby & Bilodeau, 2013)

This study is the first research study and therefore a pioneering study in establishing concepts used in the South African context. This research, in a small measure, is therefore attempting to build concepts based on local research. This valuable information can assist organisations in re-evaluating and adapting their strategy in order to compete in this highly intensive, complex, uncertain, and competitive markets.

Strategy plays an important role in any organisation, and particularly in the current South African context.

1.2. Relevance to South Africa

Africa’s growth rate and success has attracted global investors and considerable attention and it has been suggested that Africa could become the next driver of global growth. It is projected that sub-Saharan Africa will grow at 5.6% in the year 2013 and at 6.1% in the year 2014 and if this is realised, sub-Saharan Africa will become the world’s fastest-growing region. It is forecasted that 19 out of the 45 sub-Saharan African countries will grow more than 6% in the year 2013. This will increase to 23 in the year 2014 and it is expected that only four countries will grow less than 3% this year. An important part of Africa’s economic acceleration has been due to the rapid rise of global commodity prices and the consequent investment in new resources. (Keeton, 2013)

South Africa is the exception to sub-Saharan Africa’s growth story and it is projected that South Africa will grow at 2.8% in 2013 and at 3.3% in the year 2014. South Africa is holding back the region and if South Africa is excluded, growth in sub-Saharan Africa could jump to around 7%. It is clear that South Africa’s low growth is reducing sub-Saharan Africa’s economic significance. South Africa’s contribution of more than 50% of GDP of sub-Saharan Africa in 1994 dropped to 30% in the year 2012. South Africa’s share of sub-Saharan Africa will shrink to less than 25% by 2018 if projections are realised. South Africa has long been seen as the "gateway" to Africa and many have located their African headquarters in South Africa and in some cases production facilities for the whole continent have been located in South Africa. (Keeton, 2013)

South Africa is facing growing competition as the business centre of Africa and the importance of South Africa’s market for global producers is diminishing (Keeton, 2013). It is therefore clear from the discussion above that local organisations need to re-evaluate and adapt their strategy if necessary, and also learn from high performing organisations, in order to compete in this highly intensive, complex, uncertain, and competitive economy.

1.3. Background

The field of strategy has evolved considerably in the past twenty five years and different approaches have helped academics and practitioners understand the dynamics of competition and have also helped to develop recommendations about how organisations should define their competitive and corporate strategies (Casadesus-Masanell & Ricart, 2010).

Since the inception of the concept strategic management, the evolution of the field has been impressive. The ever-evolving field of strategy can be described as swings of a pendulum where each swing lead to new theoretical paradigms and methodological approaches and therefore lead to an enlargement in the domain of the field. (Hoskisson, Hitt, Wan, & Yiu, 1999) The acceptance and definition of a generally accepted concept of strategy generated an era of ferment characterised by a focus on the influence of the environment. The attention to the external environment reached a point of maturity with the industry-analysis model and a new era of ferment in strategic management was generated by the notion of competitive advantages based on core competencies and resources. Over time, new sources of competitive advantages were established through the increasing attention given to intangible and invisible assets. (Herrmann, 2005) The sustainability of an organisation's competitive advantage has increasingly become an important question, because the new competitive landscape forces organisations to continue to evaluate the sustainability of their positions (Bettis & Hitt, 1995; Hitt, 1998; Herrmann, 2005 in Porter, 1996). It is therefore expected that the field of strategic management will increasingly experience integration of multiple theoretical paradigms (Hoskisson et al. 1999).

Concepts can be defined as basic shared building blocks of theories in a phenomenon studied and practiced by a community of researchers and practitioners. In early stages researchers and practitioners provide descriptive definition of concepts. As more insights are developed on the phenomenon observed by the researchers and practitioners many concepts are developed and the phenomenon observed acquires a name. As the subject matures, researchers and practitioners aim to develop a relationship between concepts and develop integrated concepts. The terms concept and construct are sometimes used interchangeably. Differences in the use of the terms concept and construct center on assumptions about how abstract the generalisation is. Constructs are considered being more abstract or general than concepts. (Shoemaker, Tankard, & Lasorsa, 2004)

Two different data sets emerge from the literature, namely a data set from the academics and from the practitioners. It is important to note that these two data sets are different due to different methods and time frames used and therefore no correlation may exist between the two data sets.

Work done by two academics namely Furrer, Thomas, and Goussevskaia (2008) and Ronda-Pupo and Guerras-Martin (2012) show that the evolution of the following concepts is increasing over time, and can therefore be classified as the popular concepts: alliances, joint ventures, co-operation, capabilities and competencies, corporate restructuring, corporate strategy, entry modes, strategic advantage, financial management, strategic management, global strategy, international strategy, multinational strategy, entrepreneurship, research and development (R&D), technology, innovation, competition and competitive analysis, leadership, top management, and management style (Furrer et al., 2008; Ronda-Pupo & Guerras-Martin, 2012).

Work done by practitioners Rigby and Bilodeau (2013) on the other hand have shown that the top concepts used for 2013 is strategic planning, customer relationship management, employee engagement surveys, benchmarking, balanced scorecard, core competencies, outsourcing, change management programs, supply chain management, mission and vision statements, customer segmentation, total quality management, satisfaction and loyalty management, business process reengineering, strategic alliances, big data analytics, and open innovation (Rigby & Bilodeau, 2013).

1.4. Research objectives and motivation

Research was done in the field of strategy formulation and implementation. The objectives of this study were firstly to identify the popular concepts used by Johannesburg Stock Exchange (JSE) listed companies in formulating and implementing their strategy; and secondly, to establish the effect on financial performance.

This research will contribute to the academic literature whereby organisations can adopt similar strategies to improve their financial performance and to be able to compete in this highly intensive, complex, uncertain, and competitive world. This research is also important for the following reasons:

- For the **academic literature**, the establishment of local concepts will contribute to the literature where knowledge on strategy for emerging markets, and especially the local market, is extended.
- For **business schools**, the established concepts, based on research conducted on local organisations, can be taught to students. A more valuable contribution can therefore be made in each of the student's organisations.
- For present and prospective **students**, contextually relevant concepts can be applied to each of the student's working environments.
- For **managers and business leaders**, the established concepts, based on research conducted on local organisations, and the effect the concepts have on financial performance can assist organisations and managers or leaders in improving and adapting their strategy in order to compete in this competitive environment.

The benefit of this research is therefore that the knowledge on strategy for emerging markets, and especially the local market, will be extended and also to aid in the learning and application of contextually relevant concepts, with the potential to contribute positively to the performance and competitiveness of businesses and ultimately the South African economy.

To achieve this aim, the paper is structured as follows. First, the available literature is discussed which consists of an overview of the origins and evolution of strategic management theory, followed by the definition of concept, the popular concepts emerging from literature, and the definition and relationship of popular concepts with performance. Second, the methods employed in the study are discussed. The results of the research question and hypothesis are then presented and discussed, indicating the popular concepts and possible relationships with financial performance. Finally, the conclusions and recommendations section offer a summary and provide insights and future recommendations of possible research.

CHAPTER 2: LITERATURE REVIEW.

2.1. Introduction

The literature review provides a theoretical base for understanding the history and evolution of strategic management, the emerging of different concepts, and the effect on financial performance. This chapter will therefore review the following:

- Origins and evolution of strategic management theory;
- Definition of concept;
- Popular concepts emerging from literature; and
- Definition and relationship of popular concepts with performance.

2.2. Origins and evolution of strategic management theory

The concept of strategy evolved into the field of strategic management (Bracker, 1980) and since the inception of the concept strategic management, the evolution of the field has been impressive. The ever-evolving field of strategy can be described as swings of a pendulum where each swing lead to new theoretical paradigms and methodological approaches and therefore lead to an enlargement in the domain of the field. (Hoskisson et al., 1999)

The beginnings of strategic management can be traced to the 1960's known at that time as business policy (Herrmann, 2005). A number of metaphors marked the foundation of management theories which are still-prevalent. An information-processing metaphor for management was advanced by March and Simon; Burns and Stalker contrasted mechanistic and organic types of management organisations; and Cyert and March described how decisions are made in organisations, wherein the organisation is seen as a coalition in which goal conflicts are never permanently resolved. (Herrmann, 2005 in Burns & Stalker, 1961; Herrmann, 2005 in Cyert & March, 1963; Herrmann, 2005 in March & Simon, 1958) Contingent theory was developed which proposed that firms were dependent on the uncertainty of the environment and that the appropriateness of different strategies depends on the competitive setting of firms (Herrmann, 2005 in Woodward, 1965). The idea of alignment, fit, or match of the resources of organisations with environmental opportunities and threats was then ultimately advanced through the contingency theory (Herrmann, 2005 in Lawrence & Lorsch, 1967; Herrmann, 2005 in Thompson, 1967). Emphasis was on the internal processes and characteristics of the organisation, such as decision-making processes, power and coalitions, information-processing limitations, and hierarchical structures, during the period of early development (Hoskisson et al. 1999).

The first definitions of strategy and the foundation for the field were provided by the works of Chandler, Andrews, and Ansoff (Herrmann, 2005 in Rumelt, Schendel, & Teece, 1994). They collectively defined a number of concepts and propositions in strategy, including the importance of both internal capabilities and external opportunities, how strategy affects performance, the notion that structure follows strategy, the distinction between formulation and implementation, and the role of managers in strategic management (Hoskisson et al., 1999).

Chandler describes strategy as the process where the organisation's long-term objectives and goals are determined, of adopting a course of action, and the allocation of sufficient resources (Evered, 1983 in Chandler, 1962). This definition of strategy was later challenged by Mintzberg (Evered, 1983).

Mintzberg (1987) later argued that strategy can be described using five definitions of strategy namely plan, ploy, pattern, position, and perspective. Strategy as plan can be described as a consciously intended course of action and a set of guidelines to deal with a situation. As plans, strategies may be general or specific and can therefore also be described as a ploy. Strategy is also a pattern in a stream of actions and consistency in behaviour whether or not intended. Strategy as position is the match between organisation and environment, the fit between internal and external context. Lastly, strategy as perspective can be described as the ingrained way of perceiving the world. No one definition takes precedence over the others, but rather complementing each other, and adding important elements to our understanding of strategy. (Mintzberg, 1987)

Andrews (1987) on the other hand describes corporate strategy as "the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organisation it is or intends to be, and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers, and communities" (Andrews, 1987, p. 18). Andrews added the ideas of distinct competence, company mission and business definition, and he also developed the strengths, weaknesses, opportunities, and threats (SWOT) analysis. The tool was developed to be used in circumstances where a firm had to adapt its strengths and weaknesses to the threats and opportunities an uncertain environment presents. (Herrmann, 2005)

Ansoff noted that the objective of an organisation was to maximise economic return (Herrmann, 2005 in Ansoff, 1965), and he defines strategy indirectly as pertaining "to the relation between the firm and its environment" (Quintella & Dias, 2007, p. 436 in Ansoff, 1965).

During the 1960's and the 1970's, the adoption of multidivisional structures by diversified organisations was a general practice. The Boston Consulting Group (BCG) introduced the Growth/Share Matrix, a tool of portfolio planning. This tool was developed to be used when managers were faced with the responsibility of allocating resources among several businesses. (Hermann, 2005 in Collis & Montgomery, 1997)

Following the work of Chandler, studies were conducted where relationships were examined between organisational structure, corporate diversification strategy, and firm performance (Herrmann, 2005). Influential work was by Rumelt who found that relatedness between different businesses had an effect on financial performance (Herrmann, 2005 in Rumelt, 1974). Studies were also conducted to establish the relationship of performance with strategy and the environment. These studies showed that strategy, as well as the environment, mattered. (Herrmann, 2005 in Hatten & Schendel, 1977) The assumption of homogeneity within industries was challenged by these studies and therefore formed the foundation for research focused on strategic groups (Herrmann, 2005). The focus of strategic groups is largely on firm groupings within an industry (Hoskisson et al. 1999).

Michael Porter imported ideas of industrial organisational (IO) economics, which considers structural aspects of an industry (Hoskisson et al. 1999), to build a framework of generic strategies and industry analysis and developed his Five Forces framework (Herrmann, 2005 in Porter, 1980). The focus here was externally toward industry structure and competitive position in the industry. Porter's framework therefore, as a refinement of the structure conduct performance (S-C-P) paradigm, specifies the competitive structure of an industry in a more tangible manner, and also recognises the role of organisations in formulating appropriate competitive strategy to achieve superior performance. (Hoskisson et al. 1999) According to the Five Forces model, the performance of the organisation is determined by industry attractiveness, which depends on five forces namely threat of entry, pressure from substitute products, bargaining power of buyers, bargaining power of suppliers, and intensity of rivalry among existing competitors. Profit potential relates directly to the combined strength of these forces, where intense forces generally result in low returns, and moderate forces generally result in high returns. (Herrmann, 2005 in Porter, 1980) Porter's model was criticised due to his lack of rigor (Grant, 1991).

The concept of generic strategies started a new era during the 1980's. This period was characterised by attention to the environment, to the importance of the fit strategy environment, and to the influence of strategy and structure on performance. (Hitt, Gimeno, & Hoskisson, 1998) Chandler's work on strategy and structure was published in 1962 (Hoskisson et al. 1999 in Rumelt, Schendel, & Teece, 1994). Strategy and structure focused primarily on how large organisations develop new administrative structures to accommodate growth, and how strategic change leads to structural change (Hoskisson et al. 1999).

Following Porter's work, several related ideas were tested and studied, including entry and exit barriers (Harrigan, 1981), the competitive effects of the learning curve (Lieberman, 1987), the relationship of market share to performance (Rumelt & Wensley, 1981), multi-point competition (Gimeno & Woo, 1996), multi-market retaliation (Karnani & Wernerfelt, 1985), the relationship between strategy and the environment (Dess & Beard, 1984), and fit between strategy and the environment (Child, 1972). The influence of chief executive officers (CEO's) and top management teams on main strategic decision was stressed by the work done on upper echelons theory (Hambrick & Mason, 1984) and work on strategic leadership (Herrmann, 2005 in Finkelstein & Hambrick, 1996). Diversification became one of the most researched topics in strategic management (Hoskisson & Hitt, 1990), but studies showed inconclusive findings of the relationship between diversification and performance (Datta, Rajagopalan, & Rasheed, 1991).

Two branches of organisational economics have generated interest and controversies and studies in strategic management. Transaction cost theory was developed through the work of Williamson. Transaction cost theory argues that the appropriate governance structure for a given transaction is one that minimises total transaction and production costs imposed by bounded rationality and opportunism. (Herrmann, 2005 in Williamson, 1975) Agency theory, along with transaction cost theory, has its roots in the work by Coase (Hoskisson et al. 1999) and suggests that the interests of managers and shareholders might diverse in modern corporations and managers will therefore seek to maximise their own interests at the expense of shareholders (Furrer et al., 2008). Agency theory has also generated many studies on corporate governance, innovation, and diversification. The focus of these two theories was more on the firm, and subsequent arguments have been applied in strategic management research in several substantive areas. (Hoskisson et al. 1999)

Once the importance of the influence of the environment was generally accepted (Herrmann, 2005), contingency theory, which assumed that a fit with the environment was associated with performance, was deposed by the influential works in population ecology, markets and hierarchies, institutionalised organisations, and resource dependence (Herrmann, 2005 in Carrol, 1988).

The resource based-view (RBV) of the firm can be seen as a discontinuity that started the second era of ferment in strategic management and was stimulated by the work of Prahalad, Doz, Bartlett, and Ghoshal, who argued that management needed to differentiate activities to achieve gains from specialisation and to maintain close integration in others to achieve economies of scale and focus (Herrmann, 2005). Organisations were increasingly forced to manage more complex systems requiring continuous learning and critical coordination (Herrmann, 2005). Wernerfelt built on the work of Penrose, developing the RBV of the firm. The RBV conceptualises a firm as a bundle of productive resources with different firms possessing unique bundles of these resources. (Herrmann, 2005) The possession of rare, valuable, inimitable, and non-substitutable resources may therefore result in sustained and superior performance (Furrer et al., 2008). The RBV of the firm combines the internal analysis of phenomena within companies with the external analysis of the industry and the competitive environment (Collis & Montgomery, 1995). The emphasis is therefore on the firms' internal strengths and weaknesses relative to their external opportunities and threats (Hoskisson et al., 1999). Studies have confirmed the importance of sharing resources among businesses and the association of intangible resources with performance, regardless of the limitations in measuring resources (Miller & Shamsie, 1996; Robins & Wiersema, 1995). The RBV is criticised for its vague and tautological character, and also its lack of empirical grounding (Herrmann, 2005).

The understanding of how organisations can develop valuable resources has been enriched by the integration of the RBV with other theoretical perspectives (Doz, 1996; Kotha, 1995). Absorptive capacity, in which organisational learning is affected by the degree to which an innovation is related to a pre-existing knowledge base, was introduced (Cohen & Levinthal, 1990). A knowledge creation view in which knowledge is created through dynamic interactions of tacit and explicit knowledge was developed by Nonaka (Herrmann, 2005 in Nonaka, 1991). An integrated resource–knowledge view which explains how organisations maintain value by developing dynamic capabilities through a systematic, dynamic, and complex process of continuous learning was developed by Lei, Hitt, and Bettis (Lei, Hitt, & Bettis, 1996). An integrated perspective which stresses action, adaption, and coordination and views strategic management as a process of managing change was developed by Farjoun (Farjoun, 2002). Danneels showed how, through the development of firm competencies, product innovation leads to firm renewal (Danneels, 2002).

Sub-streams such as the knowledge-based view (KBV) and strategic leadership emerged from the RBV. The KBV of the firm is an extension of the RBV whereby organisations are conceptualised as heterogeneous and knowledge-bearing units. (Hoskisson et al., 1999) The KBV concerns the accumulation, acquisition, internal development, exploitation, and diffusion of knowledge-intensive organisational capabilities (Herrmann, 2005). The rise of the RBV and the KBV returned attention to the internal aspects of the organisation. Strategic leadership focuses on individuals such as division general managers or CEO's, on groups such as top management teams, and also on other governance bodies such as the board of directors. These can be seen as one of the organisation's unique resources. (Hoskisson et al. 1999)

A great challenge but also an interesting aspect of strategic management is the ever-evolving nature of its research. Market positions from an IO economics perspective are the critical sources of competitive advantages that lead to superior performance. Organisational economics is concerned with devising appropriate governance mechanisms to help reduce agency or transaction costs. The RBV on the other hand views an organisation's internal resources as the source of competitive advantage. (Hoskisson et al. 1999) The sustainability of an organisation's competitive advantage has increasingly become an important question, because the new competitive landscape forces organisations to continue to evaluate the sustainability of their positions (Bettis & Hitt, 1995; Hitt, 1998; Herrmann, 2005 in Porter, 1996). It is therefore likely that the field of strategic management will experience increasing integration of multiple theoretical paradigms (Hoskisson et al. 1999).

