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Strategic Drift and Firm Performance: A Review of Literature

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Abstract: *The dynamic and uncertain business environment globally has resulted in increased competition among organizations. This has been caused by several factors among them innovation and technological changes, globalization, changing demographics, evolving customers' demands and preferences and supply chain dynamics. Increased competition is affecting firm performance with many organizations failing to meet the planned strategies. It is essential for firms to understand and address strategic drift to achieve superior and sustained performance. The firm performance is likely to be influenced by strategic drift. Strategic drift is a concept of strategic management referring to the response of organization when going through a changing environment and has been found to cause a decline in competitive advantage of organizations through managerial inertia, an increase in operating costs and the decline of innovation and market adaptability and thus negatively affecting the performance of organizations. The study's general objective was to review literature on strategic drift with a view to highlight the knowledge gaps suitable to form basis of future research works. Specifically, the study has reviewed the existing conceptual and theoretical literature on the construct of strategic drift and it's connected phenomena, reviewed relevant empirical literature on the construct of the firm performance and it's connected phenomena, identified emerging conceptual theoretical and empirical gaps from the reviewed literature and proposed a suitable theoretical framework in respect to the identified gaps for guiding future research. The study is anchored on the path dependency theory, organizational learning theory, theory of constraints, dynamics capability theory and open systems theory. Empirical review on leadership complacency, marketing myopia, logical incrementalism and organizational commitment and firm performance has been done. Finally, the study proposes a suitable conceptual model in respect to identified gaps and guide future research on the constructs of strategic drift and its connected phenomena, on firm performance. The study's findings are significant to the top management of firms, as they will help them to understand the concept of strategic drift and its implications on performance and therefore be able to develop strategies that will achieve the firm's competitive advantage and superior performance.*

Keywords: *Strategic Drift, Organizational Competencies and Firm Performance*

1. Introduction

Performance is an extent of achievement attained by organizations, individuals or teams (Mathur, 2004). Richard & Stevenson (2009) contended that the performance of organization entails three key areas of outcome of the organization. These are performance in the finances, performance in the product market and returns on the shareholder. Kaplan and Norton (2007) argued non-financial performance measures like share in the market, response speed and quality of product, paying attention to measures that are externally focused like satisfaction of the customer and preference of the brand and considering measures that are forward-looking like satisfaction of the employee, retention and plans on succession must be kept on track by business enterprises.

Organizational performance is considered as the comparison of the value created by a firm, with the value the owners expect to receive from the firm (Fahey & King, 2010). The firm's performance can therefore be reflected by indicators like product sustainability, reliability, quality, productivity, profitability, cost management and market share (Mathur, 2004). There has been failure of some successful strategies in some organizations which is as a result of the strategic drift.

Strategic drift concept was initially pioneered by Johnson (1988). It is the misfit between organization's strategy variations and its environmental changes. Johnson et al., (2005) further argued that strategic drift concept is the gradual failure of the strategies that are in existence to address the company's competitive position. There is a tendency for development of strategies incrementally based on the history and the culture but fails to maintain the pace with the changing business environment.

According to Sammut-Bonnici (2014), strategic drift is the steady decline of competitive action resulting in an organization failure in acknowledging and responding to alterations in the business environment. It describes a gist of intellectual inactivity in the organization's ability in meeting the objectives originally put in place. The signs of strategic drift are a similar viewpoint at the management and panel levels, protection of the ranks, absence of emphasis on the exterior business setting and performance failure. Strategic drift occurs when there is a failure of the strategies to maintain pace with the changing environment. Also, due to uncertainty of change hence a tendency to stick to the familiar. Strategic drift can also be due to core rigidities whereby competencies that are taken for granted and deeply embedded in procedures are hard to alter even when their suitability is no longer there (Johnson et al. 2005). Strategic drift is therefore characterized by highly homogeneous organizational culture and paradigm and where questioning is discouraged, there are significant blockages of power to change such as dominating leaders who are resistant and there is less focus on the organization's external business setting (Mark & Spencer, 2008).

According to Macharia (2014), efficient strategic management is supported on the alignment of strategy, organizational competencies and resources. Competence is the knowledge set that distinguishes a firm and provides a competitive advantage over others (Agha, Alrubaiee&Jamhour, 2011). Organizational competence is a consequence of the existence and functioning of a specific culture based on a specific management system including a specific organizational structure. The crafting of a strategy represents organizational competence in pursuing distinctive actions which sets them apart in conducting operations and improving the organization's financial and market performance (Choge, Namusonge, Makokha&Musau, 2018).

