

**THE MEDIATING ROLES OF COMBINATIVE
CAPABILITIES AND EXPLORATIVE LEARNING
IN THE PROSPECTOR STRATEGIC
ORIENTATION-PERFORMANCE RELATIONSHIP**

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**A THESIS SUBMITTED TO THE UNIVERSITY OF MALAYA
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY**

**FACULTY OF BUSINESS AND ACCOUNTANCY
UNIVERSITI MALAYA
KUALA LUMPUR**

MAC 2010

DEDICATION

To My Better half and My Lovely Children

ACKNOWLEDGEMENT

In the Name of ALLAH, the Most Merciful and Compassionate

Firstly, thanks to ALLAH s.w.t for giving me the inspiration, strength and patience to complete this thesis and remain persevere in this Phd program. I wish to express my sincere gratitude to my supervisor, Assoc. Prof. Dr. Abdul Latif Hj. Salleh, for his support and assistance throughout this research. This research would never be completed without his encouragement, dedication, invaluable insight and guidance in sharpening and strengthening my ideas in my doctoral process. To him, I owe my highest gratitude.

My warmest thanks to all my friends and colleagues, who have extended continued moral support and encouragement which gave me perseverance in completing this research. Highest gratitude to Dr. Rosmah, Dr. Rasidah, Dr. Noradiva, Dr. Rohayu and Dr. Zizah for helping me in resolving many issues during the writing process.

My gratitude also goes to the Jabatan Perkhidmatan Awam Malaysia and Universiti Kebangsaan Malaysia for giving me the opportunity and financial resources to pursue my study. My sincere thank also goes to the companies that participated in this study, that provided invaluable responses which made this research a reality.

Finally, I would like to express my deepest gratitude to my family, whose endless love and support give me the strength and confidence to complete this thesis. To my dearest husband, Abdul Rashid Mohd Ghani, my lovely children, Alya Nabilla, Farra Najihah, Aiman Nabil and Afiq Naufal, thank you for your unconditional love, sacrifices, understanding and support. To my parents, Abdullah Mohd Amin and Rubiah Juhari, thank you for your prayers and belief in me. To all, thank you and may all your deeds will be rewarded.

DECLARATION

No portion of the work referred in this thesis has been submitted in support of an application for another degree or qualification of this or any other universities or other institutions of learning.

ABSTRACT

The aim of this study is to develop and confirm a research model that interconnects strategy to performance by integrating combinative capabilities and explorative learning as mediating variables. In discussing strategy and performance, knowledge is found to be the missing link: an attempt to forge a link between strategy and organisational learning is constrained by the narrow conceptualisation of organisational learning in relation to strategy. Based on Miles and Snow (1978) strategic typology, the study uses contingency framing to investigate the mediation of combinative capabilities and explorative learning in the relationship between prospector strategic orientation and firm performance. A cross-sectional survey design was employed and responses from 208 manufacturing firms in Malaysia were analysed using Structural Equation Modeling. The findings of this study strongly supported the mediation role of combinative capabilities and explorative learning in strategy-performance relationship. Firstly, explorative learning fully mediates the relationship between prospector strategic orientation and performance, and between combinative capabilities and performance, and secondly, combinative capabilities partially mediate the relationship between prospector strategic orientation and explorative learning. With regards to direct relationships, system capabilities are negatively related to both prospector strategic orientation and explorative learning, while coordination capabilities are positively related to both constructs. The most interesting finding is the positive relationship that emerged between socialisation capabilities and both prospector strategic orientation and explorative learning, which contradicts March's (1991) conceptualisation of explorative learning. This study advances the organisational learning literature and stresses the importance of developing appropriate combinative capabilities to enhance explorative learning. Significantly, the findings give credence to the importance of tacit knowledge. Therefore, future discussion of explorative learning should be extended to explicate the process of re-combining internal knowledge as a source of explorative learning.

Keywords: Strategic management, organisational learning, combinative capabilities, explorative learning, Miles and Snow typology, Malaysia

ABSTRAK

Matlamat kajian ini adalah untuk membangunkan dan mengesahkan model penyelidikan yang menghubungkan strategi dan prestasi syarikat dengan mengintegrasikan keupayaan gabungan dan pembelajaran eksplorasi sebagai pembolehubah mediasi. Dalam membincangkan strategi dan prestasi, pengetahuan tidak diberi penekanan: usaha untuk menghubungkan strategi dan pembelajaran organisasi dikekang oleh konseptualisasi yang sempit. Berdasarkan tipologi strategi Miles dan Snow (1978), kajian ini menggunakan pendekatan kontingensi untuk mengkaji peranan mediasi keupayaan gabungan dan pembelajaran eksplorasi di dalam hubungan di antara orientasi strategik prospektif dan prestasi syarikat. Rekabentuk kajian keratan rentas telah digunakan dan maklumbalas daripada 208 buah syarikat pembuatan yang beroperasi di Malaysia dianalisa menggunakan Model Persamaan Struktur. Hasil kajian menyokong kuat hipotesis mediasi kedua-dua keupayaan gabungan dan pembelajaran eksplorasi di dalam hubungan strategi-prestasi syarikat. Pertama, pembelajaran eksplorasi memediasi sepenuhnya hubungan di antara orientasi strategik prospektif dan prestasi, dan di antara keupayaan gabungan dan prestasi. Kedua, keupayaan gabungan memediasi separa hubungan di antara orientasi strategik prospektif dan pembelajaran eksplorasi. Dalam aspek hubungan langsung, keupayaan sistem didapati berhubung secara negatif dengan orientasi strategi prospektif dan pembelajaran eksplorasi, manakala keupayaan koordinasi berhubung secara positif dengan kedua-dua konstruk. Hasil kajian yang menarik ialah hubungan positif di antara keupayaan sosialisasi dengan orientasi strategi prospektif dan pembelajaran eksplorasi yang bertentangan dengan konseptual pembelajaran eksplorasi yang diperkenalkan oleh March (1991). Kajian ini mengembangkan literatur pembelajaran organisasi dan menekankan kepentingan pembangunan keupayaan gabungan yang bersesuaian untuk memantapkan pembelajaran eksplorasi. Secara keseluruhan, hasil kajian menyokong kepentingan pengetahuan tasit. Oleh itu, kajian seterusnya disarankan untuk mengupas proses menggabungkan semula pengetahuan dalaman sebagai sumber pembelajaran eksplorasi.

Kata kunci: Pengurusan strategik, pembelajaran organisasi, keupayaan gabungan, pembelajaran eksplorasi, tipologi Miles dan Snow, Malaysia

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LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
CEO	Chief Executive Officer
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
EFA	Exploratory Factor Analysis
EM	Expectation-Maximisation
FMM	Federation of Malaysian Manufacturing
GFI	Goodness of Fit Index
ISIC	International Standard Industrial Classification
KMO	Kaiser-Meyer-Olkin
MD	Managing Director
MI	Modification Index
ML	Maximum Likelihood
MSA	Measure of Sampling Adequacy
MVA	Missing Value Analysis
RMSEA	Root Mean Square Error of Approximation
RNI	Relatively Non-centrality Index
SEM	Structural Equation Modelling
SMIDEC	Small and Medium Industries Development Corporation
SPSS	Statistical Package for Social Sciences
TLI	Tucker Lewis Index