2.3. Definition of concept

Different perspectives on the field of strategy and the respective role of general strategy concepts have emerged and one can distinguish conceptually between an organisational field of strategy at a macro-level and the concrete situated strategising practices at the micro-level. Such strategising practices are, for example, techniques or simple tools, such as SWOT analyses, portfolio matrices, Porter's five forces framework, total quality management (TQM), lean management, or core competencies. Micro and macro contexts are conceptualised as mutually constitutive in the sense that the strategic practices are both a medium for concrete strategising activities and also their outcome. (Seidl, 2007) Social theory (Seidl, 2007 in Latour, 1986) attempts to do away with the distinction between micro and macro level and instead speaks of a network of actors between which strategy concepts spread in the form of a translation process (Seidl, 2007, in Czarniawska & Sevón, 1996). Another relevant field of research argues that one has to treat the strategy concepts in different contexts as different concepts. A direct transfer of meaning from one context to another is impossible and one can therefore not speak of different actors drawing on or translating the same strategy concepts in their different social contexts. (Seidl, 2007 in Astley & Zammuto, 1992; Seidl, 2007 in Kieser, 2002; Seidl, 2007 in Nicolai, 2004; Seidl, 2007 in Kieser & Nicolai, 2005)

Concepts can be defined as "the building blocks of theories—the things being studied, compared, and related to one another. A concept is an abstraction that describes a portion of reality. It is a general name for specific instances of the phenomenon described". (Shoemaker et al., 2004, p. 15) Theories are statements. Statements on the other hand are made up of concepts. The terms concept and construct are sometimes used interchangeably. Differences in the use of the terms concept and construct center on assumptions about just how abstract the generalisation is. Constructs are considered being more abstract or general than concepts. (Shoemaker et al. 2004)

The pragmatists explain actions as being caused by the concepts used for interpretation of one's world. These concepts assist one in making justified choices of how to act. (Metcalfe, 2013) It is also argued that one learn when reflecting on present concerns through the use of past experiences (McKenna & Metcalfe, 2012 in Dewey, 1910). Past experiences are memorised as packages of patterns of activity (McKenna & Metcalfe, 2012 in Rosenfield, 1988). Metcalfe (2013) defines pragmatic conceptions, cognitive ideas or concepts as "abstractions of recognised patterns of activity" (Metcalfe, 2013, p. 60). Particular activities are therefore recognised and abstracted together as similar. These patterns of activities, when named, can be shared with others and used to interpret the world. Concepts therefore are used to interpret different events, each promoting different responses. (Metcalfe, 2013) Concepts join together theory and practice, as rationalising one's actions. Concepts are also logical, being derived from experience, and therefore also join together logic and empirics. (Rytina & Loomis, 1970)

A pragmatic concept is therefore an experienced pattern of activity (McKenna & Metcalfe, 2013). Pragmatic concepts are not metaphors or visions (McKenna & Metcalfe, 2013 in Schon, 1963). Concepts are drivers of action, but are not values. They are patterns of activity, not goals, targets, objectives, endpoints, or drop zones. Pragmatic concepts are experienced and remembered patterns of activity, shared through language. (McKenna & Metcalfe, 2013)

Pragmatic refers to "…the function of consequences as necessary tests of the validity of propositions, *provided* these consequences are operationally instituted and are such as to resolve the specific problem evoking the operations…" (Rytina & Loomis, 1970 in Dewey, 1938, p. 3-4). Pragmatism provides one of the better interpretations of diversity of thought with its use of concepts (Metcalfe, 2012 in James, 1911/1996).

Novak and Cañas (2008) describes concept as "a perceived regularity in events or objects, or records of events or objects, designated by a label" (Novak & Cañas, 2008, p. 1). The label for most concepts is a word, and sometimes more than one word is used. Propositions can be defined as "statements about some object or event in the universe, either naturally occurring or constructed" (Novak & Cañas, 2008, p. 1). Propositions contain two or more concepts connected using linking words or phrases to form a meaningful statement; and these are sometimes called semantic units, or units of meaning (Novak & Cañas, 2008).

2.4. Popular concepts emerging from literature

Two different data sets emerge from the literature, namely a data set from the academics and from the practitioners. It is important to note that these two data sets are different due to different methods and time frames used and therefore no correlation may exist between the two data sets, as will be discussed in the next sections.

This research study is based on concepts used by practitioners in the South African context. It is therefore important to note that this research will mainly be compared to the study conducted by Bain & Company even though it has been shown previously that there are clear key differences in concepts used across regions (Rigby, 2003, 2011; Rigby & Bilodeau, 2005, 2007, 2009, 2013). It will however also be compared to the academics to see whether there is alignment between what is researched and what is used in practice.

2.4.1. Popular concepts emerging from the academics

Two different studies emerged from the academics namely a study by Furrer et al. (2008) and Ronda-Pupo and Guerras-Martin (2012), which will be discussed and compared in the next sections.

Furrer et al. (2008) analysed the evolution of the literature on strategic management over 26 years (1980 to 2005) and after the analysis of the content of a number of articles from top strategic management journals, a list of 26 major themes of research or keywords was developed namely performance, environment, capabilities, organisation, methodologies, international, alliances, corporate, competition, financial, mission, innovation, growth, top management, industry, planning, diversification, decision, restructuring, fit, typologies, functional, cognitive, entrepreneurship, leadership, and entry. The most frequent keyword was performance, followed by environmental modelling, capabilities, organization, methodologies, and international. Three of these keywords represent the three major paradigms. Capabilities represent resource-based theory, environmental modelling represent the structure-conduct-performance (S-C-P) paradigm, and organisation represent structure and strategy. A comprehensive list of all the major and individual keywords they contain can be seen in Appendix 1. (Furrer et al., 2008)

Ronda-Pupo and Guerras-Martin (2012) analysed the evolution of the concept of strategy over time and used 47 years (1962 to 2008) as their time frame. A set of 91 definitions of strategy were used, and after performing a content analysis, twenty conceptual elements were developed namely firm, goals, process, actions, dimensions/characteristics, environment, resources, planning, decision-making, performance, managers/owners/stakeholders, time frame, competition, behaviour, business, change, methods, internal organisation, control, industry/market. The most frequent keyword was firm, followed by goals, process, actions, dimensions/characteristics, and environment. A comprehensive list of all the conceptual elements and key terms can be seen in Appendix 2. (Ronda-Pupo & Guerras-Martin, 2012)

Although the results between the work done by Furrer et al. (2008) and Ronda-Pupo and Guerras-Martin (2012) cannot be compared directly, given the different form of method and time frame used, certain parallels can be observed:

- Firm (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to organisation: structure, strategy, and change (Furrer et al., 2008)
- Goals and performance (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to performance (Furrer et al., 2008)
- Environment (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to environmental modelling (Furrer et al., 2008)
- Industry/market (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to industry analysis (Furrer et al., 2008)
- Resources and process (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to capabilities, competencies, and resource-based view of the firm (Furrer et al., 2008)
- Planning (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to planning and control systems (Furrer et al., 2008)
- Decision-making (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to decision-making (Furrer et al., 2008)
- Managers/owners/stakeholders (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to leadership, management style, and learning; and top management (Furrer et al., 2008)
- Competition (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to competition and competitive analysis (Furrer et al., 2008)
- Behaviour (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to leadership, management style, and learning; and top management (Furrer et al., 2008)
- Business (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to diversification strategy (Furrer et al., 2008)
- Change (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to organisation: structure, strategy, and change (Furrer et al., 2008)
- Methods (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to methodologies, theories, and research issues (Furrer et al., 2008)
- Internal organisation (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to organisation: structure, strategy, and change (Furrer et al., 2008)
- Control (Ronda-Pupo & Guerras-Martin, 2012) is equivalent to planning and control systems (Furrer et al., 2008)

The comparison between the two research studies was done as follows. If the nouns in Appendix 2 were found to be contained in any of the keywords columns in Appendix 1, the conclusion was made that those specific results were comparable and therefore equal. It is therefore clear that all the nouns were found to be contained in either of the two columns in Appendix 1.

Furrer et al. (2008) and Ronda-Pupo and Guerras-Martin (2012) provided a list of keywords and nouns (as can be seen in Appendix 1 and 2). From here a comprehensive list of concepts were therefore developed, using the work by Furrer et al. (2008) and Ronda-Pupo and Guerras-Martin (2012), as well as the definition of concept as discussed in section 2.3.: alliances, joint ventures, co-operation, capabilities, competencies, cognitive modelling, competition and competitive analysis; fit or alignment, corporate restructuring, decision-making, diversification, entrepreneurship, entry modes, strategic advantage, environmental modelling, financial management, strategic management, functional strategy, global strategy, international strategy, multinational strategy, growth, industry analysis, leadership, top management, management style, planning, control, R&D, technology, innovation, strategic groups, mission, vision. (Furrer et al., 2008; Ronda-Pupo and Guerras-Martin, 2012)

Furrer et al. (2008) have shown how four dimensions namely corporate-level strategy, concept of strategy as fit, competitive strategies, and manager's strategic role emerged from a Multiple Correspondence Analysis (MCA). The aim of the MCA was to emphasise relationships between variables and also reduce the number of dimensions without losing information. Furrer et al. (2008) have shown how these keywords evolved over 26 years:

- **Alliances, capabilities, restructuring, corporate, entry, financial, international, entrepreneurship, and innovation is increasing over time;**
- Fit, decision, environment, planning, typologies, and mission is decreasing over time; and
- Cognitive, competition, diversification, functional, growth, industry, top management, methodologies, organisation, leadership, and performance is consistent and stable over time. (Furrer et al., 2008)

It has been shown that the evolution is directed towards the two dimensions corporate-level strategy and competitive strategies, and a decreased interest in managers' strategic role and strategy as fit. The evolution corresponds to the evolution of the topics as well as the relationships between the keywords. The study of research topics represented by the keywords are done more through the RBV of the firm or financial models and less through the strategy and environmental fit process, and a paradigm shift is therefore seen from the S-C-P approach to the resource-based view of the organisation. (Furrer et al., 2008)

Ronda-Pupo and Guerras-Martin (2012) on the other hand has also shown how their nouns evolved over 46 years:

- Goals decreases;
- Planning and change presents an abrupt drop;
- **Process and resources, performance, dimensions and characteristics, time frame, business, industry/market, competition, managers/owners/stakeholders display a continued increase**; and
- Firm, actions, environment, decision making, behaviour, methods, internal organisation, and control grow and decline consistent with the pendulum model. (Ronda-Pupo & Guerras-Martin, 2012)

Parallels can be observed between the work done by Furrer et al. (2008) and Ronda-Pupo and Guerras-Martin (2012). Parallels in the increase in the evolution of the following keywords can be seen:

- Capabilities (Furrer et al., 2008) and process and resources (Ronda-Pupo & Guerras-Martin, 2012)

One would have expected more parallels to a certain extent due to the fact that a number of parallels were observed during the formulation of keywords, but the reason for this observation could be explained by the different form of method and time frame used.

To summarise, using the comprehensive list (as set out above) and the definition of concept discussed in section 2.3., the evolution of the following concepts is increasing over time: **alliances, joint ventures, co-operation, capabilities, competencies, corporate restructuring, entry modes, strategic advantage, financial management, global strategy, international strategy, multinational strategy, entrepreneurship, R&D, technology, innovation, performance, organisation structure, -strategy, and -change, industry analysis, competition and competitive analysis, leadership, top management, management style, and learning.** (Furrer et al., 2008; Ronda-Pupo and Guerras-Martin, 2012)

2.4.2. Popular concepts emerging from the practitioners

Bain & Company launches annual surveys to investigate the actual experience of companies that adopt leading management tools. The purpose of their studies is to determine the tools that help the practitioner do his or her job better. Ultimately, the goal is to give businesses an objective assessment of leading tools and techniques based on real experiences and results. (Rigby D. , 2001)

Executives namely CEO's, chief financial officers (CFO's), chief information officers (CIO's), presidents, chairmen, chief operating officers (COO's), planning directors, planning and development directors, vice presidents of corporate planning, and vice presidents of strategic planning all take part in their surveys. Questions such as which tools are the most popular, how well they work, and whether they continue to deliver results over time, are asked. (Rigby D. , 2001)

Tools are selected for inclusion in or exclusion from each year's survey based on their relevance to senior managers and also the degree to which the tools can be measured. Relevancy is assessed through the usage and usage trajectory of tools, literature searches to determine the number of mentions of specific tools each year, the input of senior business executives and professors at leading business schools, and the discretion of the author. (Rigby D. , 2001) To qualify for inclusion a tool therefore had to be relevant to senior management, topical, and measurable (Rigby & Bilodeau, 2005).

Work done by Rigby and Bilodeau (2013) have shown that the top concepts used for 2013 is **strategic planning, customer relationship management, employee engagement surveys, benchmarking, balanced scorecard, core competencies, outsourcing, change management programs, supply chain management, mission and vision statements, customer segmentation, total quality management, satisfaction and loyalty management, business process reengineering, strategic alliances, big data analytics, and open innovation.** (Rigby & Bilodeau, 2013)

2.5. Definition and relationship of popular concepts with performance

The next sections contain explanations of some of the main concepts which emerged from the literature. The relationship of the concepts with performance is also discussed. These are based on previous research work conducted.

2.5.1. Alliances, joint ventures, and co-operation and the impact on performance

Six dominant patterns exist for sustained corporate growth namely organic growth, market share gain, development and implementation of a new or superior business model, industry consolidation, international expansion, and positioning and control of new and fast growing distribution channels (Zook & Allen, 1999).

Alliances are essential to compete in the global arena and hold evidence of significant potential although the route has significant factors of failure. It has been shown that an alliance can be a success if there is synergy between the strategies of participating organisations. (Kumar, 2012) Kumar (2012) has defined an alliance or partnership as a relationship between two or more independent organisations to pursue a set of mutually agreed upon goals or to fulfil a critical business. Alliances are considered due to organisations wanting to achieve faster growth, minimise the financial risk, exploit new opportunities, acquire competencies, or to enter new markets. (Kumar, 2012) Bain & Company on the other hand has described alliances as agreements among organisations in which each organisation commits resources to achieve common objectives. The advantage of a strategic alliance is that organisations can improve their competitive positioning, gain access to new markets, supplement critical skills, and share the cost or risk of major development projects. (Rigby & Bilodeau, 2013)

Jiang, Tao, and Santoro (2010) have done a study on alliance portfolio diversity and firm performance by focusing on functional diversity (the range of activities for which the firm uses alliances), governance diversity (the variety of structures with which the firm manages alliances), and partner diversity (the diversity of partners with which the firm allies). (Jiang, Tao, & Santoro, 2010) They found mixed results and a complex relationship between alliance portfolio diversity and the performance of the organisation:

- Partner industry diversity has a U-shaped relationship with firm performance;
- Organizational diversity showed a strong positive J-shaped relationship with firm performance;
- Functional diversity was found desirable as a diverse portfolio of value chain activities; and
- Governance diversity was found to be negatively associated with firm performance (Jiang et al., 2010).

Zahavi and Lavie (2013) conducted a study on the relationship between intra-industry product diversity and the performance of the organisation, and found that increases in product diversity initially undermine performance but then improve it due to economies of scope (Zahavi & Lavie, 2013).

2.5.2. Capabilities and competencies and the impact on performance

Core competencies can be defined as the "capabilities that serve as a source of competitive advantage for a firm over its rivals" (Ireland, Hoskisson, & Hitt, 2011, p. 76). It can be said that core competencies play a significant role in the sustainable competitive advantage of any organisation. The firm's capabilities and assets result in a superior value-creating strategy in competition. These internal factors form core competencies, through the process of collective learning. (Hafeez, Zhang, & Malak, 2002)

Stoel and Muhanna (2009) conducted work to understand the relationship between IT capability and firm performance. Stoel and Muhanna (2009) defined organisational information technology (IT) capabilities as "the complex bundles of IT-related resources, skills and knowledge, exercised through business processes, that enable firms to coordinate activities and make use of the IT assets to provide desired results" (Stoel & Muhanna, 2009, p. 182). It has been shown that the relationship between IT capabilities and firm performance was complex and that the impact of an IT capability depended on the characteristics of the environment and industry in which the organisation competes. It has also been shown that performance is positively affected when there is a fit between the type of IT capabilities possessed by the firm and the demands of the environment. (Stoel & Muhanna, 2009)

2.5.3. Corporate restructuring and the impact on performance

Zhang and Rajagopalan (2010) performed a study on strategic change and the impact on firm performance. Strategic change can be seen in this study as the variation over time in a firm's pattern of resource allocation in key strategic dimensions. (Zhang & Rajagopalan, 2010) They found that the level of strategic change has an inverted U-shaped relationship with the performance of the organisation:

- Performance increases as the level of change increases from slight to moderate; and
- Performance declines as the level of change increases from moderate to great (Zhang & Rajagopalan, 2010).

2.5.4. Entry modes and strategic advantage and the impact on performance

Entry modes can be described as an institutional arrangement necessary for the entry of an organisation's products and services into a new foreign market, where the main types are intermediate, export, and hierarchical modes (Glossary, 2007).

Transaction cost analysis is used to examine determinants of entry mode choices. In this research, it has been shown that the transaction costs associated with entry modes tend to have a lasting effect on performance; and if multinationals' foreign operations want their foreign operations to be successful they must be cautious about the choice of entry mode. The entry mode choice will have a long lasting effect on the investment's performance; and if entry modes are selected correctly, they will outperform those with incorrectly selected modes. (Chen & Hu, 2002)

2.5.5. Financial theory and strategic management and the impact on performance

Margaritisa and Psillakib (2010) investigated the relationship between ownership structure, capital structure, and firm performance. One of the questions they attempted to answer was whether higher leverage leads to better firm performance. It was shown that higher leverage is associated with improved efficiency. (Margaritisa & Psillakib, 2010)

The ownership structure is defined by the distribution of equity with regard to capital and votes, as well as by the identity of the equity owners (Ownership structure, 2013). Capital structure is explained by being a framework of different types of financing employed by an organisation to acquire resources necessary for its growth and operations (Capital structure, 2013).

2.5.6. Global, international, and multinational strategies and the impact on performance

Organisations, whose aim is to create value by transferring skills and products to foreign markets where indigenous competitors lack those products and skills, are said to pursue an international strategy (Hill & Jones, 1998).

Hagen, Zucchella, Cerchiello, and De Giovanni performed a study on international strategy and performance. It has been shown that a positive relationship exists between international strategic types and performance. (Hagen, Zucchella, Cerchiello, & De Giovanni, 2012)

2.5.7. Entrepreneurship and the impact on performance

Entrepreneurship can be described as being willing and having the capacity to develop, organise and manage a business venture to make profits along with any of its risks (Entrepreneurship, 2013).

Kreiser and Davis (2010) examined the relationship between the three sub-dimensions of entrepreneurial orientation, organisation structure, environmental characteristics, and the performance of the firm. It has been shown that entrepreneurial behaviours will only increase performance in certain situations and it is therefore suggested that an entrepreneurial orientation may be most favourable to the performance of the firm in munificent and dynamic environments. (Kreiser & Davis, 2010)

2.5.8. R&D, technology, and innovation and the impact on performance

Artz, Norman, Hatfield, and Cardinal (2010) examined the relationship between the inventions and innovations of a firm and performance, measured as sales growth and return on assets (ROA). It was shown that:

- A positive relationship was found between product announcements and both ROA and sales growth; and
- A negative relationship was found between patents and both performance measures sales growth and ROA (Artz et al., 2010).

