

Sustainable Competitive Advantage as an Outcome of Strategic Thinking: Evidence from Review of Literature

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ABSTRACT

In the rapidly evolving market industry of the modern business world, the concept of sustainable competitive advantage has emerged as a key determinant of the level of firms' success. Sustainable competitive advantage grows fundamentally out of the firm's efforts to provide valuable, rare, non-imitable and non-substitutable services with the firms having the ability to utilize the organizational capabilities and resources. In the era of constant changes in conditions of business environment, firms must implement practices that establish competitive advantage in the long run. Use of traditional methods to make organizational decisions has been deemed unsuccessful due to complexity and dynamism in the business environment. It is therefore important and potentially beneficial for firms to embrace strategic thinking as a more reliable way of making determination and charting the path for creating customer value. Indeed, strategic thinking has been praised as potentially being able to confer a firm with the ability to envision and anticipate its desired future and realistically connect this future with present state of the enterprise. This study sought to review the existing conceptual, theoretical and empirical literature in strategic thinking and sustainable competitive advantage as well as propose theoretical model that guide research in these phenomena. Through extensive review of literature, this study has clearly demonstrated that sustainable competitive advantage is among the dominant outcomes of strategic thinking. This study also adopted resource-based view and dynamic capabilities theory as theoretical underpinnings of the constructs of strategic thing and sustainable competitive advantage. A review of both theoretical and empirical literature revealed various research gaps on the construct of strategic thinking and sustainable competitive advantage. The review identified lack of consensus in conceptualization and measurement of strategic thinking and sustainable competitive advantage. A theoretical model was developed to serve as a guide for future research work seeking to provide empirical evidence of the causal link between strategic thinking and sustainable competitive advantage in diverse contexts in order to form a reliable basis for guiding policy development and practice regarding these key organizational phenomena.

Keywords: Strategic Thinking, Competitive Advantage and Sustainable Competitive Advantage

1.0 Introduction

Sustainable competitive advantage (SCA) is an attribute that enables firms to outperform their competitors in the long run (Gaya, Struwig & Smith, 2013). It is a firm's unique superiority over its competitors that allows them to maintain their leading position the market. Sustainable competitive advantage is a vital feature for long-term success. Firms without sustainable competitive advantage are at risk of vulnerability to the ever-evolving demands and the sharp competition that keeps rising on daily basis. Once SCA is achieved a firm is successful enabling it to bring greater economic value compared to other rival companies (Ribeiro & Neto, 2021).

Attainment of SCA is linked to the VRIO framework that was developed in 1991 by Jay Barney a researcher at the University of Utah. Barney identified four attributes that a firm must have and practice to enable them to attain SCA. The researcher developed a four-criteria framework used to evaluate a firm's resources and capabilities. The researcher indicated that a firm must possess resources and capabilities that are valuable, rare, imperfectly imitable and supported by the organization. The researcher named the four attributes of the VRIO framework (Barney, 1991) which have been used as a basis for fostering competitiveness and performance of a firm (Kinyua, 2015; Kinyua, Muathe & Kilika, 2015; Mbugua & Kinyua, 2020; Muthoni & Kinyua, 2020; Ouma, Kinyua & Muchemi, 2022).

The achievement of SCA comes from the fact that it takes significant effort for other firms to imitate or duplicate products or services. The inability or impossibility of other firms imitating products or strategies is what creates SCA. Strategic positioning is one of the factors that enables firms to achieve a unique position in the market by practicing strategic tradeoffs, strategic fit and by creating and providing value to its customers leading to attainment of profits. Strategic positioning relates to the process by which firms can fully separate themselves from their competitors (Nima, 2022; Jamoza & Oloko, 2018).

Attainability of sustainable competitive advantage is linked to Porter's competitive strategies namely, cost leadership, cost focus and differentiation focus. These strategies serve as a crucial framework for firms crafting their business-level strategies. According to Makina and Oundo (2020), these strategies act as a guiding instrument for strategic decision making hence helping firms determine how to effectively compete in the industry achieving sustainable competitive advantage. In the book "competitive advantage: creating and sustaining superior performance", Porter discussed the sources of competitive advantage and discussed that opting for one of the three strategies enables firms to channel their resources and capabilities in a targeted direction hence enhancing the probability to attain superior competitive advantage over the competitors (Porter, 1980).

SCA has been found to be an outcome of various factors such corporate culture, strategic planning, strategic positioning, knowledge management and strategic thinking (Simiyu & Makhamara 2020; Baloch & Inam, 2007). In order for firms to achieve SCA, they must invest in provision of rare, unique, valuable and non-imitable services. Strategic thinking gives managers a higher chance of putting the four aspects into action hence achieving SCA. Strategic thinking is the starting point to strategic achievement and in today's world, a great part of strategic thinking must go into developing a strategic plan which leads to attainability of SCA (Nickols, 2016; Jahanshahi, Nawaser, Eizi & Etemadi (2015).

Strategic thinking is an unavoidable factor that directs firms towards attainment of SCA. A study according to Egger and Hristova (2018) shows that strategic thinking has a direct link to SCA. When implemented properly, strategic thinking leads to success of firms hence leading to attainment of SCA. Strategic thinking provides businesses with a framework to identify, leverage and sustain their competitive advantages. Strategic thinking encourages organizations to conduct comprehensive analyses of their competitive landscape. A firm's strategy should leverage SCA allowing it to achieve unique position in the market, create value for its customers and drive profits. Businesses that do not have long-term goals and objectives struggle to gain SCA. For firms to set and achieve these goals, they must implement use of strategic thinking in making their decision and plans. With the ever-changing business environment which has proven to be very dynamic, scholars suggest that firms that remain relevant for a long period are those with the capability of using strategic thinking to forecast and predict the future. Research show that, through strategic thinking, organizations are able to achieve competitive advantage by taking proactive steps led by forecasting the future needs of the targeted markets to be able to stay competitive in the long-run (Ifechi, Phina & Emmanuel 2021; Al-Qatamin, & Esam, 2018).