Regulatory framework is a critical factor affecting firm performance and it encompasses taxes, regulations and other public rules and institutions affecting businesses (OECD, 2011). Regulatory framework instituted by the state and professional bodies can be applied in a number of functions manifested in observance to rules and regulations, recommended codes of practice, policies and procedures, standards and orders, organization's structure and relationships and type of production system (Dunlap & Jorgenson, 2015). In addition, control can also be applied on systems that focus on compliance to quality standards and total quality control. Moreover, Forman and Hunt (2005) concluded that regulations can be put in place to improve performance by changing individuals or organizational behaviour in ways that can generate positive impact in terms of solving organizational, societal and economic problems. Therefore, effective control mechanism geared towards improving performance can be attributed to compliance to rules and regulations.

2. Statement of the Problem

Strategic drift can be defined as a gradual deterioration of competitive action that results in the failure of an organization to acknowledge and respond to changes in the business environment (Sammut-Bonnici, 2014). Further, Johnson et al. (2005) denoted that strategic drift is the situation where the strategy of an organization is no longer relevant or suitable to the challenges, opportunities and threats of the external environment it is facing. Strategic drift is a situation that happens when there is an accelerating rate of change in the external environment and the organization continues to operate as before (Gilligan & Wilson, 2009).Research on strategic drift gained traction in the last 30 years and is a concept that is not well researched. Johnson (1988) elaborated the concept for the strategic drift as a discrepancy between the changes in the strategy of the organization and the changes in the external environment. Handy (1989), also extended the development of the concept of strategic drift by explaining it as a regular change in the strategy of the organization, diversions from the vision, which happens so skilful that it is not noticed and when this happens, it is quite late.

Langeler (1992) posits that additional theoretical studies about the concept of strategic drift are needed to enlighten the field. It also been argued that the lack of conclusive studies could be due to a lack of inclusion of moderating and intervening variables in previous studies. Consequently, this paper will systematically review extant literature in the field of strategic drift to develop an encompassing definition of the construct, the perspectives and measures of these perspectives. Ultimately, the review of literature will lead to the development of a theoretical model that can be used in future empirical studies.

3. Conceptual Literature

3.1. Concept of Strategic Drift

Strategic drift can be defined as a gradual deterioration of competitive action that results in the failure of an organization to acknowledge and respond to changes in the business environment (Sammut-Bonnici, 2014). Further, Johnson et al. (2005) denoted that strategic drift is the situation where the strategy of an organization is no longer relevant or suitable to the challenges, opportunities and threats of the external environment it is facing. Strategic drift is a situation that happens when there is an accelerating rate of change in the external environment and the organization continues to operate as before (Gilligan & Wilson, 2009). Although the organization continues to make incremental progress, it's not enough to keep up with the environment's accelerated rate of change.

In explaining the meaning of strategic drift, Danciu (2010) cited it as changes in the expectations and the necessities of the consumers, changes in the structure of the market and the competition, changes in the micro-environment, and changes in the organizational strategies. Strategic drift is a tendency in the strategies for gradual development based on historical and cultural influences of organizations, which fail to be in step with the changing environment. Strategic drift is the condition, which arises when one organization quickly develops its strategy in a way, not in step with the changing environment (Harraf et al., 2016).

Strategic drift may be a result of the situation which causes a firm's strategies to fail to address the strategic state of the organization, the organizational culture and history, which impede the organizational change (Gilligan & Wilson, 2009). Many researchers explain the strategic drift with examples from the practice of organizations, which have been leaders in certain industries, lines of business, and even in world scale, but they have lost their competitive positions because of their strategic drift. The most common among their activity is the tremendous scales of operating, the clumsiness, self-complacency, and the insufficient adoption of the new meaning the lack of innovations.

3.1.1. Perspectives of Strategic Drift

Sammut-Bonnici (2014) perceived strategic drift as a term used to describe a sense of cognitive sloth in the ability to meet the original objectives of an organization. It lies at the opposite end of the strategic spectrum from mission creep when there is incremental widening of the original scope of a mission or organization. In this case, it is a challenge for executives to recognize strategic drift from inside the organization since the internal culture and cognitive inertia will impair judgment and the ability to detect behavior that is disharmonious with the external environment (Handy, 1999).