Innovation can be defined as the process of translating an invention or an idea into a service or good that creates value (Innovation, 2013).

2.5.9. Organisation: structure, strategy, and change and the impact on performance

Previous work has indicated that a positive relationship exist between organisational learning and an organisation's performance. Work done by Jiménez-Jiménez & Sanz-

Valle (2011) confirmed the positive relationship between organisational learning and business performance. (Jiménez-Jiménez & Sanz-Valle, 2011)

Organisational learning can be described as being an organisation-wide continuous process that enhances its collective ability to make sense of, accept, and also to respond to external and internal change (Organisational learning, 2013).

2.5.10. Industry analysis, competition, and competitive analysis and the impact on performance

Porter's Five Forces Model provides a useful analytical tool to assess an industry's attractiveness and facilitates competitor analysis (Hoskisson et al., 1999, in Porter, 1980). Knowledge of Porter's five forces, namely, threat of entry, powerful suppliers and buyers, substitute products, and rivalry among existing competitors, highlight the following:

- Strengths and weaknesses of the organisation,
- Animate the positioning of the organisation in its industry,
- Indicate where strategic changes may result in the greatest payoff, and
- Highlight where industry trends promise to hold the greatest significance as either threats or opportunities (Porter, 1979).

Competitive analysis is important for the success of any organisation. Research work done by Zahra, Neubaum, and El-Hagrassey have shown that competitive analysis activities are positively associated with the performance of a new venture. (Zahra, Neubaum, & El-Hagrassey, 2002)

Blankson, Kalafatis, Cheng, and Hadjicharalambou have shown that positioning strategies have an impact on most performance measures. Positioning strategies included top of the range, service, value for money, reliability, attractiveness, country of origin, the brand name, and selectivity. Performance aspects namely sales, profits, return on investment (ROI), market share, company image, consumer perceptions, and overall firm objectives were used as the performance variables for relating positioning and performance. The only performance measure that was not impacted by positioning strategies is the overall firm objectives measure. (Blankson, Kalafatis, Cheng, & Hadjicharalambous, 2008)

Positioning is about matching the company's strengths and weaknesses to the structure of the industry, and building defences against the competitive forces or finding positions in the industry where the forces are the weakest (Porter, 1979).

2.5.11. Leadership, top management, and management style and the impact on performance

One of the key strategic roles of managers is to provide strategic leadership for their subordinates. Strategic leadership therefore refers to the ability to articulate a strategic vision, and to be able to motivate for buy-in. (Hill & Jones, 1998)

A study done by Li and Tan show that a match between CIO's of certain repertoires of competencies, personalities, and experiences and business strategy could lead to better organisational performance (Li & Tan, 2013).

A study conducted by Mehran (1995) show that the percentage of equity held by managers and the percentage of their compensation that is equity-based is positively related to the performance of an organisation (Mehran, 1995). Another study revealed that excess compensation for both CEO and director is associated with the underperformance of the firm (Brick, Palmon, & Wald, 2006).

2.5.12. Customer focus, customer relationship management, and customer segmentation and the impact on performance

Having a customer focus involves ensuring that all aspects of the organisation put its customers' satisfaction first which includes maintaining an effective customer relations and service program (Customer focus, 2013). Customer relationship management (CRM) is about the effective management of the firm's relationships with customers who make use of the firm's products and services. Customer relationship management therefore consists of the key activities of targeting, acquiring, retaining, understanding and collaborating with customers. An obsession with understanding, delighting, connecting with and serving customers is a source of competitive advantage. (Band, 2013)

Morgan, Vorhies, and Mason (2009) examined the relationship between both market orientation and marketing capabilities and firm performance. Their findings indicate that marketing capabilities and market orientation are complementary assets that contribute to superior firm performance, which have a direct impact on firms' return on assets (ROA). (Morgan et al., 2009)

A study was conducted where the relationship between CRM and performance was studied. It was shown that CRM does not affect an organisation's performance directly. (Reimann, Schilke, & Thomas, 2010)

Another study conducted on CRM showed that CRM has a positive effect on new product performance, which mediates the relationship between CRM and company performance (Ernst, Hoyer, Krafft, & Krieger, 2011).

2.5.13. Environmental modelling and the impact on performance

Environmental analysis can be seen as the analysis of environmental trends (Ireland et al., 2011).

Qi, Zhao, and Sheu (2011) tested the relationships among supply chain strategy, competitive strategy, and business performance, and the effects of the uncertainty of the environment. It was showed that by co-aligning supply chain strategy and competitive strategy with the environment, performance will improve. (Qi et al., 2011)

Batra and Stone (2012) confirmed that the investment climate matter in explaining firm performance. They showed that labour regulation is negatively associated with investment growth; firm investments in technology and skills are associated with firm performance; investment in technological capacity strongly relates to sales growth; and also training relates to investment growth. (Batra & Stone, 2012)

2.6. Conclusion to literature review

Two different data sets emerge from the literature, namely a data set from the academics and from the practitioners. Cognizance should be taken of the fact that these two data sets are different due to different methods and time frames used and therefore no correlation may exist between the two data sets.

This research study is based on concepts used by practitioners in the South African context. The study conducted by Bain & Company will be mainly used as a comparison. One of the limitations that should be kept in mind is that it has been shown previously that there are clear key differences in concepts used across regions (Rigby, 2003, 2011; Rigby & Bilodeau, 2005, 2007, 2009, 2013), and no correlation therefore may exist between the results from this study and the results from the study conducted by Bain & Company.

The studies conducted by the academics on the other hand will also be used as a comparison to see whether there is alignment between what is researched and what is used in practice. The limitation is also the difference in the studies conducted, and once again no correlation therefore may exist between the results from this study and the data set which emerged from the literature.

The literature review highlighted the following:

- The academics have shown that the evolution of the following concepts is increasing: alliances, joint ventures, co-operation, capabilities, competencies, corporate restructuring, entry modes, strategic advantage, financial management, global strategy, international strategy, multinational strategy, entrepreneurship, R&D, technology, innovation, performance, organisation structure, -strategy, and -change, industry analysis, competition and competitive analysis, leadership, top management, management style, and learning (Furrer et al., 2008; Ronda-Pupo and Guerras-Martin, 2012).
- Work done by Rigby and Bilodeau have shown that the top concepts used by practitioners for 2013 is strategic planning, customer relationship management, employee engagement surveys, benchmarking, balanced scorecard, core competencies, outsourcing, change management programs, supply chain management, mission and vision statements, customer segmentation, total quality management, satisfaction and loyalty management, business process reengineering, strategic alliances, big data analytics, and open innovation (Rigby & Bilodeau, 2013).
- Previous research work has shown how concepts can have both positive and negative impacts on the performance of a firm.

In closing, this study aims to fill the gaps identified in the literature, within a South African context. The aim of this research is to firstly identify the popular concepts used by JSE listed companies in formulating and implementing their strategy, and secondly to establish the effect these concepts have on financial performance.

CHAPTER 3: RESEARCH QUESTION AND HYPOTHESIS.

The literature review illustrated the emergence of popular concepts.

Two academics illustrated the evolution of concepts and how the evolution of the following concepts increased over time: alliances, joint ventures, co-operation, capabilities, competencies, corporate restructuring, entry modes, strategic advantage, financial management, global strategy, international strategy, multinational strategy, entrepreneurship, R&D, technology, innovation, performance, organisation structure, -strategy, and -change, industry analysis, competition and competitive analysis, leadership, top management, management style, and learning (Furrer et al., 2008; Ronda-Pupo and Guerras-Martin, 2012).

Work conducted by Rigby and Bilodeau on the other hand have shown that the top concepts used by practitioners for 2013 is strategic planning, customer relationship management, employee engagement surveys, benchmarking, balanced scorecard, core competencies, outsourcing, change management programs, supply chain management, mission and vision statements, customer segmentation, total quality management, satisfaction and loyalty management, business process reengineering, strategic alliances, big data analytics, and open innovation (Rigby & Bilodeau, 2013). These findings are based mainly on American and European firms (Rigby, 2003, 2011; Rigby & Bilodeau, 2005, 2007, 2009, 2013).

However, a study to establish the popular concepts used by JSE listed companies in strategy formulation and implementation has not been done. This research in a small measure is therefore attempting to build concepts based on local research. This forms the basis of research question 1:

Research Question 1:

What are the popular concepts used by JSE listed companies to formulate and implement their strategy?

From the literature review, popular concepts have emerged from three sources. Several limitations exist as have been discussed previously. In summary, studies from the literature are different due to different methods and time frames used. Also, the data set which emerged from the research conducted by Bain & Company are based on mainly American and European data. Bain & Company has also shown that there are clear key differences in concepts used across regions, industries, and company size. (Rigby, 2003, 2011; Rigby & Bilodeau, 2005, 2007, 2009, 2013) The data sets can therefore not be compared directly and correlations may not exist. A study to establish the popular concepts used by JSE listed companies in strategy formulation and implementation has not been done and it can be said that strategy concepts used by organisations in the South African context are therefore under-researched.

Several studies have been conducted regarding the relationship between the performance of an organisation and different strategic concepts. In order to guarantee profitability whereby organisations can adopt similar strategies to improve their financial performance, the relationship between the popular concepts and the performance needs to be tested in the South African context, which led to the following hypothesis:

Hypothesis 1:

H_0: there is no relationship between the popular concepts and financial performance

H_a: there is a relationship between the popular concepts and financial performance

The performance measures used is discussed in more detail in Chapter 4.

CHAPTER 4: RESEARCH METHODOLOGY.

From the literature review, two academics identified the popular concepts through the increase in evolution (Furrer et al., 2008; Ronda-Pupo & Guerras-Martin, 2012). As mentioned previously, Rigby and Bilodeau (2013) conducted a study based on mainly American and European data and found the popular concepts used by practitioners in formulating and implementing strategy. Bain & Company has also shown that there are clear key differences in concepts used across regions, industries, and company size (Rigby, 2003, 2011; Rigby & Bilodeau, 2005, 2007, 2009, 2013).

Therefore, this necessitated the need to conduct this research by first establishing the popular concepts and then to test the concepts against the financial performance of the firm.

4.1. Research method

A quantitative, descriptive, and cross-sectional design was used as the research method. A quantitative approach is one in which post positivist claims is primarily used for developing knowledge, employs strategies of inquiry such as surveys, and collects data on predetermined instruments that yield statistical data (Creswell, 2003). A descriptive study seeks to describe accurately situations, events, or persons; and in a cross-sectional design, data is collected from participants at only one period in time (Saunders & Lewis, 2012).

The purpose of this research was therefore to establish the popular concepts used by JSE listed companies to formulate and implement their strategy, and to determine whether a relationship exist between the popular concepts and the performance of the organisation. Self-administered questionnaires were distributed electronically to the CEO's of all the listed companies on the JSE. A consent letter was sent along with the questionnaire. The purpose of the consent letter is to get permission to use the data supplied by the CEO's of the organisations. The questionnaire and consent letter is contained in Appendix 3.

4.2. Population and unit of analysis

The population included all CEO's of the JSE listed companies. The rationale for choosing the CEO's was due to their knowledge and experience in the business environment, and the fact that they are directly involved in the formulation and implementation of their organisation's strategy. The unit of analysis was therefore on the JSE listed organisations to determine the popular concepts used and the establishment of the effect on financial performance.

4.3. Sampling and sampling frame

No sampling method was used because it was feasible to include the entire set. The reason for this is twofold:

- The JSE listed organisations comprise of different industries, company types and sizes; and
- The response rate on surveys by CEO's in general tend to be very low.

Therefore, in order to make valuable generalisations about the population it was best to use the entire set. The sampling frame was initially not known, and the list of details was compiled through a long and extensive process. The process took approximately three and a half months to compile a list of contact details of CEO's. In summary, the details of the CEO's were obtained as follows:

- Obtained a list of the JSE listed organisations from the JSE;
- Obtained a list of contact details (websites and phone details) of the JSE listed organisations from the JSE;
- Compiled a list of the names and surnames of all the CEO's of the JSE listed companies;
- Compiled a list of email addresses of CEO's and Personal Assistants (PA's) through phoning and emailing organisations;
- List was builded on to through searching the net for available CEO email addresses;
- List was also builded on to through getting contact details of CEO's from friends, family, and colleagues; and
- A continuous building of relationships with CEO's and PA's through phoning and emailing was the last step in ensuring a good response rate.

Surveys were sent to those CEO's of the JSE listed companies of which the details were available. The sampling frame therefore included 250 CEO's of the JSE listed companies.

4.4. Data collection

4.4.1. Research instrument

Self-administered questionnaires were distributed electronically to the CEO's of all the listed companies on the JSE. The purpose of a questionnaire is to provide a quantitative or numeric description of characteristics of a population by studying a sample of that population (Creswell, 2003). The advantages of using self-administered questionnaires are as follows:

- Questionnaires are cost effective, easy to administer, and analyse;
- Most people are familiar with the concept of questionnaires;
- Questionnaires are more objective;
- The possibility of interviewer bias is reduced;
- Self-administered questionnaires are less intrusive than face-to-face or telephone surveys; and
- Self-administered questionnaires are convenient and gives the respondent the opportunity to complete it at own pace, time, and place. (Saunders & Lewis, 2012)

The disadvantages on the other hand are as follows:

- The response rate tends to be low;
- Respondents may answer superficially; and
- There is no control over who completes the questionnaire. (Saunders & Lewis, 2012)

The questionnaire was designed and pilot tested to ensure clarity of the questionnaire, to ensure respondents understand the meaning of the questions, and also to ensure that they are able to follow the instructions on the questionnaire (Saunders & Lewis, 2012). A cover email, and personal consent letters were also sent to the respondents. Participating companies and respondents were guaranteed anonymity and interviewee's responses to questions were aggregated.

4.4.2. Questionnaire design

The questionnaire was designed to ensure effectiveness and to reduce possible bias. The questionnaire was designed and pilot tested to ensure clarity of the questionnaire, to ensure respondents understand the meaning of the questions, and also to ensure that they are able to follow the instructions on the questionnaire (Saunders & Lewis, 2012). The survey was pilot tested using Survey Monkey, an online survey tool. A cover email, and personal consent letters were also sent to the respondents. Participating companies and respondents were informed of the purpose of the research, the background of the research, and were also guaranteed anonymity. A general feedback section was added to the end of the questionnaire. The responses received indicated that the questions were clear, appropriate to the purpose of the research, and of good quality. The responses also indicated that the layout was excellent and that it took a reasonable time to complete the survey. One respondent indicated that the definition of concept was unclear.

Lastly, the feedback from the two responses was used to improve the survey. The survey was sent out using Survey Monkey. A cover email, and personal consent letters were also sent to the respondents. Participating companies and respondents were informed of the purpose of the research, the background of the research, and were also guaranteed anonymity. This can be seen in Appendix 3.

In summary, the following basic guidelines were used during the design of the questionnaire:

- Must be pleasing to look at;
- Must be easy to read and complete;
- A covering letter is required to explain the purpose;
- Must inform respondents of background, purpose, and process;
- The title must be clear;
- Straightforward questions and questions related to the stated topic need to be asked at the start and personal questions need to be asked at the end;
- Questions need to be grouped into sections;
- Wording, font, font size, spacing, and formatting of questions need to be consistent throughout; and
- Questionnaire must be as short as possible. (Saunders & Lewis, 2012)

4.4.3. Questionnaire validity and reliability

The concepts validity and reliability ensure the credibility of the research. Validity refers to “the extent to which a) data collection method or methods accurately measure what they were intended to measure and b) the research findings are really about what they profess to be about” (Saunders & Lewis, 2012, p. 127). Reliability refers to “the extent to which data collection methods and analysis procedures will produce consistent findings” (Saunders & Lewis, 2012, p. 128). In summary, the validity and reliability of the research findings can be said to be relatively high due to the following reasons:

- No selection of research subjects;
- Self-administered questionnaires were distributed; and
- Cross sectional study conducted.

The only factor that might have threatened the reliability of the research findings is the fact that some respondents may have distorted the truth when answering the questions which may lead to response error (Weiers, 2011). This reasoning is based on the fact that the strategy of an organisation can be seen as a competitive advantage and therefore not easily shared or spoken of. Also, a number of respondents did not understand the meaning of the term “concept’ and as a result inappropriate/ incorrect answers to the questions may have been provided which may have led to response error (Weiers, 2011).

4.4.4. Data collection method

Measurable and quantifiable data were collected through self-administered questionnaires. The link to the survey was sent via a link and three reminders were sent to the CEO’s on the distribution list, the survey was then closed after five weeks. 60 CEO’s attempted to complete the survey, but the survey was only completed by 34 and an interview was held with one of the Executives. This adds up to a total of 35 completed surveys. This therefore translates into a response rate of 14%. The questionnaire contains only open ended questions. The purpose of the open ended questions was to add richness and depth, and to ensure clarity and a good understanding of the different responses (Examples of open-ended and closed-ended questions, 2013). Learnings from the literature view combined with the responses from the open ended questions were used to formulate the concepts that were used for testing. The intention was therefore to categorise the results.

Financial statements for the last three years were used to establish the relationship between the popular concepts and financial performance. These statements were collected from the website https://nedbankonlinetrading.nedsecure.co.za. The financial data collected for testing purposes contained both accounting and marketing based performance variables of which return on equity (ROE), market capitalisation, and share price were included. The reason for using these is explained as follows. Firm financial performance is not a single one-dimensional construct. Also, accounting profitability and marketing performance represent distinct dimensions that have little empirical overlap. (Gentry & Shen, 2010) Market performance reflect the perceptions of investors of the value of the firm (Gentry & Shen, 2010 in Thaler, 2004) whereas accounting profitability reflect the actual value of the firm (Gentry & Shen, 2010). It is therefore important to use a combination when testing the performance relationships.

ROE is one of the ratios that investors considers. It indicates how effectively a company's management uses investors' money and shows whether management is growing the company's value at an acceptable rate. ROE is calculated by dividing annual net income with average shareholders' equity. (ROA and ROE give clear picture of corporate health, 2010) Market capitalisation is the market value of a company's outstanding shares and one of the many ways to value a company. This figure is calculated by multiplying the share price with the total number of shares outstanding. When using market capitalisation as a measure, it is best to also use share price. A common misconception is that the higher the share price, the larger the company. Looking at market capitalisation / share price in isolation may misrepresent a company's actual worth. It is therefore important to look at both market capitalisation and share price. (Market capitalisation defined, 2013)

4.5. Data analysis

The data from the respondents was exported from Survey Monkey into an Excel document. The data from the open ended questions was cleaned, sorted, and coded numerically into a workable format. Excel and SPSS, a statistical software package were used to manipulate the data. The responses are presented in Table 1. This table shows the most popular concepts listed by each respondent and / or Industry. Table 1 contains only the respondents who completed the questionnaire (35) and 25 incomplete responses were therefore removed from the data set.