Strategic thinking is significantly and positively related to attainability of SCA and firms that use strategic thinking possess higher power in making effective decision making which in turn leads to attainment of SCA (Hunitie, 2018). Researchers Umrani, Kura and Ahmed (2018) identified firm culture as one of the enablers of strategic thinking. Firm culture was found out to be a strengthening factor on the relationship between strategic thinking and SCA.

2.0 Statement of the Problem

In the rapidly evolving environment, the industry that has been characterized by the intense competition across the market has seen firms across the globe face challenges in achieving sustainable competitive advantage (Jamoza & Oloko, 2018). Despite extensive research on SCA, there are notable gaps in understanding how firms can adapt and maintain SCA in the industry which has seen firms across the globe face a critical challenge in achieving sustainable competitive advantage. In 2020, a study was carried out to determine the relationship between international collaboration strategies and competitive advantage of geothermal development company, Kenya. The gap was identified whereby the researcher applied face-to-face interview which could lead to interviewer biasness or cause social desirability bias. Researcher of this study intends to address this gap by using a more reliable method such as questionnaires (Mwaisakenyi, 2021).

Despite firms possessing valuable resources and have a history of successful operations, there has been noticeable gaps in the systematic integration of strategic thinking into decision-making process, which hinders firms to proactively anticipate market shifts and adapt to changes and new trends while also capitalizing on innovative opportunities thereby compromising firms' competitive position (Oloo, Opio, & Ongeti, 2021). In the past, firms used traditional methods in making organizational decisions. With the environment we are in today, firms have now moved from the traditional methods and have embraced modernized methods in running of businesses. Firms that have embraced modern ways such as use of strategic thinking have a higher chance of performing better in the ever-changing market as compared to the firms who used old methods (Mbaya, Maina, & Namusonge, 2021).

In 2018, a study was carried out in Kenya at National Social Security Fund (NSSF) and it indicated that 76.7% showed the aspects of a relationship between strategic thinking and organizational

performance. These aspects were determined by political change and organization culture. A gap was identified whereby the study suggested that the rest of 23.3% be researched to determine the other aspects that affect strategic thinking and organizational performance (Olwal, Benjamin, & Ndiao 2018).

3.0 Conceptual Literature

3.1 Concept of Strategic Thinking

The concept of strategic thinking follows Mintzberg model. Strategist Liedtka (1998) developed a model with five elements of strategic thinking which defines strategic thinking as a particular way of thinking, whereby very specific and clearly identifiable features are present. In the first element 'systems perspective', Scholar Peter Senge (1990), stresses the importance of the mental models in influencing thinking behavior. The scholar uses the term systems thinking to suggest that it is arguably the most critical of the five disciplines of the learning organization. Additionally, James Moore (1993) expresses that the mental models must lead to the perception of a business in a context which is larger than that of the industry in order to facilitative innovation.

Scholar Hamel and Prahalad (1994) talks about the second element that strategic thinking is 'intent-focused' where it conveys a sense of direction enabling individuals within an organization to leverage their energy, to focus attention, to resist distraction and to concentrate for as long as it takes to achieve a goal. The third element is 'intelligent opportunism' and its idea is on openness to new experience to take advantage of alternative strategies that may arise as the environment changes (Mintzberg 1999). The fourth element is 'thinking in time' and according to Hamel and Prahalad (1994), strategy is not solely driven by the future but the gap between the current reality and their intent for the future. The fifth attribute "hypothesis driven" advocates for ensuring that both creative and critical thinking are incorporated into strategic thinking (Lawrence, 1999).

3.1.1 Perspectives of Strategic Thinking

Several perspectives about the construct of strategic thinking exist in research. Sanders (1998) defines strategic thinking as the precursor to the development of a strategy or plan. Study according to Amerzadeh, Bolbanabad, Piroozi and Amirihoseini (2017) perceived strategic thinking as a construct that offers unique insights into the concept and in its application. The study suggested that the perspectives help firms and individuals to approach strategic thinking in diverse ways. Prediction of future changes and making appropriate strategic decisions require strategic thinking in any firm which helps managers create new opportunities (Rapoport, 1988).

Strategic thinking is the process that involves the planning for today's and the future in order to avoid challenges, surprises and also to prevent failures (Liedtka, 1998). It involves the ability to forecast, plan and execute strategies to achieve firms set goals. The aim of strategic thinking is to produce alternative future scenarios and solutions that could potentially lead to competitive advantage. This aim is in line with Porters (1985; 1996) statement that the purpose of strategy is to create long-term competitive advantage in a firm hence leading to superior performance.

Jacobs (2009) discussed strategic thinking from a variety of perspectives such as Porters generic strategies, Porters five forces, Boston Consulting Group growth/share matrix, Whittington's matrix of strategy perspectives, innovation and culture. McCauley (2012) researched strategic thinking on the perspective of providing the competitive advantage. The author discussed several perspectives such as cognitive capabilities. Study shows that there is need for creative thinking and action and

clarity on why strategy should be thought of as a pattern of thinking consistent over time (Mintzberg, Ahlstrand, & Lampel, 1998).

3.1.2 Dimensions of Strategic Thinking

Strategic thinking is a multi-dimensional construct that has been broadly researched. Interfirm networks open room for knowledge sharing, resource sharing, complementary resources and capabilities, effective governance structure which enables firm to achieve sustainable competitive advantage enabled by strategic thinking. Intense competition has undoubtedly been the most important economic process of the 90's and as a result managers across the globe face wide and deep changes in the status and the direction of the tools of market competition. Study has shown that quality or technology are not enough to achieve sustainable competitive advantage. Research shows how strategic thinking has brought out the idea of interfirm networks which has been identified as one of the key advantages that firms can utilize (Rudawska, 2010).