Strategic drift is also perceived as an occurrence that takes place when there is preservation of the status quo that sets in with a tendency to resist changes within the value chain, to keep matters as they are and to discourage innovation in organizational structure and human resources, technology adoption, product innovation and procurement policies (Johnson, Scholes & Whittington, 2005). The consequence of preservation of the status quo is resistance to change or resistance to any form of improvement. Further, when there is a homogeneous mind at the managerial and board levels, there is a likelihood of strategic drift setting in since homogenization creates a common culture and more harmony within the organization and impedes the strategist's ability to recognize and adapt to external changes in technology, the economy, society or the regulatory environment (Sammut-Bonnici, 2014).

Grove (1996) perceived strategic drift as a lack of focus on the external environment which is a behavior symptomatic of organizations that have enjoyed the benefits of monopolistic or oligopolistic market structures. The resultant effect is the deterioration in performance is observed through declining revenues, relative market shares, profitability and cash flow. At this point, strategies in place tends to go into a stage of unrest as objectives shift to cost cutting, which further damages long-term performance of an organization. As a summary of the ideas of Grove (1996), it can be pointed that in fact a strategic drift is obtained, when the organization does not change its target orientation and strategy, despite the changes in the environment. The lack of this change is explained with its organizational culture and partly its history.

3.1.2. Dimensions of Strategic Drift

Strategic drift occurs when the original goals become vague and impertinent. Langeler (1992) explained from a theoretical point of view that the strategic drift happens, when the initial purposes become unclear. Then the strategies can no longer uphold the vision and consequently the vision needs to be changed to suit the strategy for good or bad. It no longer can maintain the vision and consequently it should be changed to correspond to the strategy. A robust strategy presupposes a well thought out vision. The stable strategy supposes a well-considered vision, only then it shall bring success to the organization. Langeler (1992) posits that if the vision does not match with the ad-hoc strategy, decisions are made incrementally to fuel present strategy and not as a part of vision. Leadership complacency, marketing myopia, logical incrementalism and organizational commitment are some of the dimensions of strategic drift.

Leadership complacency is a situation whereby the leaders in an organization are self-satisfied particularly when accompanied by unawareness of actual dangers or deficiencies that the organizations they are leading may face (Bielic et al., 2020). It cripples the ability of organizations to effectively forecast and adapt to the environmental changes and it is the source of downward spiral that results in demise of organizations (Harraf et al., 2016). Since the global markets are becoming more interconnected, leadership complacency is not an option if an organization is to remain competitive especially on an international scale. To avoid falling victim to ever-changing and ever-evolving markets, leaders must play a pivotal role in building agility by identifying areas in their organization that may lead to complacency (Soltwisch, 2015) which in the long run avoids strategic drift.

Marketing myopia implies a specific situation where the companyhas a narrow-minded approach and fails to focus on the long-term business strategy, while completely ignoring the actual needs and wants of its consumers (Levitt, 1960). It is a situation where market technique and concentrates depend primarily on a single element (product) than the needs of the buyers (Martinez, 2014). It comes in when short term marketing goals are given more significance than long term goals. Most of the industries focus largely on their refined product and become victims of downfall in the long run. They do not realize the cause of their diminishing growth because to them their strategies in product development and product enhancement are top-notch. They tend to blame external factors which might have contributed to their downfall, but they fail to see the bigger picture underneath: their goals and visions did not focus on consumer preferences and needs (Meerza& Chatterjee, 2017) this eventually leads to strategic drift in the organizations.

Logical incrementalism is a process approach that, in effect, fuses strategy formulation and implementation. Incremental approaches view strategy as a loosely linked group of decisions that are handled incrementally. Decisions are handled individually below the corporate level because such decentralization is politically expedient (Quinn, 1980). It is a normative approach to strategic planning in organizations that combine elements of the classic, formal strategic planning process with the power-behavioral perspective; it also embeds the emergent processes of strategy formation that have been observed in organizations (Hughes, 2003). In incremental approaches, strategy is a loosely linked group of decisions that are handled incrementally. Gradual change in alignment with environmental change by making changes based on experimentation around a theme helps to avoid strategic drift.

Organizational commitment is defined as individual’s positive or negative attitudes towards the whole organization in which they are working. It is a state in which employee considers the organization and its objectives as their indicator and has a desire to remain in organization’s membership (Dennis, 1998). Moorhead and Griffin (1995) considered organizational commitment as a sense of identity and individual’s dependence to organization. As such, commitment will influence on some crucial behaviors like transfer and absence and may have numerous positive consequences. Employees who enjoy commitment, are more orderly, stay at organization for a longer period and work more. Allen and Meyer (1997) defined organizational commitment as a kind of emotional and excessive solidarity to organization’s values and objectives, regardless of its instrumental usefulness and denoted that organizational dimension include affective, continuance and normative dimensions.