Table 1: Responses

Industry	**Most popular concept**	**Second most popular concept**	**Third most popular concept**
Financials	Shareholder value	Growth	Capital management
Construction & Materials	Environmental analysis	Competitive analysis	Capital management
			Shareholder return
Financials	Growth	Capital management	Operational efficiency
Construction & Materials	Management continuity	Growth	Customer relationship management
Financials	Customer focused	Building on established momentum	Value creation

	Differentiation		
Industrial Goods & Services	Strategy session	Strategic thrusts	Implementation
Industrial Goods & Services	Customer focused	Environmental analysis	Continuous improvement
Mining	Operational excellence	Cost containment	Growth
			Cost containment
Mining	Environmental analysis	Value creation	Growth
Industrial Metals & Mining	Value creation	Sustainability	Stakeholder analysis
Food Producers	Strategic positioning	Competitive advantage	Innovation
			Competitive advantage
General Retailers	Customer relationship management	Economies of scale	Growth
Health Care	Environmental analysis	Competitive advantage	Customer focused
		Technology	
		Marketing activities	
Food Producers	Strategic positioning	Building on established momentum	
General Retailers	Gap analysis	Alignment	Enrolment
	Alignment		Empowerment
Financials	Strategic positioning	Perspective	Strategic thrusts
		Competitive analysis	Implementation
		Vision, mission, values	
Food Producers	Competitive Advantage	Shareholder return	Risk aversion
	Differentiation		
Health Care	Disease burden	Relative wealth per capita	Demographics
		Demographics	
Industrial Goods & Services	Shareholder value	Alignment	Competitive advantage
		Core competencies	
Business Training & Employment Agencies	Customer relationship management	Cost containment	Collaboration
	Operational excellence		
Mining	Enable	Value creation	Operational efficiency
Fixed Line Telecommunications	Strategic positioning	Common sense	Sensitivity modelling
Industrial Goods & Services	Technology	Logistics	Productivity
Financials	Environmental analysis	Gap analysis	Implementation
	Strategic positioning		
General Retailers	Vision	Sustainability	Differentiation
	Values	Growth	
Financials	Profit maximisation	Embedded value	Shareholder return
Industrial Goods & Services	Development	Design	Distribution
General Retailers	Environmental analysis	Growth	Operational efficiency
	Strategic positioning		
Beverages	Customer focused	Leadership	Operational efficiency
			Supply chain efficiency
Forestry & Paper	Profit maximisation	Environmental analysis	Core business
	Shareholder return	Competitive analysis	
Financials	Demographic Evolution	Customer focused	Regulatory regime
	Longevity		
Mining	Shareholder value	Strategic positioning	Environmental analysis
			Competitive analysis
			Strategic positioning
Mining	Environmental analysis	Gap analysis	Environmental analysis
Software & Computer Services	Environmental analysis	Competitive analysis	Alignment
Financials	Shareholder value	Sustainability	Value creation

4.5.1. Descriptive statistics

Descriptive statistics were performed to describe what the data is showing. This involved establishing the frequency of occurrence of all the response characteristics namely, industry, job level, and organisation tenure, and concepts. The popular concepts were therefore established using frequency analysis. These frequencies were visually represented using tables. Descriptive statistics such as the mean, median, standard deviation, the minimum and maximum variables, kurtosis and skewness were also calculated for the financial indicators. The purpose of these calculations was to describe the raw data statistically which includes describing typical values in the data as well as describing the scatter of the data (Weiers, 2011). The median of the financials of the organisations were used as the cutting point in the cross tabulations. It was decided to use the median for the following reason. Considering all types of industries, sizes and types of organisations which were studied, a vast difference in financial performance ranges can be expected. The mean is sensitive to extreme scores when population samples are small and medians on the other hand are less sensitive to extreme scores. Medians are a better indicator generally of where the middle of the class is achieving, especially for smaller sample sizes. Means are often used with larger sample sizes. (Mean vs. Median, 2013). The median is considered a measure of central tendency and is defined as being the middle value when data points are ordered from the smallest to the largest (Norusis, 2005). In summary, the different descriptive statistics can be defined as follows:

- Frequency analysis is defined as "the number of data values falling within each class" (Weiers, 2011, p. 18).
- The mean is defined as "the sum of the data values divided by the number of observations" (Weiers, 2011, p. 59).
- The median is defined as "the value that has just as many values above it as below it" (Weiers, 2011, p. 61).
- The standard deviation can be defined as "the basis for determining the proportion of data values within certain distances on either side of the mean for certain types of distributions" (Weiers, 2011, p. 74).
- Skewness can be defined as "the tendency of the distribution to tail off to the right or left" (Weiers, 2011, p. 63).
- The flatness or peakedness of a distribution when compared with the normal distribution is said to be the kurtosis (Hair, Black, Babin, Anderson, & Tatham, 2006).

- The difference between the maximum and minimum values is defined as the range which is a measure of dispersion (Weiers, 2011).

4.5.2. Cross tabulation

Hypothesis 1 required establishing the relationship between the popular concepts and the performance of the organisation. In this case cross tabulation and the Fisher's Exact test was considered the appropriate statistical tool. The Fisher's exact test is a statistical test used to determine if there are non-random associations between two categorical variables and the test is most commonly applied to 2x2 matrices which is the simplest form of cross tabulation/ contingency table. (Weisstein) A contingency table is a cross tabulation of two categorical variables in which the entries are the frequencies of responses (Hair, Black, Babin, & Anderson, 2010). The purpose of these cross-tabulations is therefore to assist in examining and identifying possible relationships between the different variables (Weiers, 2011). An alpha of 0.05 was chosen as it would provide strong evidence for rejecting the null hypothesis. (Albright, Winston, & Zappe, 2009) The alpha value is referred to as the significance level of the test, and is the probability of making a Type I error (Weiers, 2011). The statistical significance of a result explains the degree to which the result is true and a high p-value indicates no relation between the respective variables in the population. If the p-value is less than 0.05, the null hypothesis can be rejected and the results are then said to be statistically significant at the 5% level. (Norusis, 2005)

4.6. Assumptions and limitations

An assumption made in this research will be discussed as follows. The first question asked in the questionnaire was that the CEO's should list the three most important concepts which their company has used in strategy formulation and implementation consistently for the last 3 years. The second question asked was that they should define and explain each of the three concepts listed as they are understood and used in their company. It was therefore not necessary to classify the statements into clusters, but rather to group the different concepts. Some of the concepts listed had different labels but the same meaning. Common labels were then assigned to statements with similar meanings to ensure consistency and ease of data manipulation and analysis. The collected data from the questionnaires were then coded and typed into analysis software as a data matrix. The assumption made was therefore the assigning of labels based on both the literature and the information from the open ended questions.

This research also has several limitations and will be discussed briefly below:

- Some respondents may have distorted the truth when answering the questions which may lead to response error (Weiers, 2011). This reasoning is based on the fact that the strategy of an organisation can be seen as a competitive advantage and therefore not easily shared or spoken of. Also, a number of respondents did not understand the meaning of the term “concept’ and as a result inappropriate/ incorrect answers to the questions may have been provided which may have led to response error (Weiers, 2011).
- Nonresponse error also resulted from potential respondents not completing the questionnaire (Weiers, 2011). As discussed previously, 60 attempted to complete the questionnaire, but only 35 respondents completed the survey.
- There was no control over who completed the survey. The survey was sent to all the CEO’s to complete, but it is not certain whether the CEO actually took the time to fill out the questionnaire.
- Low response rates of CEO’s (14%) can give rise to potential sampling error (Weiers, 2011). The survey was sent to all the JSE listed companies which included different types of industries, sizes and types of organisations. The results can therefore not be generalised to the entire population due to the inconsistent and low response rates.
- The dominance of one particular industry may distort findings due to sampling bias (Ramanujam & Varadarajan, 1989).

CHAPTER 5: RESULTS.

Chapter 5 presents the results obtained from the data collection and analysis. The objective of this study was to firstly identify the popular concepts used by JSE listed companies in formulating and implementing their strategy; and secondly, to establish the effect on financial performance. The first section of this chapter presents the findings of the first objective, and the second section presents the findings of the second objective of the research.

5.1. Results: Research question 1

Surveys were sent to the CEO's of the JSE listed companies of which the details were available. Surveys were therefore sent to 250 CEO's of the JSE listed companies. 60 CEO's attempted to complete the survey, but the survey was only completed by 34 and an interview was held with one of the Executives. This adds up to a total of 35 completed surveys. The survey aimed to answer the following research question:

Research Question 1:

What are the popular concepts used by JSE listed companies to formulate and implement their strategy?

Three questions were asked to assist in answering the research question mentioned above. The following questions were asked:

1. What are the most important (maximum of three) concepts which your company has used in strategy formulation and implementation consistently for the last 3 years?
2. Define each of the three concepts as these are understood and used in your company.
3. Please elaborate on the reason for using these concepts.

This section presents the results of the popular concepts emerging from the survey. The characteristics of the responses are presented in Tables 2, 3, and 4. Frequencies were determined as can be found in Tables 2, 3, 4, and 5. Frequency analysis can be defined as "the number of data values falling within each class" (Weiers, 2011, p. 18).

Table 2: Responses from the different industries

Industry	Frequency	Percent
Beverages	1	3
Business Training & Employment Agencies	1	3
Construction & Materials	2	6
Financials	8	23
Fixed Line Telecommunications	1	3
Food Producers	3	9
Forestry & Paper	1	3
General Retailers	4	11
Health Care	2	6
Industrial Goods & Services	5	14
Industrial Metals & Mining	1	3
Mining	5	14
Software & Computer Services	1	3

Table 2 shows the responses from the different industries. It is clear from Table 2 that the most responses were obtained from the Financials Industry in first place (23%), Industrial Goods & Services and Mining Industries in second place (14%), and General Retailers Industries in third place (11%). This relates as follows to the population of 386 JSE listed organisations: Financials Industry 26%, Industrial Goods & Services 16%, Mining Industries 15%, and the General Retailers Industries 5%.

Table 3: Responses from the different job levels

Level	Frequency	Percent
CEO	19	54
Executive	10	29
Financial Director	1	3
Senior Management	5	14

Table 3 shows the responses from the job levels. It is clear from Table 3 that the most responses were obtained from the CEO's in first place (54%), Executives in second place (29%), and Senior Management in third place (14%). The survey was sent to the CEO's yet only 54% indicated they were the CEO. This leads back to one of the limitations listed in Chapter 4.

Table 4: Responses from the different organisation tenures

Tenure	Frequency	Percent
0 – 3 years	1	3
5 – 10 years	2	6
10 years and longer	32	91

Table 4 shows the age of the different organisations. It is clear from Table 4 that the most responses were from organisations of an age of ten years and longer (91%). It can therefore be concluded that the results obtained are from organisations that have built up a considerable amount of experience in the years they have been in operation. The results can therefore be seen as tested, relevant, and valuable information.

Table 5 presents the results from the three questions asked as mentioned above.

Table 5: Concepts emerging from survey

Concept	Count of Organisation
Environmental analysis	11
Strategic positioning	8
Growth	8
Customer focused	5
Competitive advantage	5
Competitive analysis	5
Value creation	5
Shareholder value	4
Shareholder return	4
Operational efficiency	4
Alignment	4
Cost containment	3
Sustainability	3
Customer relationship management	3
Capital management	3
Differentiation	3
Gap analysis	3
Implementation	3
Vision	2
Technology	2
Strategic thrusts	2
Building on established momentum	2
Values	2
Profit maximisation	2
Demographics	2

Operational excellence	2
Core competencies	1
Empowerment	1
Demographic Evolution	1
Common sense	1
Enable	1
Distribution	1
Risk aversion	1
Innovation	1
Stakeholder analysis	1
Leadership	1
Supply chain efficiency	1
Logistics	1
Enrolment	1
Longevity	1
Relative wealth per capita	1
Management continuity	1
Sensitivity modelling	1
Marketing activities	1
Embedded value	1
Mission	1
Design	1
Collaboration	1
Strategy session	1
Disease burden	1
Development	1
Perspective	1
Continuous improvement	1
Productivity	1
Core business	1
Economies of scale	1
Regulatory regime	1
Grand Total	**131**

Table 5 shows the different concepts emerging from the questionnaire. It is clear from Table 5 that the concept "environmental analysis" was mentioned most (11), with "strategic positioning" and "growth" in second place (8), and customer focused in third place (5). It is however assumed that the concept "customer relationship management" forms part of the concept "customer focused", the concept "customer focused/ customer relationship management" was therefore mentioned eight times in total. Also, it is assumed that the concept "shareholder return" forms part of the concept "shareholder value", the concept "shareholder return/ shareholder value" was therefore also mentioned eight times in total. The most popular concepts listed by the JSE listed organisations are therefore as follows:

- Environmental analysis (11),
- Strategic positioning (8),
- Growth (8),
- Customer focused/ customer relationship management (8), and
- Shareholder return/ shareholder value (8).

5.2. Results: Hypothesis 1

Surveys were sent to the CEO’s of the JSE listed companies of which the details were available. Surveys were therefore sent to 250 CEO’s of the JSE listed companies. 60 CEO’s attempted to complete the survey, but the survey was only completed by 34 and an interview was held with one of the Executives. This adds up to a total of 35 completed surveys. Results reported in this section were tested for statistical significance at the 95 percent confidence level. The survey aimed to answer the following hypothesis:

Hypothesis1:

H_0: there is no relationship between the popular concepts and performance

H_a: there is a relationship between the popular concepts and performance

Three questions were asked to assist in answering the hypothesis mentioned above. The following questions were asked:

1. What are the most important (maximum of three) concepts which your company has used in strategy formulation and implementation consistently for the last 3 years?
2. Define each of the three concepts as these are understood and used in your company.
3. Please elaborate on the reason for using these concepts.

Financial statements for the last three years were used to establish the relationship between the popular concepts and performance. These statements were collected from the website https://nedbankonlinetrading.nedsecure.co.za. The financial data collected for testing purposes contained both performance and market based variables of which return on equity, market capitalisation, price to earnings ratio, and share price were included.

Descriptive statistics are summarised in Table 6. This is a summary of the sample data set which includes the mean, median, standard deviation (or variance), the minimum and maximum variables, kurtosis and skewness (Descriptive statistics, 2013). The different descriptive statistics have been defined in Chapter 4.

Table 6: Descriptive statistics

Performance measure	Mean	Median	Standard Deviation	Skewness	Kurtosis	Minimum	Maximum
ROE year1	7.6	12.7	53.7	-4.3	23.2	-270.6	99.5
ROE year2	24.0	13.0	52.4	4.6	23.7	-15.7	299.3
ROE year3	7.9	12.8	48.1	-4.1	21.6	-235.1	83.7
ROE 3 vs. 1	-2.5	-0.1	12.5	-5.7	33.3	-73.0	1.0
ROE 3 vs. 2	0.1	0.0	3.8	5.1	29.2	-3.1	21.2
ROE Average	13.3	11.9	24.3	0.2	6.7	-68.8	97.2
Market capitalisation year 1	40137580.8	15023132.5	75891637.2	3.8	16.5	27657.0	404001185.0
Market capitalisation year 2	43764912.8	12413925.0	90494234.6	4.4	22.3	31500.0	513055556.0
Market capitalisation year 3	58748916.9	15585556.0	141785516.9	5.0	26.6	93983.0	810840489.0
MC 3 vs. 1	0.7	0.4	2.8	5.4	30.5	-1.0	16.4
MC 3 vs. 2	0.1	0.2	0.5	-0.2	1.1	-1.0	1.4
Share price year 1	7678.4	3000.0	13906.5	3.4	12.9	17.0	69413.0
Share price year 2	7506.8	2385.0	12624.8	2.8	7.7	10.0	53200.0
Share price year 3	8794.9	3137.5	14083.1	2.5	5.6	6.0	56888.0
SP 3 vs. 1	0.7	0.3	2.6	5.2	28.7	-1.0	14.7
SP 3 vs. 2	0.1	0.2	0.4	-0.2	0.4	-1.0	1.1

A condensed explanation of the table is as follows. ROE is the abbreviation for return on equity, MC is the abbreviation for market capitalisation, and SP is the abbreviation for share price. 3 vs. 1 and 3 vs. 2 can be explained as the increase in year 1 to year 3, and year 2 to year 3, respectively.

The median of the financials of the organisations were used as the cutting point in the cross tabulations. Once again, it was decided to use the median for the following reason. Considering all types of industries, sizes and types of organisations which were studied, a vast difference in financial performance ranges can be expected. The mean is sensitive to extreme scores when population samples are small and medians on the other hand are less sensitive to extreme scores (Mean vs. Median, 2013). Medians are therefore in this case a better indicator. As can be seen from Table 6, the standard deviation, and differences in the maximum and minimum values support this argument.

When examining the skewness and kurtosis columns, it is clear that the data does not follow a normal distribution, which should be 0 and 3 (Normal distribution, 2013), respectively. More observations regarding the median column can be made from Table 6:

- Median ROE year 2 higher than year 1 and 3;
- Decrease in median ROE from year 2 to year 3;
- Median market capitalisation year 2 smaller than year 1 and 3, with year 3 being the highest of the three;
- Small increase in median market capitalisation from year 2 to year 3;
- Median share price year 2 lower than year 1 and 3, with year 3 being the highest of the three; and
- Small increase in median share price from year 2 to year 3.

In summarising these observations, in general, it seems as though there has been an improvement in the performance of the JSE listed organisations.

5.2.1. Environmental analysis

Hypothesis 1a:

H_0: there is no relationship between the popular concept "environmental analysis" and performance

H_a: there is a relationship between the popular concept "environmental analysis" and performance

The concept "environmental analysis" emerged as the most popular concept (refer to Table 5). Tables 7, 8, and 9 present the results from the cross tabulations as well as the results from the Fisher's exact tests.

Table 7: The concept "environmental analysis" vs. return on equity

ROE year1		Total	Fisher's Exact Test	
<= 12.73	12.74+		p-value (2-sided)	p-value (1-sided)
6	4	10	0.708	0.354
60.0%	40.0%	100.0%		
ROE year2		Total	Fisher's Exact Test	
<= 12.97	12.98+		p-value (2-sided)	p-value (1-sided)
6	4	10	0.711	0.396
60.0%	40.0%	100.0%		
ROE year3		Total	Fisher's Exact Test	
<= 12.79	12.80+		p-value (2-sided)	p-value (1-sided)
6	4	10	0.708	0.397
60.0%	40.0%	100.0%		
ROE 3 vs. 1		Total	Fisher's Exact Test	
<= -0.12	-0.11+		p-value (2-sided)	p-value (1-sided)
4	6	10	0.708	0.354
40.0%	60.0%	100.0%		
ROE 3 vs. 2		Total	Fisher's Exact Test	
<= -0.02	-0.01+		p-value (2-sided)	p-value (1-sided)
7	3	10	0.285	0.212
70.0%	30.0%	100.0%		
ROE Average		Total	Fisher's Exact Test	
<= 11.90	11.91+		p-value (2-sided)	p-value (1-sided)
7	3	10	0.264	0.155
70.0%	30.0%	100.0%		

Referring to Table 7, the following observations can be made:

- More organisations had an ROE of less than the median for years 1 to 3;
- More organisations scored more than the median increase in ROE from year 1 to 3;
- Less organisations scored more than the median increase in ROE from year 2 to 3;
- More organisations had an average ROE of years 1 to 3 of less than the total average ROE; and

- **The concept "environmental analysis" has no relationship with ROE** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

Table 8: The concept "environmental analysis" vs. market capitalisation

MC 3 vs. 1		Total	Fisher's Exact Test	
<= 0.36	0.37+		p-value (2-sided)	p-value (1-sided)
9	1	10	0.007	*0.003
90.0%	10.0%	100.0%		
MC 3 vs. 2		Total	Fisher's Exact Test	
<= 0.19	0.20+		p-value (2-sided)	p-value (1-sided)
9	1	10	0.022	*0.015
90.0%	10.0%	100.0%		

Referring to Table 8, the following observations can be made:

- More organisations scored less than the median increase in market capitalisation from year 1 to 3;
- More organisations scored less than the median increase in market capitalisation from year 2 to 3; and
- **The concept "environmental analysis" has relationships with market capitalisation** as all the relationships are statistically significant due to the p-values all being smaller than 0.05. The null hypotheses are therefore rejected.