Study according to Caves (1971); Hymer (1976); and Porter (1990), show firm-specific advantage which has been built in focus on interfirm networks for the development of firms' specific advantage. It shows that these advantages can be exploited at low or no additional cost through interfirm relationships. A study by Hoskisson et al., (2000); and Wright et al., (2005) suggest that attainability of SCA is based on network relationships achieved through practice of strategic thinking in firms' day to day activities (Manolova, Manev & Gyoshev, 2010).

Strategic cooptation has been the topic of an increasing amount of research in the area of strategic management since the seminal book of (Brandenburger & Nalebuff, 1996). These scholars stated that strategic cooptation is a strategy that will lead to superior performance hence leading to achievement of sustainable competitive advantage. According to Czakon (2009); Bengtsson and Kock (2014) this statement has not been questioned and has always been considered relevant in cooptation theory. Further study show that strategic cooptation can create tensions relative to the risk of undesired knowledge transfer. Firms that follow a cooptation strategy are in a position to benefit both from competition and cooperation (Le Roy, & Czakon 2016).

Enad (2023) described strategic alliance as an aspect that brings organizations together with the main goal of achieving the set goals and staying competitive in the long run by achieving sustainable competitive advantage. The researcher continues to define strategic alliance as the substitution of cooperation for competition and conflict that usually lead to combined efforts in controlling risk, threats, sharing profits, benefits and gains. Chen et al., (2017) defined strategic alliance as a purposeful relationship between two or more organizations that share goals, earnestly seek mutual benefits and work with high level of collaboration (Pansiri, 2020).

Strategic collaboration has been identified as a valuable approach for managers information of interfirm networks thus enabling them to facilitate positive change in their businesses. Through strategic thinking, individuals and firms are brought together from their comforts to think in new, diversified and collaborative ways through sharing genuine ideas and implementing changes with the goal of achieving sustainable competitive advantage. Study suggests that through practice of strategic collaboration, firms take advantage of windows of opportunity for real problem solving, systematic planning, analysis, decision making and implementation Norris-Tirrell & Clay (2016).

The concept of dynamic capabilities emerged in the 1990s. It was introduced by scholars Teece, Pisano & Shuen in 1997. The scholars pointed out that it is essential to consider the changing nature

of the external environment. A study according to Ambrosini and Bowman (2009), suggest that firms generate and sustain competitive advantage through dynamic capabilities brought about by use of strategies set by firms. Dynamic capabilities are a dimension that extends the RBV argument by addressing how valuable, rare, difficult to imitate and imperfectly substitutable resources can be created and how the current markets of valuable resources can be achieved in the changing environment.

Existing theories suggest that the dimension of flexible resource allocation is mainly to protect the firm's operational resources. Research shows that resource allocation plays a very important role in the strategic transformation of businesses. Present scholars have conducted researched focusing mainly on maximizing the use of resources effects, responding to environmental changes thorough allocation of resources, emphasizing strategic thinking in order to passively adapt to changes in the organization's environment (Zhuo, Yuheng, Chunyu, Yuxi, & Xue, 2020).

Research according to (Teece, Pisano and Shuen, 1997) shows that firms which are in a position to flexibly adapt their resources and capabilities well, will be better placed in achieving SCA. We are in an era whereby the economic, social and technological environment in which the organizations run is becoming critically dynamic and complex. This has led firms to face new challenges on a daily basis because of the increasing changes in markets all over the world leading to competition and increased need for new information (Endres, Endres, & Berg 2018).

Research indicates that evident continuous improvement dimension is a dynamic capability that has proven to contribute to organizations competitive capacity. Research has recognized continuous improvement for its proven ability to strengthen firm competitiveness. It indicates that when continuous improvement and process oriented organizational designs are implemented together by firms who embrace the dynamic state of the world, they succeed (Kohlbacher, 2013).

Cognitive capability is a dimension that allows firms to outdo competitors and rivals in the highly competitive markets that may seem impossible to beat. Creative thinking brought about by strategic thinking stems from social cognition and has been linked to strategy. Study suggests that individual cognitive capabilities matter in achieving SCA. Marshall (1947) observed extraordinary ability in individuals, Penrose (1959) spoke of the interaction between managerial and firm resources. Cohen (1961); and Cyert (1965), highlighted the interaction between individual cognition and organizational decisions (Levine, Bernard, & Nagel, 2017).

Despite the many definitions that exist on strategy, there is a consensus that the dimension of strategic decision making undergirds all strategy related activities. For Mintzberg (1978), strategy can be seen as a pattern in a line of decisions, for Schwenk (1984), strategic decision making is seen as critical to strategy formulation, generation of strategic activities and evaluation and selection of strategic alternatives. For Hart (1982), strategic decision making across firms varies based on the strategy method, the manner of formulation and implementation. For Porter (1996), the essence of strategy involves strategic decision making in order for firms to perform different activities differently compared to competitors. For Hendry (2000), strategic decisions are most visible elements of the strategy process and a major focus of top management effort and attention (Appan, Bolton, & Madhavaram 2017).

Research suggest that firms must respond in a strategic manner to the competition in the market in order for them to achieve SCA and long-term profits. Strategic decision making through the

formulation and implementation of strategies has been studied as one of the superior aspects that enables firms to achieve SCA by beating competition. Research shows that the key to SCA lies in effective decision making that enables firms to break the old equilibrium and gain new advantages in the market and within the competing industry (Zhang, Liang, 2023).