3.1.3. Adoption of Strategic Driftin Strategic Management and Outcomes

Failure of an organization to anticipate early enough the external variations and thus modify subsequently its course even the most successful strategies would inevitably wear-out and lead to failure (Gilligan & Wilson, 2009). Strategic choices that have been used previously by the organization does not guarantee future success despite how big or powerful an organization or brand becomes, sooner or later its performance will almost inevitably decline. According to Danciu (2010) strategic drift appears where the strategy progressively fails to address the strategic position of the organization and how performance deteriorates. Decline in competitive advantage through managerial inertia, an increase in operating costs and the decline of innovation and market adaptability are some of the outcomes of strategic drift in an organization.

Preserving the status quo sets in with a tendency to resist changes within the value chains, keeping matters as they are and discouraging innovation in organizational structure and human resources, procurement policies and supply chain management (Hamel &Valikangas, 2003). Preservation of the status quo leads to resistance to change or resistance to any form of improvement. In this situation, managers veer toward a defensive strategy that is more concerned with reducing the risk of loss than increasing the chance of gaining competitive advantage. Strategic management should therefore focus more on cost reduction as a means of remaining competitive, rather than developing product attributes and added value.

Deterioration in performance is observed through declining revenues, relative market shares, profitability and cash flow. Strategic management tends to go into a stage of unrest as objectives shift to cost cutting, which further damages long-term performance (Johnson et al., 2011). Strategic management should always seek to monitor performance using the different performance measurement factors in place to avoid strategic drift.

Organizations that have enjoyed the benefits of monopolistic market structures have a tendency of not focusing on the external environment which is detrimental to the organization (Johnson, 2005). Strategic management helps organizations to make incremental change and remain in touch with the environment. Different strategic actions should be adopted otherwise the gradual effect on an organization can be quite insidious.

3.2. The Concept of Performance

Stephen and Mary (2002) define performance as accumulated end results of all the organization's work processes and activities. It is about how effectively an organization transforms inputs into outputs (Thursby, 2000) and comprises the actual output or results as measured against its intended outputs. According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance, product market performance and shareholder return but Liptons (2003) suggested that firm performance is the ability of the firm to prevail.

Multidimensionality of the firm performance is a problem when they should be measured and when should be find appropriate ways and means for measurement. Measuring performance is the process of quantifying the efficiency and effectiveness of an action and decision (Wagoner, 1999). Measuring performance only provides data on whether and how certain activity performed, but this is not enough. What is needed is to know what to do with the data obtained from the measured performance. Performance management is a process that helps an organization to formulate, implement and change its strategy in order to meet the needs of stejkholedrite (Kurt, 2004).

The main question for the managers is what type of measure a firm should use and what type of performance measurement system is best suited for their firms. There is not a general framework for measuring performance. The performance measurement and management framework depend on most of the strategy of the organization, and it should reflect its objectives (Richard et al., 2009).

3.2.1. Measuring Performance

TRADE (2000) denoted that most performance measures can be grouped into one of the following six general categories. The first category is effectiveness: A process characteristic indicating the degree to which the process output (work product) conforms to requirements. The second group is efficiency: A process characteristic indicating the degree to which the process produces the required output at minimum resource cost. The third is quality: The degree to which a product or service meets customer requirements and expectations. The fourth is timeliness: A measures of whether a unit of work was done correctly and on time. Criteria must be established to define what constitutes timeliness for a given unit of work. The criterion is usually based on customer requirements. Productivity is the fifth category. It refers to the value added by the process divided by the value of the labor and capital consumed. Lastly is safety which measures the overall health of the organization and the working environment of its employees.

Firm performance is a relevant construct in research and frequently used as a dependent variable. It is one of the most commonly used constructs as the final dependent variable (Richard et al., 2009; Cho &Pucik, 2005). Franco-Santos and Bourne (2005) argue that it is critical to identify and select appropriate measures and targets of performance. Most of these measures are grouped into one of the following general categories; profitability, quality, productivity and growth and customer satisfaction (Liptons, 2003). Cavenaghi (2001) denoted that for years, financial performance measurement was seen as the only way, the correct and legitimate way of assessing effectiveness and efficiency in an organization.

Miller and Swope (2006) argue that performance assessment can be structured around seven areas. The seven areas are effectiveness, productivity, quality, customer satisfaction, efficiency, innovation and financial durability. Kaplan and Norton suggest that performance measures should be multidimensional in nature covering both financial and non-financial measures. They developed four perspectives: financial, customer, internal processes, and innovation.