Table 9: The concept "environmental analysis" vs. share price

SP 3 vs. 1		Total	Fisher's Exact Test	
<= 0.34	0.35+		p-value (2-sided)	p-value (1-sided)
9	1	10	0.007	*0.004
90.0%	10.0%	100.0%		
SP 3 vs. 2		Total	Fisher's Exact Test	
<= 0.15	0.16+		p-value (2-sided)	p-value (1-sided)
8	2	10	0.060	*0.037
80.0%	20.0%	100.0%		

Referring to Table 9, the following observations can be made:

- More organisations scored less than the median increase in share price from year 1 to 3;
- More organisations scored less than the median increase in share price from year 2 to 3; and
- **The concept "environmental analysis" has relationships with share price** as all the relationships are statistically significant due to the p-values all being smaller than 0.05. The null hypotheses are therefore rejected.

5.2.2. Strategic positioning

Hypothesis 1b:

H_0: there is no relationship between the popular concept "strategic positioning" and performance

H_a: there is a relationship between the popular concept "strategic positioning" and performance

The concept "strategic positioning" emerged as the second most popular concept (refer to Table 5). Tables 10, 11, and 12 present the results from the cross tabulations as well as the results from the Fisher's exact tests.

Table 10: The concept "strategic positioning" vs. return on equity

ROE year1		Total	Fisher's Exact Test	
<= 12.73	12.74+		p-value (2-sided)	p-value (1-sided)
3	4	7	1.000	0.500
42.9%	57.1%	100.0%		
ROE year2		Total	Fisher's Exact Test	
<= 12.97	12.98+		p-value (2-sided)	p-value (1-sided)
5	2	7	0.402	0.225
71.4%	28.6%	100.0%		
ROE year3		Total	Fisher's Exact Test	
<= 12.79	12.80+		p-value (2-sided)	p-value (1-sided)
5	0	5	0.044	*0.026
100.0%	0.0%	100.0%		
ROE 3 vs. 1		Total	Fisher's Exact Test	
<= -0.12	-0.11+		p-value (2-sided)	p-value (1-sided)
5	2	7	0.398	0.199
71.4%	28.6%	100.0%		
ROE 3 vs. 2		Total	Fisher's Exact Test	
<= -0.02	-0.01+		p-value (2-sided)	p-value (1-sided)
5	2	7	0.415	0.280
71.4%	28.6%	100.0%		
ROE Average		Total	Fisher's Exact Test	
<= 11.90	11.91+		p-value (2-sided)	p-value (1-sided)
4	3	7	1.000	0.534
57.1%	42.9%	100.0%		

Referring to Table 10, the following observations can be made:

- More organisations had an ROE of more than the median for year 1;
- More organisations had an ROE of less than the median for years 2 and 3;
- More organisations scored less than the median increase in ROE from year 1 to 3;
- More organisations scored less than the median increase in ROE from year 2 to 3;

- More organisations had an average ROE of years 1 to 3 of less than the total average ROE; and
- **The concept "strategic positioning" has no relationship with ROE except for ROE year 3** as all the relationships except for one are not statistically significant due to the p-values all being bigger than 0.05. The null hypothesis for ROE year 3 is therefore rejected, but cannot be rejected for the rest of the relationships.

Table 11: The concept "strategic positioning" vs. market capitalisation

MC 3 vs. 1		Total	Fisher's Exact Test	
<= 0.36	0.37+		p-value (2-sided)	p-value (1-sided)
5	2	7	0.398	0.199
71.4%	28.6%	100.0%		
MC 3 vs. 2		Total	Fisher's Exact Test	
<= 0.19	0.20+		p-value (2-sided)	p-value (1-sided)
5	2	7	0.672	0.340
71.4%	28.6%	100.0%		

Referring to Table 11, the following observations can be made:

- More organisations scored less than the median increase in market capitalisation from year 1 to 3;
- More organisations scored less than the median increase in market capitalisation from year 2 to 3; and
- **The concept "strategic positioning" has no relationship with market capitalisation** as all the relationships are all not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

Table 12: The concept “strategic positioning” vs. share price

SP 3 vs. 1		Total	Fisher's Exact Test	
<= 0.34	0.35+		p-value (2-sided)	p-value (1-sided)
5	1	6	0.175	0.101
83.3%	16.7%	100.0%		
SP 3 vs. 2		Total	Fisher's Exact Test	
<= 0.15	0.16+		p-value (2-sided)	p-value (1-sided)
5	2	7	0.402	0.225
71.4%	28.6%	100.0%		

Referring to Table 12, the following observations can be made:

- More organisations scored less than the median increase in share price from year 1 to 3;
- More organisations scored less than the median increase in share price from year 2 to 3; and
- **The concept “strategic positioning” has no relationship with share price** as the relationships are all not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

5.2.3. Growth

Hypothesis 1c:

H_0: there is no relationship between the popular concept “growth” and performance

H_a: there is a relationship between the popular concept “growth” and performance

The concept “growth” emerged as the third most popular concept (refer to Table 5). Tables 13, 14, and 15 present the results from the cross tabulations as well as the results from the Fisher's exact tests.

Table 13: The concept "growth" vs. return on equity

ROE year1		Total	Fisher's Exact Test	
<= 12.73	12.74+		p-value (2-sided)	p-value (1-sided)
4	4	8	1.000	0.656
50.0%	50.0%	100.0%		
ROE year2		Total	Fisher's Exact Test	
<= 12.97	12.98+		p-value (2-sided)	p-value (1-sided)
3	5	8	0.443	0.311
37.5%	62.5%	100.0%		
ROE year3		Total	Fisher's Exact Test	
<= 12.79	12.80+		p-value (2-sided)	p-value (1-sided)
4	4	8	1.000	0.619
50.0%	50.0%	100.0%		
ROE 3 vs. 1		Total	Fisher's Exact Test	
<= -0.12	-0.11+		p-value (2-sided)	p-value (1-sided)
3	5	8	0.688	0.344
37.5%	62.5%	100.0%		
ROE 3 vs. 2		Total	Fisher's Exact Test	
<= -0.02	-0.01+		p-value (2-sided)	p-value (1-sided)
5	3	8	0.700	0.452
62.5%	37.5%	100.0%		
ROE Average		Total	Fisher's Exact Test	
<= 11.90	11.91+		p-value (2-sided)	p-value (1-sided)
4	4	8	1.000	0.620
50.0%	50.0%	100.0%		

Referring to Table 13, the following observations can be made:

- An equal number of organisations had an ROE of less and more than the median ROE for year 1;
- More organisations had an ROE of more than the median for year 2;
- An equal number of organisations had an ROE of less and more than the median ROE for year 3;
- More organisations scored more than the median increase in ROE from year 1 to 3;

- More organisations scored less than the median increase in ROE from year 2 to 3;
- An equal number of organisations had an average ROE of years 1 to 3 of more and less than the total average ROE; and
- **The concept "growth" has no relationship with ROE** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

Table 14: The concept "growth" vs. market capitalisation

<table>
<tr><td colspan="2">MC 3 vs. 1</td><td rowspan="2">Total</td><td colspan="2">Fisher's Exact Test</td></tr>
<tr><td><= 0.36</td><td>0.37+</td><td>p-value (2-sided)</td><td>p-value (1-sided)</td></tr>
<tr><td>3</td><td>5</td><td>8</td><td rowspan="2">0.688</td><td rowspan="2">0.344</td></tr>
<tr><td>37.5%</td><td>62.5%</td><td>100.0%</td></tr>
<tr><td colspan="2">MC 3 vs. 2</td><td rowspan="2">Total</td><td colspan="2">Fisher's Exact Test</td></tr>
<tr><td><= 0.19</td><td>0.20+</td><td>p-value (2-sided)</td><td>p-value (1-sided)</td></tr>
<tr><td>3</td><td>5</td><td>8</td><td rowspan="2">0.246</td><td rowspan="2">0.192</td></tr>
<tr><td>37.5%</td><td>62.5%</td><td>100.0%</td></tr>
</table>

Referring to Table 14, the following observations can be made:

- More organisations scored more than the median increase in market capitalisation from year 1 to 3;
- More organisations scored more than the median increase in market capitalisation from year 2 to 3; and
- **The concept "growth" has no relationship with market capitalisation** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

Table 15: The concept “growth” vs. share price

SP 3 vs. 1		Total	Fisher's Exact Test	
<= 0.34	0.35+		p-value (2-sided)	p-value (1-sided)
3	5	8	0.438	0.307
37.5%	62.5%	100.0%		
SP 3 vs. 2		Total	Fisher's Exact Test	
<= 0.15	0.16+		p-value (2-sided)	p-value (1-sided)
3	5	8	0.443	0.311
37.5%	62.5%	100.0%		

Referring to Table 15, the following observations can be made:

- More organisations scored more than the median increase in share price from year 1 to 3;
- More organisations scored more than the median increase in share price from year 2 to 3; and
- **The concept “growth” has no relationship with share price** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

5.2.4. Customer focused/ customer relationship management

Hypothesis 1d:

H_0: there is no relationship between the popular concept “customer focused/ customer relationship management” and performance

H_a: there is a relationship between the popular concept “customer focused/ customer relationship management” and performance

The concept “customer focused/ customer relationship management” emerged as the third most popular concept (refer to Table 5). Tables 16, 17, and 18 present the results from the cross tabulations as well as the results from the Fisher's exact tests.

Table 16: The concept “customer focused/ customer relationship management” vs. return on equity

ROE year1		Total	Fisher's Exact Test	
<= 12.73	12.74+		p-value (2-sided)	p-value (1-sided)
4	4	8	1.000	0.656
50.0%	50.0%	100.0%		
ROE year2		Total	Fisher's Exact Test	
<= 12.97	12.98+		p-value (2-sided)	p-value (1-sided)
5	3	8	0.691	0.380
62.5%	37.5%	100.0%		
ROE year3		Total	Fisher's Exact Test	
<= 12.79	12.80+		p-value (2-sided)	p-value (1-sided)
4	4	8	1.000	0.619
50.0%	50.0%	100.0%		
ROE 3 vs. 1		Total	Fisher's Exact Test	
<= -0.12	-0.11+		p-value (2-sided)	p-value (1-sided)
5	3	8	0.688	0.344
62.5%	37.5%	100.0%		
ROE 3 vs. 2		Total	Fisher's Exact Test	
<= -0.02	-0.01+		p-value (2-sided)	p-value (1-sided)
6	2	8	0.244	0.176
75.0%	25.0%	100.0%		
ROE Average		Total	Fisher's Exact Test	
<= 11.90	11.91+		p-value (2-sided)	p-value (1-sided)
5	3	8	0.691	0.380
62.5%	37.5%	100.0%		

Referring to Table 16, the following observations can be made:

- An equal number of organisations had an ROE of less and more than the median ROE for year 1;
- More organisations had an ROE of less than the median for year 2;
- An equal number of organisations had an ROE of less and more than the median ROE for year 3;
- More organisations scored less than the median increase in ROE from year 1 to 3;

- More organisations scored less than the median increase in ROE from year 2 to 3;
- More organisations had an average ROE of years 1 to 3 of less than the total average ROE; and
- **The concept "customer focused/ customer relationship management" has no relationship with ROE** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

Table 17: The concept "customer focused/ customer relationship management" vs. market capitalisation

<table>
<tr><td colspan="2">MC 3 vs. 1</td><td rowspan="2">Total</td><td colspan="2">Fisher's Exact Test</td></tr>
<tr><td><= 0.36</td><td>0.37+</td><td>p-value (2-sided)</td><td>p-value (1-sided)</td></tr>
<tr><td>4</td><td>4</td><td>8</td><td rowspan="2">1.000</td><td rowspan="2">0.656</td></tr>
<tr><td>50.0%</td><td>50.0%</td><td>100.0%</td></tr>
<tr><td colspan="2">MC 3 vs. 2</td><td rowspan="2">Total</td><td colspan="2">Fisher's Exact Test</td></tr>
<tr><td><= 0.19</td><td>0.20+</td><td>p-value (2-sided)</td><td>p-value (1-sided)</td></tr>
<tr><td>6</td><td>2</td><td>8</td><td rowspan="2">0.419</td><td rowspan="2">0.228</td></tr>
<tr><td>75.0%</td><td>25.0%</td><td>100.0%</td></tr>
</table>

Referring to Table 17, the following observations can be made:

- An equal number of organisations scored less and more than the median increase in market capitalisation from year 1 to 3;
- More organisations scored less than the median increase in market capitalisation from year 2 to 3; and
- **The concept "customer focused/ customer relationship management" has no relationship with market capitalisation** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

Table 18: The concept "customer focused/ customer relationship management" vs. share price

<table>
<tr><td colspan="2">SP 3 vs. 1</td><td rowspan="2">Total</td><td colspan="2">Fisher's Exact Test</td></tr>
<tr><td><= 0.34</td><td>0.35+</td><td>p-value (2-sided)</td><td>p-value (1-sided)</td></tr>
<tr><td>4</td><td>4</td><td>8</td><td rowspan="2">1.000</td><td rowspan="2">0.619</td></tr>
<tr><td>50.0%</td><td>50.0%</td><td>100.0%</td></tr>
<tr><td colspan="2">SP 3 vs. 2</td><td rowspan="2">Total</td><td colspan="2">Fisher's Exact Test</td></tr>
<tr><td><= 0.15</td><td>0.16+</td><td>p-value (2-sided)</td><td>p-value (1-sided)</td></tr>
<tr><td>5</td><td>3</td><td>8</td><td rowspan="2">0.691</td><td rowspan="2">0.380</td></tr>
<tr><td>62.5%</td><td>37.5%</td><td>100.0%</td></tr>
</table>

Referring to Table 18, the following observations can be made:

- An equal number of organisations scored less and more than the median increase in share price from year 1 to 3;
- More organisations scored less than the median increase in share price from year 2 to 3; and
- **The concept "customer focused/ customer relationship management" has no relationship with share price** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

5.2.5. Shareholder value/ shareholder return

Hypothesis 1e:

H_0: there is no relationship between the popular concept "shareholder return/ shareholder value" and performance

H_a: there is a relationship between the popular concept "shareholder return/ shareholder value" and performance

The concept "shareholder value/ shareholder return" emerged as the third most popular concept (refer to Table 5). Tables 19, 20, and 21 present the results from the cross tabulations as well as the results from the Fisher's exact tests.

Table 19: The concept "shareholder value/ shareholder return" vs. return on equity

ROE year1		Total	Fisher's Exact Test	
<= 12.73	12.74+		p-value (2-sided)	p-value (1-sided)
4	4	8	1.000	0.656
50.0%	50.0%	100.0%		
ROE year2		Total	Fisher's Exact Test	
<= 12.97	12.98+		p-value (2-sided)	p-value (1-sided)
3	5	8	0.443	0.311
37.5%	62.5%	100.0%		
ROE year3		Total	Fisher's Exact Test	
<= 12.79	12.80+		p-value (2-sided)	p-value (1-sided)
2	6	8	0.118	0.093
25.0%	75.0%	100.0%		
ROE 3 vs. 1		Total	Fisher's Exact Test	
<= -0.12	-0.11+		p-value (2-sided)	p-value (1-sided)
3	5	8	0.688	0.344
37.5%	62.5%	100.0%		
ROE 3 vs. 2		Total	Fisher's Exact Test	
<= -0.02	-0.01+		p-value (2-sided)	p-value (1-sided)
3	5	8	0.424	0.248
37.5%	62.5%	100.0%		
ROE Average		Total	Fisher's Exact Test	
<= 11.90	11.91+		p-value (2-sided)	p-value (1-sided)
3	5	8	0.443	0.311
37.5%	62.5%	100.0%		

Referring to Table 19, the following observations can be made:

- An equal number of organisations had an ROE of less and more than the median ROE for year 1;
- More organisations had an ROE of more than the median for years 2 and 3;
- More organisations scored more than the median increase in ROE from year 1 to 3 as well as year 2 to 3;
- More organisations had an average ROE of years 1 to 3 of more than the total average ROE; and

- **The concept "shareholder value/ shareholder return" has no relationship with ROE** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

Table 20: The concept "shareholder value/ shareholder return" vs. market capitalisation

MC 3 vs. 1		Total	Fisher's Exact Test	
<= 0.36	0.37+		p-value (2-sided)	p-value (1-sided)
3	5	8	0.688	0.344
37.5%	62.5%	100.0%		
MC 3 vs. 2		Total	Fisher's Exact Test	
<= 0.19	0.20+		p-value (2-sided)	p-value (1-sided)
4	4	8	0.700	0.473
50.0%	50.0%	100.0%		

Referring to Table 20, the following observations can be made:

- More organisations scored more than the median increase in market capitalisation from year 1 to 3;
- An equal number of organisations scored comparatively less and more than the median increase in market capitalisation from year 2 to 3; and
- **The concept "shareholder value/ shareholder return" has no relationship with market capitalisation** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

Table 21: The concept "shareholder value/ shareholder return" vs. share price

SP 3 vs. 1		Total	Fisher's Exact Test	
<= 0.34	0.35+		p-value (2-sided)	p-value (1-sided)
2	6	8	0.118	0.093
25.0%	75.0%	100.0%		
SP 3 vs. 2		Total	Fisher's Exact Test	
<= 0.15	0.16+		p-value (2-sided)	p-value (1-sided)
2	6	8	0.121	0.096
25.0%	75.0%	100.0%		

Referring to Table 21, the following observations can be made:

- More organisations scored more than the median increase in share price from year 1 to 3 as well as from year 2 to year 3; and
- **The concept "shareholder value/ shareholder return" has no relationship with share price** as all the relationships are not statistically significant due to the p-values all being bigger than 0.05. The null hypotheses can therefore not be rejected.

5.3. Additional analysis

It is clear from the results, that in most cases no relationships were found. To verify the robustness of the findings, additional analyses were conducted. The survey data was manipulated even further through "super-grouping". The previous results contain findings on concepts which were grouped as wide as possible to maintain the originality of responses as far as possible. After "super-grouping", the relationships were tested again using cross tabulations and the Fisher's exact test. The results are contained in the sections that follow.