Most cognitive theory models focus on the ability to think and solve problems creatively. A study by Mumford (2003) defined creative thinking as the process of understanding difficulty, problems, information gaps, loose elements, inconsistency and formulating the problem clearly. Further, the researcher describes creativity as the ability to connect objects, experiences, knowledge and prior information to something new. According to Grieshaber, (2004); Isaken, Dorval & Treffinger, (2000); Martin, 2009; and McGregor, (2007) creative thinking is a process of constructing ideas to gain something new in insights, approach, perspective or methods of understanding the problem (Sitorus, Anas & Waruhu 2019).

Study according to Sharma, Doshi, Verma and Verma (2022), indicate that the dimension of creative thinking abilities enables firms understand and evaluate situations using all the available resources, facts and information. Creative thinking is evidence-based, discipline reasoning that is clear, reasonable or open minded. Scholars state that the more information that managers have, the more evidence must weigh before making a choice (D'Alessio, Avolio & Charles 2019; Chan, Tang, Chow & Wong 2019; Emiliasari, Prasetyo & Syarifah, 2019).

Globalization is a highly complex procedure in progress that is perceived and implemented by multilevel stakeholders. Globalization is the process of increasing involvement in international activities across national borders (Welch & Luostarinen, 1988). It is the network model of internationalization from the international marketing literature (Johansson & Mattsson, 1988; Johansson & Vahlne 1977; Welch, 1992; Welch & Welch, 1995) suggests that firms enter foreign markets relying on vertical inter-firm networks. Sustainable development in globalization is among the dimensions researched in strategic thinking (Jovane, Seliger & Stock, 2017).

Study on industrial revolution by Braudel (1982) and Gordon (1997), show the transformation and disintegration of systems all over the world (Aggarwal, 1999). The world is in a new age with extreme progress in technology. Technology and globalization have been seen to be mutually enforcing. The study suggests that technological advancement enables business globalization while on the other hand globalization makes technology more profitable. It continues to suggest that use of strategy has led firms to achieve SCA through acceptance and practice of globalization.

Foreign competition brought about by the ongoing globalization of industries has been aided by ever changing business environment. Corporate diversification has enabled many firms to respond to the rising levels of competition. Corporate diversification strategy has played a key role in the decision-making process in organizations hence enabling them to stay competitive in the dynamic market. International diversification strategies have provided innovative and unconventional tries to improve managers' strategic thinking ways (Bowen, Baker & Powell, 2015).

Study according to Haeruddin, Musa and Kurniawan (2023), suggest that for firms to be able to achieve SCA across the globe, they must implement proper business strategies. Globalization has become a continuous process in the global development and in order for firms to be able to compete globally, they must be able to overcome the problems brought about by globalization. This can be achieved through global market analysis, which is very crucial for firms in the era of globalization.

Proper global market analysis must be conducted for firms to meet customers' needs and satisfy their demand in the dynamic market leading to attainment of sustainable competitive advantage.

3.1.3 Adoption and Outcomes of Strategic Thinking

Strategic thinking is a major aspect that is deemed vital to success of firms and attainability of SCA. Through the adoption of strategic thinking, firms are able to stay competitive in the long run (Mathinji, & Waithaka, 2019). The ability to think strategically has been seen to rise swiftly and get embraced across the industries as it is a key requirement for managers at different levels in order for firms to thrive. In order to avoid decline of firms and attain SCA, managers of firms have been seen to accept & practice strategic thinking as the key intervention to achieve sustainable competitive advantage and in order to stay relevant in the dynamic market (Moon, 2013).

Strategic positioning has proven to be one of the key roles in attaining sustainable competitive advantage in trades. Research suggests that in today's ever-changing environment, companies need to work on their long-term visions, missions, target markets and also change on how they plan to go through from one competitive advantage to the next. Research suggests that the market is ever evolving and firms require assessing capabilities that are likely to generate, exploit and renew their portfolio of temporary advantages and grab the opportunities that lead to sustainable competitive advantages through strategic positioning (Chereau, Meschi, Chereau & Meschi, 2018).

Research suggest that strategies should react proactively to the environmental changes in order to allow firms achieve successive competitive advantage in the long run. Provision of unique and quality products and services is acquired when firms are in a strategic position to provide superior services and goods as compared to those in the already existing market. Unique products and services are preferred by customers. Strategic thinking enables firms to identify means and ways to provide such products and services (Dombrowski, Krenkel & Wullbrandt, 2018).

Strategic positioning can be achieved through tradeoffs & differences. Porter, (1996) defined strategic positioning as performing different activities from rivals or performing similar activities in different ways. Proponents of strategic positioning have argued that firm differences can help firms avoid self-inflicted problems of excessive competition. Porter, (1995) advice the firms to select strategies that confront competitors' tradeoffs that their rivals are unable or unwilling to take efficiently. Tradeoff such as these would make result in straddling markets (Gallaughier, 2010).

Research shows that strategic positioning and provision of fit activities places a firm at an advantageous position. Creation of fit in a firm involves the ways firm's activities interact and reinforce one another. Managers must seek fit between firms' strategies and the conditions of firm's external environment. Strategic fit has been seen to enable organizations to operate in their particular competitive situation at peak effectiveness. Strategic fit is achieved by alignment. It deals with ways a company's activities interact and reinforce one another (Chorn, 1991).

Strategic direction has been proven by research to be very effective in businesses as it shows the place where the firm wishes to be in the long run. Through practice of strategic thinking, managers have successfully gained the capability to achieve strategic direction thorough use of proper strategic decision-making measures. Research has shown strategic direction as an impactful tool in attaining sustainable competitive advantage in businesses through setting & implementation of

plans, attainable goals, practicable principles and in placing long-term and effective culture, ideas, values, mission and vision (Odero, 2023).