5.3.1. Results: Research question 1

Table 22: "Super-grouped" concepts

Concept	Count of Organisation
Environmental analysis / competitive analysis / disease burden / regulatory regime / demographics / stakeholder analysis / demographic evolution / sensitivity modelling / relative wealth per capita / longevity / gap analysis	24
Value creation / shareholder value / shareholder return / risk aversion / profit maximisation / capital management	17
Customer focused / strategic positioning / customer relationship management / marketing activities	17
Competitive advantage / economies of scale / technology / design / enable / development / sustainability	13
Cost containment / operational efficiency / operational excellence / continuous improvement / productivity / supply chain efficiency / logistics	12
Customer focused / differentiation / customer relationship management / marketing activities	11
Growth / capital management	11
Alignment	4
Vision / perspective / mission / strategy session	3
Implementation	3

Core competencies / innovation / collaboration	3
Empowerment / values	3
Leadership / management continuity	2
Strategic thrusts	2
Building on established momentum	2
Common sense	1
Distribution	1
Enrolment	1
Embedded value	1
Core business	1
Grand Total	**143**

It is clear from Table 22 that the most popular “super-grouped” concepts listed by the JSE listed organisations are as follows:

- Environmental analysis / competitive analysis / disease burden / regulatory regime / demographics / stakeholder analysis / demographic evolution / sensitivity modelling / relative wealth per capita / longevity / gap analysis (24),

- Value creation / shareholder value / shareholder return / risk aversion / profit maximisation / capital management Customer focused/ customer relationship management (17), and

- Customer focused / strategic positioning / customer relationship management / marketing activities (17).

It is clear that these results are consistent and similar to the results achieved before “super-grouping”.

5.3.2. Results: Hypothesis 1

Tables 23, 24, and 25 present the results from the cross tabulations as well as the results from the Fisher's exact tests for the three most popular concepts as shown in Table 22.

Table 23: The concept “environmental analysis / competitive analysis / disease burden / regulatory regime / demographics / stakeholder analysis / demographic evolution / sensitivity modelling / relative wealth per capita / longevity / gap analysis” vs. return on equity, market capitalisation, and share price

ROE Average		Total	Fisher's Exact Test	
<= 11.90	11.91+		p-value (2-sided)	p-value (1-sided)
9	7	16	0.738	0.427
MC 3 vs. 1		Total	Fisher's Exact Test	
<= 0.36	0.37+		p-value (2-sided)	p-value (1-sided)
7	6	13	0.041	*0.023
MC 3 vs. 2		Total	Fisher's Exact Test	
<= 0.19	0.20+		p-value (2-sided)	p-value (1-sided)
8	6	14	0.075	0.061
SP 3 vs. 1		Total	Fisher's Exact Test	
<= 0.34	0.35+		p-value (2-sided)	p-value (1-sided)
6	7	13	0.092	0.055
SP 3 vs. 2		Total	Fisher's Exact Test	
<= 0.15	0.16+		p-value (2-sided)	p-value (1-sided)
9	6	15	0.17	0.119

Table 24: The concept “value creation / shareholder value / shareholder return / risk aversion / profit maximisation / capital management” vs. return on equity, market capitalisation, and share price

ROE Average		Total	Fisher's Exact Test	
<= 11.90	11.91+		p-value (2-sided)	p-value (1-sided)
8	4	12	0.289	0.172
MC 3 vs. 1		Total	Fisher's Exact Test	
<= 0.36	0.37+		p-value (2-sided)	p-value (1-sided)
3	6	9	1	0.591
MC 3 vs. 2		Total	Fisher's Exact Test	
<= 0.19	0.20+		p-value (2-sided)	p-value (1-sided)
5	5	10	0.447	0.308
SP 3 vs. 1		Total	Fisher's Exact Test	
<= 0.34	0.35+		p-value (2-sided)	p-value (1-sided)
2	7	9	1	0.517
SP 3 vs. 2		Total	Fisher's Exact Test	
<= 0.15	0.16+		p-value (2-sided)	p-value (1-sided)
6	5	11	0.488	0.355

Table 25: The concept “customer focused / strategic positioning / customer relationship management / marketing activities” vs. return on equity, market capitalisation, and share price

ROE Average		Total	Fisher's Exact Test	
<= 11.90	11.91+		p-value (2-sided)	p-value (1-sided)
7	8	15	0.738	0.442
MC 3 vs. 1		Total	Fisher's Exact Test	
<= 0.36	0.37+		p-value (2-sided)	p-value (1-sided)
3	9	12	0.694	0.432
MC 3 vs. 2		Total	Fisher's Exact Test	
<= 0.19	0.20+		p-value (2-sided)	p-value (1-sided)
4	9	13	0.484	0.347
SP 3 vs. 1		Total	Fisher's Exact Test	
<= 0.34	0.35+		p-value (2-sided)	p-value (1-sided)
3	9	12	1	0.568
SP 3 vs. 2		Total	Fisher's Exact Test	
<= 0.15	0.16+		p-value (2-sided)	p-value (1-sided)
5	9	14	0.482	0.271

It can be seen from Tables 23, 24, and 25 that the results are consistent with the previous findings and shows no significant relationship, except for the relationship of the concept “environmental analysis / competitive analysis / disease burden / regulatory regime / demographics / stakeholder analysis / demographic evolution / sensitivity modelling / relative wealth per capita / longevity / gap analysis” with market capitalisation year 1 to year 3 which shows to be negative.

5.4. Conclusion

Chapter 5 presented the results obtained from the data collection and analysis. The top popular concepts used by JSE listed companies in formulating and implementing their strategy were identified; and the effect on financial performance were established.

The popular concepts used by JSE listed companies in formulating and implementing their strategy were identified as follows. The concept “environmental analysis” was mentioned most (11), with “strategic positioning” and “growth” in second place (8). The concept “customer focused/ customer relationship management” was also mentioned eight times in total. And lastly, the concept “shareholder return/ shareholder value” was once again mentioned eight times in total.

The following concepts had no relationships with the performance variables:

- The concept “environmental analysis” has no relationship with ROE;
- The concept “strategic positioning” has no relationship with ROE except for ROE in year 3;
- The concept “strategic positioning” has no relationship with market capitalisation;
- The concept “strategic positioning” has no relationship with share price;
- The concept “growth” has no relationship with ROE;
- The concept “growth” has no relationship with market capitalisation;
- The concept “growth” has no relationship with share price;
- The concept “customer focused/ customer relationship management” has no relationship with ROE;
- The concept “customer focused/ customer relationship management” has no relationship with market capitalisation;
- The concept “customer focused/ customer relationship management” has no relationship with share price;
- The concept “shareholder value/ shareholder return” has no relationship with ROE;
- The concept “shareholder value/ shareholder return” has no relationship with market capitalisation; and
- The concept “shareholder value/ shareholder return” has no relationship with share price.

The following relationships were significant:

- The relationship between “environmental analysis” and market capitalisation from years 1 to 3 and years 2 to 3 show a negative relationship;
- The relationship between “environmental analysis” and share price from years 1 to 3 and years 2 to 3 show a negative relationship; and
- The relationship between “strategic positioning” and ROE year 3 show a negative relationship.

After “super-grouping” of the concepts, the popular concepts identified were the concepts “environmental analysis / competitive analysis / disease burden / regulatory regime / demographics / stakeholder analysis / demographic evolution / sensitivity modelling / relative wealth per capita / longevity / gap analysis", "value creation / shareholder value / shareholder return / risk aversion / profit maximisation / capital management", and "customer focused / strategic positioning / customer relationship management / marketing activities". The results show to be consistent and similar to the results presented in Table 5. Also, there were no significant relationships except for the relationship of the concept "environmental analysis / competitive analysis / disease burden / regulatory regime / demographics / stakeholder analysis / demographic evolution / sensitivity modelling / relative wealth per capita / longevity / gap analysis" with market capitalisation year 1 to year 3. Fewer relationships were found to be significant after the concepts were "super-grouped".

CHAPTER 6: DISCUSSION OF RESULTS.

Chapter 6 discusses and analyses the results presented in Chapter 5. The literature review is used to support arguments. The objective of this study was to firstly identify the popular concepts used by JSE listed companies in formulating and implementing their strategy; and secondly, to establish the effect the concepts have on financial performance. The first section of this chapter presents the analysis and insights of the first objective, and the second section presents the analysis and insights of the second objective of the research. The consistency matrix is contained in Appendix 4. The purpose of the consistency matrix is to show the systematic and consistent process followed to answer the research question and hypothesis.

6.1. Research question 1

Only the results from the "wide-grouping" of concepts will be discussed, as the results from the "super-grouping" of concepts were found to be similar and consistent. The first objective of the study aimed at answering the following research question.

Research Question 1:

What are the popular concepts used by JSE listed companies to formulate and implement their strategy?

The purpose of this research question was to establish the popular concepts used in the last 3 years from questionnaires sent to the CEO's of the JSE listed companies. The results revealed that the popular concepts used by JSE listed companies in formulating and implementing their strategy are as follows. The concept "**environmental analysis**" was mentioned most (11), with "**strategic positioning**" and "**growth**" in second place (8). The concept "**customer focused/ customer relationship management**" was also mentioned eight times in total. And lastly, the concept "**shareholder return/ shareholder value**" was once again mentioned eight times in total. This can be seen in Table 5.

The literature review revealed the evolution of concepts and how the evolution of the following concepts increased over time: **alliances, joint ventures, co-operation, capabilities, competencies, corporate restructuring, entry modes, strategic advantage, financial management, global strategy, international strategy, multinational strategy, entrepreneurship, R&D, technology, innovation,**

performance, organisation structure, -strategy, and -change, industry analysis, competition and competitive analysis, leadership, top management, management style, and learning (Furrer et al., 2008; Ronda-Pupo and Guerras-Martin, 2012).

Research work done by Rigby and Bilodeau (2009) on the other hand have shown that the top ten concepts used for 2013 is **strategic planning, customer relationship management, employee engagement surveys, benchmarking, balanced scorecard, core competencies, outsourcing, change management programs, supply chain management, mission and vision statements, customer segmentation, total quality management, satisfaction and loyalty management, business process reengineering, strategic alliances, big data analytics, and open innovation** (Rigby & Bilodeau, 2013).

6.1.1. Interpretation of results in light of literature

Environmental analysis

Environmental analysis can be seen as the analysis of environmental trends (Ireland et al., 2011). It is clear from Table 5 that the concept "environmental analysis" was mentioned most (11). This concept therefore emerged as being the most popular concept. The literature however did not reveal the concept "environmental analysis" as being one of the popular concepts (Furrer et al., 2008; Rigby and Bilodeau 2013; Ronda-Pupo & Guerras-Martin, 2012). The results therefore contradict the literature. This is explained in the sections that follow.

Furrer et al. (2008) have shown that the keyword environment, which can be seen as having the same meaning as the concept "environmental analysis" is decreasing over time. Ronda-Pupo & Guerras-Martin (2012) on the other hand have shown that "environment" grow and decline consistent with the pendulum model with the last stage indicating a drop from the previous stage. Noting that the last period showed a drop, it can be expected to see an increase in "environment" for the next period consistent with the pendulum model. Interesting future research will therefore be to test this prediction. The two authors cannot be compared directly given the different form of method and time frame used, and can also not be compared directly to this research study, as have been explained extensively in Chapter 2.

The concept "environmental analysis" is not contained in the list of top tools used for 2013 in the study performed by Rigby and Bilodeau. Bain & Company has however shown that there are clear key differences in concepts used across regions, industries, and company size (Rigby, 2003, 2011; Rigby & Bilodeau, 2005, 2007, 2009, 2013). Also, the two studies cannot be compared directly given the different form of method used, as have been explained extensively in Chapter 2. This submission explains the contradicting findings.

Also, Africa’s growth rate and success has attracted global investors and considerable attention and it has been suggested that Africa could become the next driver of global growth (Keeton, 2013). Local companies are possibly realising that a continuous focus on the external environment is required to stay in the game. The context for developed countries on the other hand may be different.

Building on this argument, when examining the individual responses explaining the concept, the observation is made that the reasons and explanations given are all relevant considering the current South African context. These explanations of the popular concept are contained in the following quotes from the questionnaires:

- Analysis of trend lines for various measures indicate growth potential in terms of market opportunity and business attractiveness of various geographies (Construction & Materials)
- Past, current and future state (Industrial Goods & Services)
- Global socio-political, fiscal and specific operating risks in each of our jurisdictions and globally (Mining)
- Highly regulated healthcare and pharmaceutical market in South Africa has a massive influence on revenue and profit generation into the future (Health Care)
- An in-depth understanding of the environment, including local and global trends, competitor strategies and internal competencies (Financials)
- Analysis of trends and competition (General Retailers)
- You need to know and identify what you are and what you are good at knowing your market and how to compete in it, is critical (Forestry & Paper)
- The key trends emerging from peers and the industry at large, and an assessment of our Group's relative competitive position, now and in the future (Mining)

- Outlook on future commodity prices in the short, medium and long term. Market – How is the market changing (Mining)
- How do we expect the industry to unfold over the medium to long term? Where are the key growth opportunities? What will be the definition of success in this new environment (Software & Computer Services)

An interesting observation is that the Mining Industry mostly mentioned the concept "environmental analysis" as one of their popular concepts. According to an article on the African Economic Outlook website, reasons such as social unrest, policy uncertainty, electricity shortages, infrastructure bottlenecks, water scarcity and skills shortages are responsible for the underperformance of the minerals sector (South Africa, 2013). These external and uncontrollable factors create both opportunities and threats, which will affect an organisation's strategic actions (Ireland et al., 2011). Mining companies therefore have to continuously keep their eye on the environment.

It is therefore concluded that even though the results are not supported by the literature, the current South African context validates this finding.

Strategic positioning

Strategic positioning can be seen as the analysis of the industry environment which is focused on the factors and conditions influencing an industry's profitability potential (Ireland et al., 2011). Porter (1979) argues that positioning is about matching the company's strengths and weaknesses to the structure of the industry, and building defences against the competitive forces or finding positions in the industry where the forces are the weakest (Porter, 1979).

It is clear from Table 5 that the concept "strategic positioning" was mentioned eight times and it can therefore be regarded as a popular concept. Furrer et al., 2008 showed that the concept "strategic positioning" was one of the popular concepts. The concept on the other hand was not part of Rigby and Bilodeau's and Ronda-Pupo and Guerras-Martin's findings (Rigby & Bilodeau, 2013; Ronda-Pupo & Guerras-Martin, 2012). The results are therefore contradicting. This finding will be explained in the sections that follow.

The concept "strategic positioning" is not contained in either of the columns in Appendix 1 or 2 and the assumption is therefore made, based on the literature review in section 2.7.1 and the definitions given above, that strategic positioning can be seen as part of the concept “industry analysis”. The first part of the argument will therefore be discussed based on this assumption. Industry analysis concerns the analysis of the factors and conditions that can influence an industry’s profitability potential (Ireland et al., 2011). The two academic authors cannot be compared directly given the different form of method and time frame used, and can also not be compared directly to this research study, as have been explained extensively in Chapter 2. This argument substantiates the contradicting findings.

The concept “strategic positioning” is not contained in the list of top tools used for 2013 in the study performed by Rigby and Bilodeau. Bain & Company has however shown that there are clear key differences in concepts used across regions, industries, and company size (Rigby, 2003, 2011; Rigby & Bilodeau, 2005, 2007, 2009, 2013). Also, the two studies cannot be compared directly given the different form of method used, as have been explained extensively in Chapter 2. This argument substantiates the contradicting findings.

When examining the individual responses explaining the concept, the observation is made that the reasons and explanations given are all relevant considering the current South African context, as submitted previously. These explanations of the popular concept are contained in the following quotes from the questionnaires:

- You can't formulate a strategy until you understand the industry within which you operate (Food Producers)
- Strategic positioning , based on industry dynamics, opportunities available , own make-up decide which place to aspire to (Food Producers)
- Strategy is about defining a sustainable competitive position in an industry. Porter forces rigorous thinking in this regard (Financials)
- We understand our market (Fixed Line Telecommunications)
- Environmental analysis refers to an in-depth understanding of the environment, including local and global trends, competitor strategies and internal competencies (Financials)
- Analysis of trends and competition (General Retailers)
- The relative exposure, competitive position, past performance and outlook for each discernible sector of the portfolio and specific key assets within each sector; and the key trends emerging from peers and the industry at large, and an assessment of our Group's relative competitive position, now and in the future (Mining)

It is interesting to note that both the Food Producers and Financials Industry mostly mentioned the concept “strategic positioning” as one of their popular concepts. Emerging markets are currently expanding remarkably and rapid changes are taking place that make the opportunities trickier to pursue. Emerging local players especially in food are getting stronger and competition is getting tougher. Key challenges in the food sector are as follows, heated competition between multinationals and domestic companies, demand outpacing supply, rising commodity costs and currency risk volatility. Successful companies will therefore be those that can identify and ride the game-changing developments, and even shape them. (Saluja, Booker, Lannes, & Shankar, 2011) The Financials Industry on the other hand is currently experiencing challenges regarding the regulatory backlash that is changing the fundamentals of banking. These macroeconomic uncertainties have created enormous strategic pressures on banks, and banks therefore have to change their portfolio strategies, business models, and ambitions to attract and retain shareholder capital. (Baxter, Marzo, Joshi, & de Gooyer, 2012)

It can therefore be concluded that even though the finding is not fully supported by the literature, the current South African context especially for the Food Producers and Financials Industries substantiate the choice in concept as a popular concept.

Growth

Six dominant patterns exist for sustained corporate growth namely organic growth, market share gain, development and implementation of a new or superior business model, industry consolidation, international expansion, and positioning and control of new and fast growing distribution channels (Zook & Allen, 1999).

Table 5 shows the different concepts emerging from the survey. It is clear from Table 5 that the concept “growth” was also mentioned eight times and therefore grouped as one of the popular concepts. Literature shows that the concept “growth” in the form of alliances and joint ventures emerged as one of the popular concepts. (Furrer et al., 2008; Rigby & Bilodeau, 2013; Ronda-Pupo & Guerras-Martin, 2012) This finding is therefore supported by the literature.

Even though the different studies cannot be compared directly given the different form of method and time frame used, the concept “growth” emerged consistently as one of the popular concepts. The growth potential of the developing markets is huge and holds many opportunities for local and multinational organisations (O’Keeffe & Allen, 2012). This explains why leaders include growth a big part of their organisation's strategy.

General Retailers Industry mostly mentioned the concept "growth" as one of their popular concepts as can be seen in the actual quotes below. The retail industry has grown over the past years and an average annual increase of 29 percent in online retail sales and total retail trade sales are expected to further escalate (The retail industry on the rise in South Africa, 2012). This positive outlook supports the observation. The descriptions of the concept are contained in the quotes below:

- As part and parcel of their investment, shareholders expect us to invest in quality properties thereby ensuring steady growth in capital values (Financials)
- Growth refers to those efforts aimed at selling more through diversification and internationalisation (Financials)
- The nature of our business is that we do not create our own opportunities but follow projects, by having a national footprint in both SA and Australia, as well as strategic footprint in Africa ensures we are in a favourable position to be competitive and quick on our feet when opportunities arise (Construction & Materials)
- Mechanise, keep overhead costs as low as possible. Exploit shallower, more comfortable reserves that are suitable for mechanisation so as to reduce the effect of people on costs and safety (Mining)
- Need a full pipeline of growth opportunities to increase your ounces per share i.e. in greenfields, brownfields, development and operational (Mining)
- Growth targets the way in which the business identifies target markets and/or products and leverages competitive advantage to build the business beyond its current platform (General Retailers)
- We see ourselves as a growth company, this is a core part of the strategy but we take a long term view on initiatives (General Retailers)
- Geographical and categorical diversification (General Retailers)

It is therefore concluded that the finding is supported by the literature, even though the studies mentioned are vastly different and not directly comparable. Current economic circumstances validate the use of the concept of growth as part of strategy formulation and implementation.

Customer focused/ customer relationship management

Having a customer focus involves ensuring that all aspects of the organisation put its customers' satisfaction first which includes maintaining an effective customer relations and service program (Customer focus, 2013). Customer relationship management is about the effective management of the firm's relationships with customers who make use of the firm's products and services. Customer relationship management therefore consists of the key activities of targeting, acquiring, retaining, understanding and collaborating with customers. An obsession with understanding, delighting, connecting with and serving customers is a source of competitive advantage. (Band, 2013)

Table 5 shows the different concepts emerging from the survey. It is clear from Table 5 that the concept "customer focused/ customer relationship management" was mentioned eight times in total and therefore also seen as one of the popular concepts. Literature shows that the concept "customer focused/ customer relationship management" emerged as one of the popular concepts in the form of customer relationship management and customer segmentation. (Rigby & Bilodeau, 2013) This finding is therefore supported by the literature. The concept did not however emerge as one of the popular concepts from the studies conducted by the academics (Furrer et al., 2008; Ronda-Pupo & Guerras-Martin, 2012).

The two academic authors cannot be compared directly to this study given the different form of method and time frame used, as have been explained extensively in Chapter 2. This argument therefore substantiates the contradicting findings. The finding is however supported by the practitioners.

The Financials Industry mostly mentioned the concept "customer focused/ customer relationship management" as one of their popular concepts, but in general there is a wide spread of different Industries which mentioned this concept as being one of their popular concepts. This concept is therefore important to all industries and it seems as though South Africa has entered an era where the focus is now more on and about the customers. The descriptions of the concepts and the different industries that responded are contained in the quotes below:

- Client relationships are crucial, most of our work throughout SA and in Africa is for well-established clients that we understand well, as they are all expanding we follow them and hugely reduce our risks, similarly in Australia where we started in Melbourne and now work nationally for mostly clients from there (Construction & Materials)

- Who are our clients across our portfolio of businesses and how do we differentiate ourselves to them in an increasingly competitive operating environment (Financials)
- Voice of Customer: Listen and Formulate (Industrial Goods & Services)
- Building profitable customer relationships means understanding and marketing to the customer based on propensity modelling and loyalty programmes (General Retailers)
- Emerging market under diagnosis and treatment, the move to "wellness", "natural remedies" and new regulations to protect consumers are important for product strategy (Health Care)
- Retention strategy for key clients, extending services to key clients, and client acquisition strategy / new business strategy (Business Training & Employment Agencies)
- We have to ensure that our brands resonate with consumers, and we drive a "perfect partnership" with our customers to ensure that we have the right "push" and "pull" for our brands (Beverages)
- Consumer behaviour refers to the way customer interact with the product provider (Financials)

It is therefore concluded that this finding is in line with the findings from the practitioners, even though it has been shown that there are a difference in the use of concepts in different regions (Rigby, 2003, 2011; Rigby & Bilodeau, 2005, 2007, 2009, 2013).

Shareholder return/ shareholder value

Shareholder value can be described as the value that a shareholder is able to obtain from the investment made in a company, which is made up of capital gains, dividend payments, proceeds from buyback programs and any other payouts (Shareholder value, 2013).

Table 5 shows the different concepts emerging from the survey. It is clear from Table 5 that the concept "shareholder return/ shareholder value" was mentioned eight times in total. Literature shows that the concept "shareholder return/ shareholder value" did not emerge as one of the popular concepts. (Furrer et al., 2008; Rigby & Bilodeau, 2013; Ronda-Pupo & Guerras-Martin, 2012) This finding is therefore contradicted by the literature. The different studies cannot be compared directly given the different form of method and time frame used, as have been discussed extensively on previous occasions (Furrer et al., 2008; Rigby & Bilodeau, 2013; Ronda-Pupo & Guerras-Martin, 2012).

It is interesting to note that the Financials Industry mostly mentioned the concept "shareholder return/ shareholder value" as one of their popular concepts. The Financials Industry is currently experiencing challenges regarding the regulatory backlash that is changing the fundamentals of banking. These macroeconomic uncertainties have created enormous strategic pressures on banks, and banks therefore have to change their portfolio strategies, business models, and ambitions to attract and retain shareholder capital. (Baxter et al., 2012) The focus of this industry on the shareholder can therefore be substantiated by this argument. The different responses are contained in the quotes below:

- Nature of our business, shareholders expect to receive regular and steadily increasing distributions (Financials)
- Return on investment which ultimately drives capital allocation decisions (Construction & Materials)
- Returns generated for providers of equity capital (Food Producers)
- Deal must be earnings enhancing and create shareholder value (i.e. returns in excess of cost of capital) (Industrial Goods & Services)
- Return on capital is profit / invested capital. It represents the rate of return shareholders are getting on money invested in a particular product or business (Financials)
- For listed companies it is about the bottom line and providing a return to shareholders maximising profit must be priority (Forestry & Paper)
- The unique value potential for the Group, relative to alternate options for investors (Mining)
- Increasing long term value of shareholders through the choice of investment (Financials)

It is therefore concluded that even though the results are contradicted by the literature, the current South African context for the Financials Industries substantiate the choice in concept as a popular concept.

6.2. Hypothesis 1

The second objective of the study aimed at answering the following hypothesis.

Hypothesis 1:

H_0: there is no relationship between the popular concepts and performance

H_a: there is a relationship between the popular concepts and performance

The purpose of this hypothesis was therefore to establish the relationship between the popular concepts used in the last 3 years from questionnaires sent to the CEO's of the JSE listed companies and the performance of the organisation. Only the results from the "wide-grouping" of concepts will be discussed, as the results from the "super-grouping" of concepts were found to be similar and consistent.

The results revealed the following. This can be seen in Tables 7 to 21. The following concepts had no relationships with the performance variables:

- The concept "environmental analysis" has no relationship with ROE
- The concept "environmental analysis" has relationships with market capitalisation
- The concept "environmental analysis" has relationships with share price
- The concept "strategic positioning" has no relationship with ROE except for ROE year 3
- The concept "strategic positioning" has no relationship with market capitalisation
- The concept "strategic positioning" has no relationship with share price
- The concept "growth" has no relationship with ROE
- The concept "growth" has no relationship with market capitalisation
- The concept "growth" has no relationship with share price
- The concept "customer focused/ customer relationship management" has no relationship with ROE
- The concept "customer focused/ customer relationship management" has no relationship with market capitalisation
- The concept "customer focused/ customer relationship management" has no relationship with share price
- The concept "shareholder value/ shareholder return" has no relationship with ROE
- The concept "shareholder value/ shareholder return" has no relationship with market capitalisation

- The concept “shareholder value/ shareholder return” has no relationship with share price

The following relationships were significant:

- The relationship between “environmental analysis” vs. market capitalisation from years 1 to 3 and years 2 to 3 show a negative relationship;
- The relationship between “environmental analysis” vs. share price from years 1 to 3 and years 2 to 3 show a negative relationship; and
- The relationship between “strategic positioning” and ROE year 3 show a negative relationship.

The literature review revealed the following:

- It has been showed that by co-aligning supply chain strategy and competitive strategy with the environment, performance will improve (Qi et al., 2011).
- Batra and Stone (2012) confirmed that the investment climate matter in explaining firm performance (Batra & Stone, 2012).
- It has been shown that positioning strategies have an impact on most performance measures (sales, profits, return on investment, market share, company image, consumer perceptions) (Blankson et al., 2008).
- Research work done by Zahra, Neubaum, and El-Hagrassey have shown that competitive analysis activities are positively associated with the performance of a new venture. (Zahra et al., 2002)
- Mixed results and a complex relationship was found between alliance portfolio diversity and the performance of the organisation (Jiang et al., 2010).
- Zahavi and Lavie (2013) found that increases in product diversity initially undermine performance but then improve it due to economies of scope (Zahavi & Lavie, 2013).
- It has been shown that marketing capabilities and market orientation are complementary assets that contribute to superior firm performance, which have a direct impact on firms' return on assets (ROA) (Morgan et al., 2009).
- A study was conducted where the relationship between CRM and performance was examined. It was shown that CRM does not affect an organisation’s performance directly. (Reimann et al., 2010)
- Another study conducted on CRM showed that CRM has a positive effect on new product performance, which mediates the relationship between CRM and company performance (Ernst et al., 2011).

- A study conducted by Mehran (1995) show that the percentage of equity held by managers and the percentage of their compensation that is equity-based is positively related to the performance of an organisation (Mehran, 1995).
- Another study revealed that excess compensation for both CEO and director is associated with the underperformance of the firm (Brick et al., 2006).

6.2.1. Interpretation of results in light of literature

Environmental analysis

Hypothesis 1a:

H_0: there is no relationship between the popular concept “environmental analysis” and performance

H_a: there is a relationship between the popular concept “environmental analysis” and performance

Results from the cross tabulations and from the Fisher's exact tests in Tables 7, 8, and 9 revealed that the concept “environmental analysis” has no relationship with ROE, but do have relationships with both the appreciation in market capitalisation and share price. Both relationships show to be negative which implies that the concept “environmental analysis” has a negative impact on marketing based performance. Literature on the other hand revealed that by aligning an organisation’s strategy with the environment, will improve performance (Qi et al., 2011). Batra and Stone (2012) confirmed that the investment climate matter in explaining firm performance (Batra & Stone, 2012).

It is interesting though that no relationship exists between the concept and ROE. This could however be the result of the small sample used in the analysis. Also, the negative relationship between market capitalisation and share price and the concept could be the result of the turbulent and disruptive environment that South Africa has been facing in the past three years. An interesting observation is that the Mining Industry mostly mentioned the concept “environmental analysis” as one of their popular concepts, as mentioned and discussed during the first objective of the analysis section. According to an article on the African Economic Outlook website, the year 2012 was one of the most turbulent years since 1994. This was due to labour unrest in the mining sector which hurt production. (South Africa, 2013)

Research work done by Sorensen & Stuart (2000) on the other hand showed that as organisations age, they generate more innovations but these come at a price, namely, a decline in fit between organisational capabilities and environmental demands. (Sorensen & Stuart, 2000) It is therefore argued that a decline in fit between organisational capabilities and environmental demands increase with the age of the organisations. Table 4 shows that 91% of the respondents were from mature (10 years and longer) organisations. The negative relationships can also be substantiated by this argument.

It is therefore concluded that as the literature suggests, it is critical that any organisation's strategy and capabilities are aligned with the environment, but it is also evident from the findings from this study that turbulent and disruptive environments might be too difficult to overcome which can ultimately have a negative effect on performance. Every concept can contribute value to a firm under the right circumstances, and it is the skills and abilities of the organisation using the concepts that make the difference (Rigby, 2001).

Strategic positioning

Hypothesis 1b:

H_0: there is no relationship between the popular concept "strategic positioning" and performance

H_a: there is a relationship between the popular concept "strategic positioning" and performance

Results from the cross tabulations and from the Fisher's exact tests in Tables 10, 11, and 12 revealed that he concept "strategic positioning" has no relationship with ROE except for ROE year 3, the concept also has no relationship with both market capitalisation and share price. The relationship between "strategic positioning" and ROE year 3 showed to be negative which implies that the concept had a negative impact on the ROE in year 3. Literature on the other hand revealed that positioning strategies have an impact on most performance measures (sales, profits, ROI, market share, company image, consumer perceptions) (Blankson et al., 2008).

It is interesting that the concept "strategic positioning" has a significant relationship with ROE in only year 3. Not much can be drawn from this, but it does leave one to wonder whether the sample size was too small which prohibit one to make valuable conclusions. Also, it is clear that no relationships exist between the concept and market capitalisation and share price, even though literature has showed that positioning strategies impact the performance of an organisation. Again, the small sample size comes to mind when considering the contradictions in these findings.

It is therefore concluded that no relationship exist between the concept “strategic positioning” and ROE, market capitalisation, and share price. The only significant relationship has found to be with ROE in year 3. Literature however suggests that positioning strategies impact the performance of an organisation. This combined with the contradicting findings suggest that the sample size used in the analysis was possibly too small in order to make valuable conclusions.

Growth

Hypothesis 1c:

H_0: there is no relationship between the popular concept “growth” and performance

H_a: there is a relationship between the popular concept “growth” and performance

Results from the cross tabulations and from the Fisher's exact tests in Tables 13, 14, and 15 revealed that he concept “growth” has no relationship with ROE, or market capitalisation, or share price. Literature on the other hand revealed the following. Jiang et al. (2010) have done a study on alliance portfolio diversity and firm performance and found mixed results and a complex relationship between alliance portfolio diversity and the performance of the organisation (Jiang et al. (2010). Zahavi and Lavie (2013) found that increases in product diversity initially undermine performance but then improve it due to economies of scope (Zahavi & Lavie, 2013).

It is interesting that no relationship has been found between the concept “growth” and any of the financial performance measures. The reason for raising this comment is because the concept “growth” emerged consistently as one of the popular concepts from all three studies from the literature. Once again, the small sample size comes to mind when these findings are in contradiction.

It is therefore concluded that no relationship exist between the concept “growth” and ROE, market capitalisation, and share price. This may be attributed to the possibly too small a sample size used in the analysis to make valuable conclusions.

Customer focused/ customer relationship management

Hypothesis 1d:

H_0: there is no relationship between the popular concept “customer focused/ customer relationship management” and performance

H_a: there is a relationship between the popular concept “customer focused/ customer relationship management” and performance

Results from the cross tabulations and from the Fisher's exact tests in Tables16, 17, and 18 revealed that the concept “customer focused/ customer relationship management” has no relationship with ROE, market capitalisation, or share price.

Literature on the other hand revealed that marketing capabilities and market orientation are complementary assets that contribute to superior firm performance, which have a direct impact on firms' return on assets (ROA) (Morgan et al., 2009). It was also shown that CRM does not affect an organisation’s performance directly (Reimann et al., 2010). Another study conducted on CRM showed that CRM has a positive effect on new product performance, which mediates the relationship between CRM and company performance (Ernst et al., 2011). The mixed findings from the literature prohibit one to make valuable conclusions regarding these findings, but once again the small sample size comes to mind as in the previous discussions.

It is therefore concluded that no relationship exist between the concept “customer focused/ customer relationship management” and ROE, market capitalisation, and share price. This can possibly be attributed to the small sample size used in the analysis to make valuable conclusions.

Shareholder return/ shareholder value

Hypothesis 1e:

H_0: there is no relationship between the popular concept “shareholder return/ shareholder value” and performance

H_a: there is a relationship between the popular concept "shareholder return/ shareholder value" and performance

Results from the cross tabulations and from the Fisher's exact tests in Tables 19, 20, and 21 revealed that the concept "shareholder return/ shareholder value" has no relationship with ROE, or market capitalisation, or share price. A study conducted by Mehran (1995) show that the percentage of equity held by managers and the percentage of their compensation that is equity-based is positively related to the performance of an organisation (Mehran, 1995). Another study revealed that excess compensation for both CEO and director is associated with the underperformance of the firm (Brick et al., 2006).

It is therefore concluded that the concept "shareholder return/ shareholder value" has no relationship with ROE, or market capitalisation, or share price, even though literature suggests that a relationship between performance and shareholder return / shareholder value exists. The contradicting findings can also be explained by the small sample used in the analysis.

6.3. Conclusion

The results from Chapter 5 were discussed and analysed in this Chapter. The literature review was used to support arguments and explain findings. The objective of this study was to firstly identify the popular concepts used by JSE listed companies in formulating and implementing their strategy; and secondly, to establish the effect of the concepts on financial performance. The research question and hypothesis were both answered and the findings discussed.

CHAPTER 7: CONCLUSION.

7.1. Introduction

As highlighted in Chapter 1, the main objective of this study was to firstly identify the popular concepts used by JSE listed companies in formulating and implementing their strategy; and secondly, to establish the effect on financial performance. The major findings of this research will be highlighted in this chapter. The limitations will be summarised, and lastly the recommendations to different stakeholders and recommendations for future research will be discussed based on the findings.

7.2. Major findings

The popular concepts used by JSE listed companies in formulating and implementing their strategy were identified as the concepts "environmental analysis", "strategic positioning", "growth", "customer focused/ customer relationship management", and "shareholder return/ shareholder value".

The relationships between the concepts and financial performance were also established. The following relationships were found to be significant and of importance:

- The relationship between "environmental analysis" and market capitalisation from years 1 to 3 and years 2 to 3 show a negative relationship; and
- The relationship between "environmental analysis" and share price from years 1 to 3 and years 2 to 3 show a negative relationship.

The relationship between the concept "environmental analysis" and the marketing based performance variables have been found to be negative.

7.3. Limitation

An assumption made was during the assigning of labels based on both the literature and the information from the open ended questions. Common labels were therefore assigned to statements with similar meanings to ensure consistency and ease of data manipulation and analysis.

Although this study has delivered on its objectives, it is important to be aware of the limitations which this study consists of:

- Some respondents may have distorted the truth when answering the questions which may lead to response error (Weiers, 2011). This reasoning is based on the fact that the strategy of an organisation can be seen as a competitive advantage and therefore not easily shared or spoken of. Also, a number of respondents did not understand the meaning of the term “concept’ and as a result inappropriate/ incorrect answers to the questions may have been provided which may have led to response error (Weiers, 2011).

- Nonresponse error also resulted from potential respondents not completing the questionnaire (Weiers, 2011). As discussed previously, 60 attempted to complete the questionnaire, but only 35 respondents completed the survey.

- There was no control over who completed the survey. The survey was sent to all the CEO’s to complete, but it is not certain whether the CEO actually took the time to fill out the questionnaire.

- Low response rates of CEO’s (14%) can give rise to potential sampling error (Weiers, 2011). The survey was sent to all the JSE listed companies which included different types of industries, sizes and types of organisations. The results can therefore not be generalised to the entire population due to the inconsistent and low response rates.

- The dominance of one particular industry may distort findings due to sampling bias (Ramanujam & Varadarajan, 1989).

7.4. Recommendations for business schools

For **business schools**, the established concepts, based on research conducted on local organisations, should be taught to students. A more valuable contribution can therefore be made in each of the student’s organisations.

7.5. Recommendations for organisations

For **managers and business leaders**, the established concepts, based on research conducted on local organisations, can assist organisations and managers or leaders in improving and adapting their strategy in order to compete in this competitive environment.

7.6. Recommendations for potential and current students

For present and prospective **students**, contextually relevant concepts can be applied to each of the student's working environments.