Michael Porter's Generic Strategies comprising of cost leadership, differentiation and cost focus are strategies for achieving SCA (Porter, 1987). In the cost focus strategy, firms set out to become the lowest cost producer in its industry in order to stay competitive. Study shows that cost focus favors firms since low costs when strategically placed leads to better profits leading to resistance in case the firms enter in war of prices with other competing firms (Zekiri & Nedelea, 2012).

Cost leadership strategy is a method to achieve the overall leader in cost through a set of policies which have been set by organizations. Study shows that through this strategy, the firm sets out to become the lowest producer in its industry. Strategic thinking enables managers to come up with the best way to implement the strategy of cost leadership. According to Porter (1998) if a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry hence gaining the ability to achieve SCA (Vahdati, Nejad & Shahsiah, 2018).

Research suggests that differentiation focus helps firms to create unique services that are difficult to copy through good branding or through use of strong internal skills. Differentiation has enabled firms to build unique brand identities in order to achieve competitiveness in the long run. Firms that have a proper understanding of the ever-changing market conditions and those that have the ability to respond quickly to these changes, have been seen to achieve key advantages against their competitors (Mustafa, Zaidi, & Iqbal 2015).

3.2 The Concept of Sustainable Competitive Advantage

The idea of SCA, surfaced in 1984 when Day suggested methods of strategies that can assist in sustaining competitive advantage. The actual term SCA then emerged in 1985 when Porter (1985) introduced the idea of the value chain as the basic tool for analyzing the sources of SCA. Up to this time, there was no clear definition of SCA. Coyne (1986), proposed that, in order for a firm to possess SCA, consumers must perceive some difference between a firm's product offering and the competitors offering. It was in 1991 when Barney brought about a formal definition that SCA is when a firm implements a value creating strategy that is unique and not easily duplicated by competitors (Coyne, 1986).

3.2.1 Perspectives of Sustainable Competitive Advantage

Sustainable competitive advantage is gained when a firm acquires characteristics that allow it to perform better than the competitors in the same industry. Porter (1985), dealt with competitive advantage in the context of competitive strategy. Under the competitive strategy, Porter saw the competitive advantage as the aggressiveness and heavy willingness of firm's determination to identify its proper and excelling position in the market. The scholar identified means by which firms gain information about the market to enable them stay competitive in the long run. Competitive strategy has enabled managers to come up with strategies that enable them to produce goods that are unique in nature and not easily imitable (Porter, 1985).

In 1991, Jay Barney established a criterion that determine a firm's competitive capabilities in the marketplace. The researcher identified that understanding how firms' function is necessary when analyzing external factors during the strategy analysis phase in attainment of SCA. The criteria for

judging a firm's resources are valuable, rare, imperfectly imitable, non-substitutable and organizational capability and resources (Barney, 1991).

Developing sustainable competitive advantage relies on several perspectives such as customer loyalty, provision of unique and quality services, differentiation and fair costs. Attainability of sustainable competitive advantage in firms is usually brought about many outcomes such as provision of unique services, differentiation, brand equity, and costs (Oliver, 1997; Pfeffer, 1995). According to Kahupi, Hull, Okorie and Millette (2021), the perspectives of sustainable competitive advantage include strategic positioning, strategic choices and adaptability to changing conditions.

3.2.2 Measuring Sustainable Competitive Advantage

In the 1996 article 'what is strategy?' Porter describes strategic positioning as how a firm distinguishes itself from its competitors in the marketplace. The scholar indicates that strategic positioning is about finding unique space in the minds of customers where a firm's products or services can fulfil their needs in a way that competitors cannot easily replicate. Research suggests that, for firms to attain SCA, they have to embrace that strategic positioning is a dynamic process that requires ongoing monitoring in order to achieve long-term success (Porter, 1996).

A study by Nima, (2022) suggests that strategic positioning has a supreme role in the achievement of success in firms. The author researched the effect of strategic positioning on SCA and found out that firms that adopt strategic positioning had greater chances in attaining success in the long run. The findings of the study concluded that strategic positioning contributed to attainment of SCA of firms within the industry. This makes use of strategic position an effective measure that firms can implement in order to stay competitive over their rivals.

Through strategic thinking, managers use the aspect of strategic positioning to enable them to perform different activities from their rivals and also perform same activities with their rivals in different ways hence giving them a competitive advantage. Research suggests that firms use strategic positioning as a defensive strategy to protect their competitive advantage. The purpose of this strategy is to enable firms lower their risk and weaken their competitors. Strategic positioning enables firms to achieve SCA through creation of unique services, tradeoffs and through creation of fit (Rajkumar & Abraham, 2018).

While investigating the impact of strategic positioning on competitiveness of firms, researcher Muniu (2021), found out that firms that embrace and adopt differentiation positioning, cost positioning, focus positioning and brand positioning have a greater chance in attaining SCA as compared to firms that do not practice these strategic positioning and competitive strategies. The author recommended firms to invest more in strategic positioning strategies in order for them to stay competitive in the long run. The researcher recommended the provision of unique products in order for the firms to be able to strengthen their positions.

Provision of unique activities has proven to be one of the major aspects of success in today's businesses. Study shows that competitive strategy about being different. Research continues to show that provision of unique products leads to delivery of a unique mix of value. Firms that practice provision of unique products and services consider it a priority to provide and sustain provision of unique products to its users. Providing unique products has been proven to sustain businesses performance in the long run hence achieving SCA (Semuel, Siagian, & Octavia, 2017).

Porter, (1996) in the paper “What is strategy?” indicated that some competitive activities are incompatible thus gains in one area are only achieved at the expense of another area hence bringing about the discussion on strategic tradeoffs. Strategic tradeoffs involve choosing what not to do, since sometimes a unique position is not enough to guarantee a sustainable advantage because of imitations and other competitors trying to match. The author stated that strategic positioning is not sustainable unless there are tradeoffs. Tradeoffs means that more of one thing necessitates loss of another and they create the need for choice and protect against re-positioners and straddlers (Haffar, & Searcy, 2017).