7.7. Recommendations for future research

This research added value by identifying popular concepts used by JSE listed companies in formulating and implementing their strategy and also the effect it has on financial performance within a South African context. Moving forward, the following are recommendations for future research:

- Future research should be conducted on the New York Stock Exchange and / or the London Stock Exchange and / or the Frankfurt Stock Exchange. The purpose of this study should be to further validate the study of Bain & Company.
- A study on the concepts used by the JSE listed organisations should be conducted again by providing a list of concepts to choose from, or by replacing the term "concept" with "tools/concepts/frameworks/models" as interchangeable terms. This will assist in obtaining more responses.
- A study on the concepts used by the JSE listed organisations should be conducted again by surveying the middle managers. This information can be used to determine whether alignment between middle managers and executives exist.
- Studies should be conducted that focus in on the specific industries. The aim of this study will be to add richness and depth.
- This research did not cover whether the concepts work in terms of satisfaction and usage. Questions such as how well they work and whether they continue to deliver results over time, need to be asked to create a fuller picture. (Rigby D. , 2001)

7.8. Conclusion

This research has shown that the popular concepts identified were the concepts "environmental analysis", "strategic positioning", "growth", "customer focused/ customer relationship management", and "shareholder return/ shareholder value". Furthermore, this research has also found the relationships between the concept “environmental analysis” and the marketing based performance variables to be negative.

It is evident that in some instances there was alignment between the popular concepts emerging from the practitioners and the academics, but as the literature suggests, it is critical that any organisation’s strategy and capabilities are aligned with the environment. In other words, every concept can contribute value to a firm under the right circumstances, but it is the skills and abilities of the organisation using the concepts that make the difference (Rigby, 2001).

This research therefore succeeded in building concepts based on local research. This valuable information can assist organisations in re-evaluating and adapting their strategy in order to compete in this highly intensive, complex, uncertain, and competitive markets.

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APPENDICES

Appendix 1: Strategic management literature keywords

Table 26: Keywords

Alliances, joint ventures, and co-operation	Collaboration, collective strategies, co-operative arrangements, co-operative strategy, electronic data interchange, inter-firm linkages, inter-firm networks, inter-industry transactions, inter-organizational learning, inter-organizational networks, joint ventures, network management, network externalities, network organizations, network perspective, non-joint ventures, partnership, relational contracts, strategic alliances, strategic networks, transaction costs, subcontracting, outsourcing
Capabilities, competencies, and resource-based view of the firm	Assets, core capabilities, core competencies, core technologies, distinctive competence, excess capacity, factor market, firm heterogeneity, firm skills, firm specific assets, group capabilities, human resources, isolating mechanisms, know-how, knowledge, organizational competence, organizational knowledge, patent race game, resource position barriers, resource product matrix, reputation, resources, resource dependency, resource-based view, resource commitment, routines, socio-cognitive resources, skill profile, strategic assets, strategic resources, strengths and weaknesses
Cognitive modelling	Bounded rationality, cognitive biases, cognitive psychology, cognitive styles, executive cognition, organization perception, perceived environment, perception, psychological context, social construction, socio-cognitive resources
Competition and competitive analysis	Bilateral competition, comparative advantage, competitive analysis, competitive data, competitor analysis, domestic competition, foreign competition, game theoretic approach global competitiveness, global competition, global market competition, market share growth, market share leader, market share strategies, multi-point competition, rivalry, rivalry intensity, sustainable competitive advantage
Concept of strategy as fit	Co-alignment, compensation–diversification strategy fit, compensation–organizational strategy fit, contingency theory, entrepreneurial style–environment fit, mission–environment fit,

	manager–strategy fit, strategic fit, strategy–environment fit, strategy–structure fit, strategy–technology fit, structure–environment fit, structure–technology fit
Corporate restructuring	Acquisition factors, acquisition strategy, bankruptcy, co-insurance, conglomerate restructuring, corporate reorganization, corporate restructuring, divestment, divestitures, downsizing, efficiency gains, failure, financial distress, mergers strategy, organizational failure, reorganization, reorientation, restructuring, revitalization, spin-offs, stage of takeovers, turnaround
Corporate strategy	Capital structure, conglomerate strategy, corporate culture, corporate development, corporate entrepreneurship, corporate reputation, corporate speeches, corporate strategy, corporate value, corporate venturing, corporate governance, corporate headquarters, corporate investment decisions, corporate renewal, corporate reorganization, corporate restructuring, headquarters–subsidiary relations, ownership, ownership structure, organization governance, resource allocation
Decision-making	Applied decision analysis, behavioural decision theory, decision analysis, decision-making, decision-making technologies, decision support systems, devil's advocacy, dialectic, organizational decision-making, strategic decisions, strategic decision-making, strategic decisions, strategy-making modes
Diversification strategy	Corporate diversification, conglomerate strategy, diversification strategies, diversity, dominant logic, firm diversity, new firm formation, product diversification, related diversification, relatedness, scope economies, synergy, systematic risk, unrelated product, vertical integration, vertical strategy
Entrepreneurship	Corporate entrepreneurship, entrepreneurial capacity, entrepreneurial start-ups, entrepreneurial strategy, entrepreneurs, entrepreneurship paradigm, intrapreneurship, new venture formation, new ventures, small businesses, small firm perspective, start-up business data, start-up process
Entry modes and strategic advantage	Choice of entry mode, entrants, entry strategies, first mover, first mover advantage, first mover effects, foreign market entry, market pioneering, new markets, order of entry, order of market entry perspective, pioneering, product cannibalism, product imitation,

	timing of entry perspective
Environmental modelling: governmental, social, and political influences on strategy	Antitrust, deregulation, environment and strategy, environment scanning, environmental analysis, environmental change, environmental conditions, environmental complexity, environmental determinism, environmental information, environmental munificence, environmental scanning, environmental shock, environmental stability, environmental uncertainty, environmental variation, government regulation, government relations, impact of environment, industrial policy, market analysis, national security, perceived environment, public affairs office, public policy formulation, public policy issues, political bargaining power, political imperative, politics, privatization, procedural justice, public sector, public utilities, regulated environment, regulation, social control, social demands, social issues, social power, social responsiveness, social systems, state owned enterprises
Financial theory and strategic management	Agency theory, anti-takeover amendments, capital market, capital structure, CAPM, contract risk, dept, efficient market, family stockholding, financial ratio, financial systems, free cash flow hypothesis, golden parachutes, investment strategies, managerial entrenchment hypothesis, market efficiency hypothesis, market imperfections, mutual funds, option theory, risk and return, risk measures, risk reduction, risk/return, risk/return paradox, shareholder, shareholder value maximization hypothesis, shareholder wealth, shareholder wealth creation, stock market reactions, stockholder suits, stockholders, systematic risk, value, venture capital
Functional strategies	Accounting principles, flexible manufacturing, manufacturing strategy, manufacturing trade-off, marketing, marketing competencies, marketing strategy, marketing/R&D link, optimal plant size, pricing strategy, product strategies, segmentation, strategic markets
Global, international, and multinational strategies	Culture, cross-country analysis, cross-country management, export control, export performance, foreign direct investment, foreign market entry, global competition, global competitiveness, global corporation, global integration, global market competition, global strategy, globalization, international competition, international

	competitiveness, international strategy, multinational corporation, multinational management, multinationals
Growth models	Adaptation, business cycle, business survival, decline, disequilibrium phenomena, development, dynamic theories, economies of evolution, economies of scale, ecosystems theory, evolution, evolutionary biology, experience, experience curve, firm size, growth characteristics, growth industry, growth rate, growth risks, growth strategies, growth-share matrix, industry evolution, industry growth, industry life cycle, inertia, life cycle theory, low share businesses, models of change, market cycle, market growth, market share growth, market share leader, market share strategies, mature industries, mature businesses, mature firms, organizational ecology, organizational evolution, organizational growth, organizational inertia, organizational life cycle, organizational size, population ecology, process models, product life cycle, scale, scale economies, stage models, stages of development, stages of growth theory, strategy through process, sustainable growth, technology life cycle
Industry analysis	Bargaining power, buyer power, competitor analysis, customer analysis, entry barriers, exit barriers, firm power, industrial organization, industrial policy, industry attractiveness, industry change, industry concentration, industry consolidation, industry effect, industry evolution, industry growth, industry life cycle, industry structure, industry typologies, intra-industry profit differentials, market power, market structure, mature industries, mobility barriers, monopoly power, power dependence, PIMS study, SIC codes, supplier power, strategic industry factors
Leadership, management style, and learning	Conflict resolution, co-ordinating mechanisms, co-ordination, group norms, individual learning, leadership, management development, management by objectives, management style, management system, manager typologies, managerial choice, managerial objectives, managerial perspective, middle management, quality of management, reward systems, roles and tasks of managers, visionary leaders
Methodologies, theories, and	Agency theory, annual report studies, Bayesian methods, canonical correlation analysis, case analysis, chaos theory, contingency

research issues	theory, cross-sectional analysis, cross-tab comparison, data base issues, design school, discriminant analysis, empirical methods issues, entropy measure of diversification, event study, expectancy theory, factor analysis, field research, field study, institutional theory, journal ratings, journals, Markov processes, mathematical modelling, measurement issues, meta-analysis, methodological issues, metric conjoint analysis, modelling issues, multiple regression analysis, neo-institutionalism, non-linear models, paradigm evolution, partial least squares, path analysis, policy research, philosophy of science, philosophy of strategic management, questionnaire study, research issues, research philosophy, scenario method, simultaneous equation model, simulation models, statistical power, strategic theory, teaching issues, temporal perspectives, theory development, theory of the firm, variance component estimation
Organization: structure, strategy, and change	Bureaucracy, complex organizations, control system implementation, decentralization, efficiency, flexibility, franchising, functional relationships, heterarchy, hierarchy, implementation, incrementalism, industry change, inter-organizational learning, learning curve, learning myopia, learning traps, M-form structure, organizational change, organizational evolution, organizational learning, organizational mutation, organizational pathology, organizational typologies radical change, social learning theory, strategic change, strategy implementation, technological change
Performance	Abnormal returns, accounting return, company performance, operating performance, performance controls, performance measurement, performance measures, productivity, productivity improvement, profit, profit forecast, profitability, rate of return, rents, risk and return, risk/return, risk/return paradox, shareholder return, strategic performance, sustainable rents, Tobin's Q, wealth creation
Planning and control systems	Business plan, communication, control systems, Delphi technique, diagnostic control system, economic planning, financial control, financial planning, forecasting, formal planning processes, human resource planning, information asymmetries, interactive control system, information diffusion, information management, information processing, information systems, information technology, locus of

	control, managerial control, marketing planning, organizational control, performance control, planning horizons, process, project planning, process technology, scenario analysis, social control, staff planning, strategic control, strategic control systems, strategic planning, strategy process, succession planning, value-based planning, zero-based budgeting
R&D, technology, innovation	Core technology, decision-making technologies, emerging technology, high technology industries, incubators, information technology, innovation gap, innovation model, innovation strategy, innovation strategy search, marketing/R&D link, new product development, organizational innovation, patent race game, process technology, product innovation, process R&D, R&D budget, R&D expenditures, R&D intensity, strategic innovation, strategy–technology interaction, technological change, technological competition, technological evolution, technological innovation, technological progress, technological settings, technology, technology life cycle, technology management, technology transfer, technology strategy
Strategy typologies and strategic groups	Cost leadership, cost versus market focus, differentiation, entry barriers, exit barriers, focus strategy, generic strategies, Miles and Snow typology, mobility barriers, prospector, strategic groups, strategic variables
Strategy, mission, vision	Strategic adaptation, strategic alternatives, strategic behaviour, strategic choice, strategic commitment, strategic configuration, strategic moves, strategic orientation, strategic position, strategic vision, strategy and structure, strategy content, strategy formation, strategy formulation, strategy reformulation
Top management	Board of directors, CEO, Company directors, compensation, executive, executive characteristics, executive compensation, executive succession, executive team, general managers, incentives, management buyout, management selection, manager typologies, managerial elites, managerial entrenchment hypothesis, reward systems, succession planning, top management team

Note: Table taken from Furrer et al. (2008) for illustration purposes.

Appendix 2: Conceptual elements and key terms

Table 27: Elements and key terms

Actions	Actions, strategy, strategies, strategic alternatives, guidance, courses/sequence of actions, guideline, economic alternatives, trade-offs, way, proposals, measures, initiatives.
Behaviour	Shared meanings, behaviour, attitudes, power, willingness, conflict, commitment, concern, expectations, attempt, efforts, awareness, engagement.
Business	Product, service, scope, business, range of businesses, attributes (of product/service), multimarket activities.
Change	Change, shifting.
Competition	Competition, competitors, competitive advantages, advantage, rival, lead, move, competitive approaches, competitive position, organizational intelligence, organization's position, posture, war, opponents.
Control	Scorecard, evaluation, tests of consistency, application-portfolio scorecard.
Decision making	Decision making, organizational decisions, strategic choice, choices, series of decisions, alternatives, decision, types of problems, series of actions.
Dimensions/ characteristics of the strategy	Dimensions, components, types, gestalt, system, whole, characteristics, appearance, relationship, interactions, direction, profile, cohesion, essence, match, mismatch, fit, mutual adjustment, mediating force, issues, subjects, reasons, questions, appropriateness, challenge, intensity, consistency, integration, cohesiveness, circumstances, situations, desires, conception.
Environment	Environmental interactions, socioeconomic/sociopolitical environment, changing environment, internal and external environments, external and internal forces, threats, constraints, opportunities, strategic forecast, dynamic, scene, world.
Firm/organization	Firm, company, enterprise, corporation, organization, organizational terms.
Goals	Goals, objectives, purpose, concepts (of the company), mission, ends, principles, attainment, pursuit.

Industry/market	Industry, industry structure, industry dynamics, market place, needs of markets, market introduction, clients.
Internal organization	Multifunctional units, function, infrastructure, basis, activities, operations.
Managers, owners, and stakeholders	General managers, senior management, line managers, administration, managers, stakeholder, govern, entrepreneur, general management, employees, top executives, headquarters, individuals, specialists.
Method	Framework, techniques, method, tool, art, task, work.
Performance	Performance, sustainability, success, failure, profit, result, value, risk, costs, rents, viability, organizational adaptation, outcomes, effect, efficiency, effectiveness.
Planning	Planning, policies, network of policies, programs of action, plans, pattern, blueprint, rules, guides, cues, streams.
Process	Formulation, implementation, process, analysis, selection, sustain, coordination, generation, creation, identification, exploitation, translation, determination, adoption, several steps, calculation, allocation, utilization, disposition, use, acquisition, relation, combination, search, definition, response, quest, management process, configuration.
Resources	Resources, resource audit, corporate resources, resource deployments, capacities, capabilities, means, competences, core competences, skills, potentialities, sourcing choices, material, people, finances, shortcomings.
Time frame	Time, long-term, long-range, timed sequence, forward-looking, present, future, agenda, time horizon.

Note: Table taken from Ronda-Pupo & Guerras-Martin (2012) for illustration purposes.

Appendix 3: Cover letter, consent letter, and questionnaire

Dear Sir / Madam,

Background

I am an MBA student at Gordon Institute of Business Science (GIBS). As part of the MBA programme I am required to conduct a research project for the purpose of completion of a thesis for submission to GIBS to complete my MBA.

One of the criticisms of MBA is that most concepts taught are largely based on research in US and European countries. This research in a small measure is attempting to build concepts based on local research. Your participation therefore is most critical to the development and validation of concepts.

My research topic is "***Concepts used by JSE listed companies in strategy formulation and implementation and its effect on financial performance***". The first part of the research aims to identify the top three concepts used by JSE listed companies in formulating and implementing their strategy. Profitability and appreciation in company's share price will be used as measures of performance and accessed through established data basis.

A pre-tested questionnaire to collect this information has been detailed in the following pages which the participating companies will be required to complete.

The information thus collected will be used in aggregate to identify patterns and perform statistical tests. **All respondents' information therefore will remain confidential and only aggregated information will be reported in the thesis.**

Participation

Once again your participation is critical to developing local concepts and theories. By filling this questionnaire it is presumed that your company has agreed to participate in this research. Please put an "X" in the appropriate box.

<u>Participate</u> ☐

<u>Not participate</u> ☐

Name:

Title:

Date :

Yours sincerely,

Marélize Lintvelt Cell: 082 852 7024

Corporate Strategy Questionnaire

The purpose of this questionnaire is to identify the popular concepts used by JSE listed companies in formulating and implementing their strategy. This research will contribute to the academic literature whereby organisations can adopt similar strategies to improve their market and financial performance.

Questionnaire has to be completed by the CEO/President reporting to the Board.

Please complete questions 1.1, 1.2, 1.3, 2.1, 2.2, 2.3, and 2.4.

To assist with questions 1.1, 1.2, and 1.3, concept is defined as follows:

Concepts are basic shared building blocks of theories in a phenomenon studied and practiced by a community of researchers and practitioners. In early stages researchers and practitioners provide descriptive definition of concepts. As more insights are developed on the phenomenon observed by the researchers and practitioners many concepts are developed and the phenomenon observed acquires a name. Typical examples are physics, physiology, chemistry, history, etc. As the subject matures, researchers and practitioners aim to develop relationship between concepts and develop integrated concepts. For example, motion, displacement, speed, time, velocity, force are some basic concepts in physics, wherein speed is defined in terms of displacement and time.

1. ***Strategy Information***

1.1 What are the most important (maximum of three) concepts which your company has used in strategy formulation and implementation consistently for the last 3 years? Please list in order of importance:

1.2 Please use these lines to define each of the three concepts as these are understood and used in your company:

1.3 Please elaborate on the reason for using these concepts:

2. ***Company Information***

This information will be kept confidential and only aggregated interviewees' responses will be used for discussion and content analysis.

2.1 Company name

Please complete all the questions in this section by selecting one of the options. Please mark your answer with an "X".

2.2 In which industry does this organisation operate in:

Mining	
Chemical	
Petroleum	
Automotive	
Electronic	
Hospitality	
Food	
Fish	
Software	
Paper	
Entertainment	
Other – please specify	

2.3 What is your current job level in the organisation:

Middle Management	

Senior Management		
Executive		
CEO		
Other – please specify		

2.4 How long has this organisation been in operation:

3 – 5 years	
5 – 10 years	
10 years and longer	

Appendix 4: Consistency matrix

Title: Concepts used by JSE listed companies in strategy formulation and implementation and its effect on financial performance

Research Question/Hypothesis	Literature Review	Data Collection Tool	Analysis
Research Question 1 What are the popular concepts used by JSE listed companies to formulate and implement their strategy?	(Ronda-Pupo & Guerras-Martin, 2012) (Furrer, Thomas, & Goussevskaia, 2008) (Rigby & Bilodeau, Management tools and trends 2013, 2013)	Questionnaire questions: 1.1, 1.2, and 1.3	Frequency analysis
Hypothesis 1 H_0: there is no relationship between the popular concepts and performance H_a: there is a relationship between the popular concepts and performance	(Qi et al., 2011) (Batra & Stone, 2012) (Blankson et al., 2008) (Zahra et al., 2002) (Jiang et al., 2010) (Zahavi & Lavie, 2013) (Morgan et al., 2009) (Reimann et al., 2010) (Ernst et al., 2011) (Mehran, 1995) (Brick et al., 2006)	Questionnaire questions: 1.1, 1.2, and 1.3	Descriptive statistics Cross tabulation Fisher's exact test