Research suggests that strategic fit is a key concept in strategy formulation and that practicing strategic fit enables firms to achieve their set objectives since strategic fit has been proven to lead to achievement of SCA. Firms formulate their strategic position through discovery of defensive positions in the market against their competitors. This concept helps firms to discover ways of how the firm interacts and reinforces one another. The study shows that managers concentrate on improving customer satisfaction, achieve best practice, eliminate inefficiencies through improvement of performance methods in order to achieve SCA (Munene, 2013).

The concept of competitive strategies was initiated in 1980 by Michael Porter when the scholar brought about the era of generic strategies indicating that companies compete on cost, perceived value leading to differentiation, or by focusing on a very specific customer leading to market segmentation. Competitive strategy comes from an understanding of the rules that guide a competitive market. Strategic thinking enables managers to identify these competitive strategies in order to achieve SCA. Proper implementation of the competitive strategies impacts a firm’s performance positively in the long run (Musyoka, 2011).

Porter’s competitive strategies express that when firms are in distress at an increasingly high level of competition, the aspect of strategy is mostly embraced as it becomes very important to enhance competitiveness of firms in the industry (Porter, 1985). The scholar stated that competitiveness of firms is determined by their proven ability to exploit their full potential of their internal capabilities to grab opportunities in the markets within their industry and face the challenges that may incur. The author indicates that firms achieve this through cost leadership, cost focus and differentiation focus (Omsa, Abdullah & Jamali, 2017).

Cost leadership is one of Porter’s generic strategies that businesses could implement in order for them to have the ability to secure a SCA over the competing businesses within the same industry. The other strategies are cost focus and differentiation focus. According to Porter (1985), businesses should focus its resources towards one strategy as opposed to implementing all the three because if businesses pursue more than one, they will get derailed in the middle. The strategy of cost leadership indicates that firms should keep the costs at a minimum in the industry in order to stay competitive in the whole industry (Muasa, 2014).

Compromising costs in the market is one of the major reasons as to why firms find it is very hard to attain SCA. In the dynamic market we live in, businesses thrive when they possess some relative advantage over their competitors and gaining this advantage is the main goal of the strategy (Porter, 1998). Research suggests that under cost focus strategy, firms concentrate only on a particular range of markets by targeting few markets with the main goal of achieving better customer satisfaction and attaining competitive advantage in the long run (Brege & Kindström, 2020).

Lack of differentiation makes it very hard for firms to attain SCA. Differentiation focus indicate that development of unique features and attributes enable firms to attain long term competitive advantage since firms are able to obtain trust from customers for being able to provide unmatched quality. Porter (1998), indicated that under the differentiation strategy, firms create unique services and products that they offer through branding or through use of strong internal skills. This enables firms to offer products that unique and hard or impossible to imitate therefore enabling the firm to achieve SCA (Valipour, Birjandi & Honarbakhsh, 2012).

Boyd, Walker and Larreche (1998), proposed seven market positioning strategies which are relevant in attainment of sustainable competitive advantage in a different number of situations. Mono-segment, multi-segment, standby, imitative, anticipatory, adaptive and defensive positioning. Cockburn, Henderson and Stern (2000), talked of developing and exploiting new techniques through creation and responding to issues through imitation in order to achieve sustainable competitive advantage (Krystallis, 2010).

4.0 Literature Review

An extensive review of the vast body of relevant theoretical and empirical literature was carried out as guided by the key construct in this conceptual review. This section, therefore, presents the theories that underpin the construct of strategic thinking and sustainable competitive advantage as well as related empirical literature.

4.1 Theoretical Review

Resource-based view and dynamic capabilities theory were reviewed as presented in the preceding section.

4.1.1 Resource-Based View

Madhani (2010) studied a theory developed by Penrose in 1959 who suggested that the resources possessed, positioned and used by firms are considered more important than the industry structure. The Resource-Based View (RBV) is an internal managerial framework used by firms to determine the strategic resources a firm can exploit to achieve SCA. It seeks to find out the reason as to why firms grow and diversify. The study shows that RBV analyzes and interprets internal resources of the firms and emphasizes resources and capabilities in formulating strategy to achieve SCA.

Research connects the main strengths of this theory to VRIO framework, an assessment criterion developed by Barney in 1991 that is used to evaluate firm's resources and capabilities. The Scholar indicates that according to RBV, only the Valuable, Rare, imperfectly imitable, organization, non-substitutable (VRIO) resources are sources of SCA. The scholar considered valuable resources to those that improve efficiency and effectiveness, Rare as those that are not owned by competitors or are rarely owned by few, Imperfectly Imitable as the resources that are impossible to imitate and those resources that are substantially difficult for competitors to replicate, and the organizations capacity to exploit the internal resources (Ariyani, & Daryanto 2018).

Research show that Penrose (1959), recognized that internal managerial resources are both drivers and limits to the development any one firm can undertake. The RBV literature was later expanded in the 1970s and early 1980s on the importance divergence and firm expansion (Rubin 1973; Teece 1980,1982). A RBV perspective focuses inwardly on the firm's resources and capabilities to

enhance its competitive advantage (Barney, 1991; Penrose 1959; Peteraf, 1993). Through the conducted studies, the firms are advised to select its strategy based on its resources (Zheng, 2010). Porter, (1986), indicated that unique resources and capabilities lead to superior profitability in the long run since other firms are not able to imitate resources hence making the firms to expand their business opportunities, improve their overall performance in all the departments and achieve SCA across the industry. The SCA approach to the RBV is illustrated by the work of Scholars Barney (1986); Peteraf, (1993); & Rumelt, (1984). Research further suggests that RBV helps understand how firms achieve SCA through creating new resources and also through taking advantage of the existing intangible resources (Lockett, Thompson, & Morgenstern, 2009).

4.1.2 Dynamic Capabilities Theory

Dynamic capabilities theory (DCT) was developed by Gary Pisano and Amy Shuen in 1997 in their paper *Dynamic Capabilities and Strategic Management*, as a firm's ability to engage in adapting, integrating and reconfiguring internal and external organizational skills, resources, and functional competences to match the requirements of a changing environment. Study show that this theory emphasizes that the firm's ability to react adequately and timely to external changes requires having a combination of multiple capabilities in order for them to be able to achieve SCA. This theory is important in the concept of this study because through strategic thinking managers are able to react to the changes hence achieve SCA (Tece, Gary; Shuen, 1997).

Research shows that the main assumption of this framework is that through firm's basic competencies and capacity, strategist managers should be able to create short-term competitive positions that can be developed into longer-term competitive advantage hence achievement of SCA. In the book '*An Evolutionary Theory of Economic Change*', (Nelson & Winter, 1982) link the growth of the concept of dynamic capabilities to the RBV of the firm and the concept of routines. The main assumption of DCT is that it concerns the development of strategies for senior managers of successful companies to adapt to radical discontinuous change while maintaining minimum capability standards to ensure competitive survival Laaksonen, & Peltoniemi, 2018).

This theory has been considered of importance for this study because for SCA to be strategically achieved, firms must embrace and practice the aspect of reacting fast to the ever-changing environment that we are living in. research suggest that if a firm acquires resources but continues to use them in the same way without improving them from the way they were previously employed, then it will be difficult to achieve SCA in the absence of resource market imperfections. According to Barney (1991), dynamic capability follows the theory of RBV of the firm as dynamic capability can be seen as complement to RBV approach (Enriquez, 2015). In essence, the dynamic capabilities theory has been widely adopted in management research to underpin information technology agility (Motum & Kinyua, 2022), information technology flexibility (Legeny & Kinyua, 2023), adaptive capability (Kinyua & Kinyua, 2023), and opportunity sensing capability (Mbogo & Kinyua, 2023) among others.

This theory has its limitations. Scholars have argued that it is vague and repetitious and that it may fail to describe exactly how to respond to the business changing environment. Research suggests that, since dynamic capability arise from internal activities that do not draw from competitive factor markets, there are no limits to the number of competitors that can develop their own versions of the capability. It has been argued that the more capable a firm is in identifying new markets, resources and combinations the more it comes into contact with competition with other firms. Scholars

Lawson and Samson, suggest that the capabilities of the theory are difficult to identify and operationalize and that in some case, the capabilities can lead to a core capability becoming core rigidity. In conclusion, the scholars mention that the theory in its current state is difficult without being able to further specify, develop and identify the specific capabilities (Collis, & Anand, 2019).

4.2 Empirical Literature Review

Several studies do demonstrate empirical evidence on the relationship between strategic thinking and sustainable competitive advantage. However, most studies fail the test of generalization because they are conducted in different localities. This review presents the various research on strategic thinking on the bases of the thematic areas they sought to address.

Mbaya, Maina and Namusonge (2021) carried out research with the aim of determining the effect of strategic thinking and performance of small and medium-sized dairy processing firms in Kenya. The study relied on the Liedtka Model and positivism research philosophy was adopted. Descriptive and explanatory research design were used, and census survey was conducted on all the small and medium sized dairy processing firms in Kenya. Primary data was collected. Descriptive statistics such as mean and standard deviation were used to explain data characteristics, while multiple regression was used to test the effect of the study variables on firm performance. The study concluded that strategic thinking has a positive significant effect on the performance of small and medium-sized dairy processing firms in Kenya. The study focused on a short period between 2016 and 2018, hence creating a gap. This gap will be addressed by undertaking longitudinal studies to establish the effect of strategic thinking in the long-term which relates to sustainable competitive advantage.

Al-Qatamin and Esam (2018) carried out a study with a main purpose of conducting empirical investigation on the effect of strategic thinking on dimensions of competitive advantage in Jordan. A sample from the banking sector was used. Strategic Thinking Questionnaires (STQ) were used. Target population was 227 executive managers and a sample of 100 was used. Four models to test and obtain the impact of strategic thinking on each dimension of competitive advantage were developed and tested through hypothesis. Multiple regression analysis as a tool for data analysis and hypothesis testing was used. It was concluded that strategic thinking skills have a significant impact on all dimensions of competitive advantage. The sample size of 100 was very small for a whole country, hence creating a gap. This gap can be addressed through increasing the sample size. Additionally, use of STQ has a risk of being influenced by self-bias, this gap will can be addressed through use of written questionnaires.

Ifechi, Phina and Emmanuel (2021) conducted a study to ascertain the nature of relationship that exist between strategic thinking and competitive advantage of SMEs in South-East Nigeria. A population of 311 selected SMEs and a sample size of 172 was used. The study used Krejcie and Morgan (1970) formula to arrive at the sample size. Primary data collection method was used through use of questionnaires. Survey research design was used, and Pearsons Product Moment Correlation Coefficient was used to analyze the data. Hypothesis was tested at 5% level of significance. SPSS Version 22 was used. It was concluded that strategic thinking has a positive relationship with competitive advantage of SMEs. The study concentrated in firms in existence for at least five years which leads to a knowledge gap caused by lack of consideration for firms that are under five years old which would have participated in providing new knowledge in the area.

Hassanein, Wahba, Ragab and ElHaddad, (2022) carried out research to study the impact of strategic thinking on achieving competitive advantage in Container Handling Terminals in the Arab Republic of Egypt. A sample size of 161 was used. Data was collected through the use of questionnaires. Results were analyzed using SPSS 28 and AMOS 26 programs. Reliability of constructs was computed using Cronbach’s Alpha. The study concluded there was a significant and statistically significant effect of strategic thinking on competitive advantage. Study fails to clearly show the theoretical framework that was used in the study which creates a knowledge gap. This gap will be addressed by adopting a theoretical framework that properly addresses the impact of strategic thinking on achievement of competitive advantage.

4.3 Proposed Theoretical Model

Theoretical model is imperative in helping to reveal the relationship between independent variables, moderating variables, mediating variables and dependent variable. In the case of this independent study, a theoretical model was proposed that illustrated the relationship between strategic thinking and sustainable competitive advantage. This relationship is demonstrated in a chart marked as Figure 5.1.

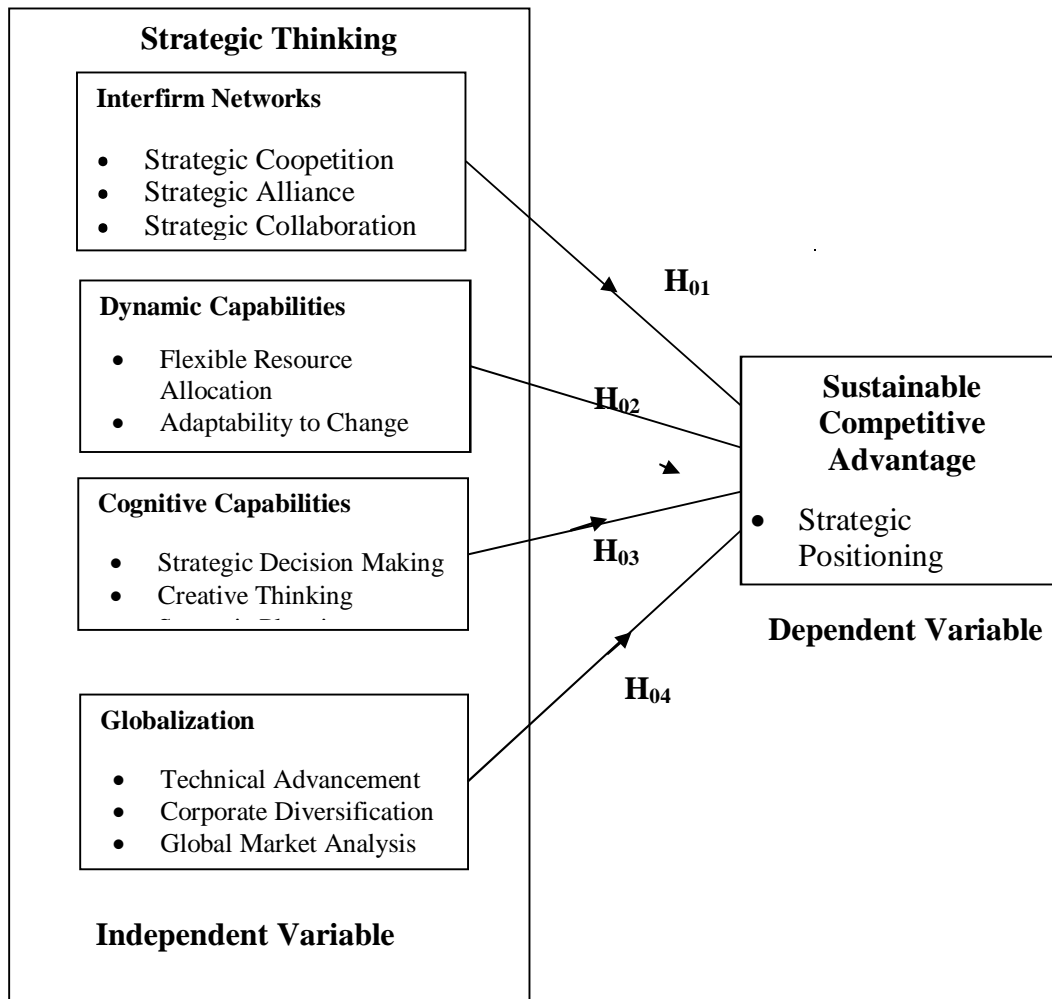


Figure 1: Proposed Theoretical Model
Source: Author (2023)

The proposed model shows strategic thinking is the independent variable and sustainable competitive advantage is the dependent variable. In this study, strategic thinking is measured by interfirm networks, dynamic capabilities, cognitive capabilities, and globalization. There are many indicators toward strategic thinking across the globe as well. However, for this independent study, the researcher concentrated on strategic cooperation, strategic alliance, strategic collaboration, flexible resource allocation, adaptability to change, evident continuous improvement, strategic decision making, creative thinking, strategic planning, technological advancement, corporate diversification, and global market analysis. Interfirm networks help firms to collaborate and take advantage of other firms hence enabling them to achieve sustainable competitive advantage. They achieve this through strategic cooperation where two or more competing firms work together to achieve a common goal. Firms can also achieve this advantage through forming strategic alliances and through strategic collaboration.

5.0 Conclusion

The relationship between strategic thinking and sustainable competitive advantage is assessed in this study. The main goal of this study was to suggest the most appropriate theoretical model that illustrates the relationship between strategic thinking and sustainable competitive advantage. Through reviewing of theoretical literature and empirical literature, this study assessed the characteristics of strategic thinking including its parameters and understands how they affect sustainable competitive advantage. The guiding principles and theories in this study were based Resource Based View (RBV), SWOT Analysis, Dynamic Capabilities Theory, Porter's Generic Model, Knowledge Based Theory and Porters Five Forces.

In the study, an appropriate theoretical model is proposed and it helps in illustrating the relationship between independent variable and dependent variables comprising strategic thinking and sustainable competitive advantage.

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