4. 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 drift and firm perfromance as well as related empirical literature.

4.1. Theoretical Review

Five theories namely, the Path Dependency Theory, Organizational Learning Theory, Theory of Constraints, Dynamics Capability Theory and Open Systems Theory were reviewed as presented in the following section.

4.1.1. Path Dependency Theory

This is a dynamic theory with varying levels and builds on the theoretical descriptions by Brian A. (1994). The process of path-dependence is categorized into three stages. Stage one is illustrated by a process of searching that is undirected. There are unconstrained choices and decisions are considered as contingent events unexplainable by events or initial conditions that took place before (Mahoney, 2000). This means that all the occurrences are dependent on the decisions made. When decisions are made, vibrant self-reinforcing processes sets in, eventually leading to patterns that are deterministic. The moment where setting of the path dependency into action takes place indicates a significant juncture (Collier & Collier, 1991). These junctures are significant since once a specific choice has been made, it turns out hard to go back to the beginning point where multiple options were available (Mahoney, 2000).

In stage two, alternatives are progressively reduced to a point where agents in the long run have almost no choice to make (Mahoney, 2000). In this stage, there is development of a causal pattern tracking a specific behavioral type that builds on social processes whereby there is a likelihood of reproduction of the pattern over a particular period (Kauffman, 1993). The contingent or the random occurrence of a small happening that nevertheless has a substantial and justifiable effect to develop, diffuse and adapt to a technology or an institution. Incidentally this prompts a process that is self-reinforcing with a likelihood of becoming principally regulated by the procedure of escalating proceeds (Arthur, 1994).

Changing to the third stage is evidenced by a lock-in (Arthur, 1994). One specific technology or institution at this phase is usually adopted makes the new entrants forcefully adopt it too. This specific outcome is because of the processes. Valid options are no longer useful. The rational choices are the basis for the classical model of path dependency. Rational decisions are taken by individuals which may not have intentional and rational effects at a collective or system level (Arthur, 1994).

This theory is relevant to the study since identification of deeds and occurrences prompting a path-dependent procedure within and across firms earliest possible is increasingly important. Further, it is critical to detect strategic difference indicators at strategic articulation points (Burgelman& Grove, 1996) in the description of one type of dynamics of an industry giving way to another and/or when, on the organization, there is a variation in one strategy into another, regardless of being purposeful or developing. Once identification has taken place, there should not be giving up by the management, but should join in the process of shaping, breaking, and creating the path to avoid strategic drifts (Ebbinghaus, 2005).

4.1.2. Organizational Learning Theory

The theoryof organizational learning was founded by Argyris and Schon (1978). The theoryposits that learning and successful organizations have the capacity to learn sooner, better and faster than their competitors and utilize this learning in their working process (Alavi, 2010). Organizational learning dates to the late 1970s, a period when researchers focused on the theoryfrom a psychological viewpoint. Argyris and Schon (1996) advanced the theoriesof single-loop and double-loop learning. They christened the processes by which mistakes are rectified by employing other strategies or processes calculated to produce different and successful outcomes, single-loop learning. They expounded that single-loop and double-loop learning processes can be found in organizational learning. Single-loop learning happens when organizations identify faults, fix them, and then proceed with their existing policies and objectives. It is said to be double loop learning where organizations identify faults and alter their policies and objectives before they adopt remedial action (Romero, 2014).

Organizational learning has also been defined as the actions of the organization like acquiring knowledge, distributing information, interpreting that information, and consciously or subconsciously maintaining memory on the positive variation of the organization (Templeton, et al., 2002). In terms of the learning role in behavioral change, organizational learning combined process tailored to support and protect the organizational behavioral change (Rodriguez, et al., 2003). It entails the production of new knowhow, skills and behavior that aids an organization to adjust well to new ways of working. It can be regarded as a dynamic process. It includes creating, acquiring, and collecting knowledge with the objective of developing resources, and capacity for improved performance of the organization (Perez Lopez, 2005). Alerga and Chiva (2008) described organizational learning as the process by which organizations learn. This encompasses every change to the organizational models which has the effect of improving or preserving operational performance. The means of evaluating learning in organizations is also an issue of focus (Cullingford, 2010).

Organization learning is a result of organizational inquiry. Every time the expected end results vary from the actual outcome, the researcher or organization will want to engage in inquiry to find out and, where required, solve the inconsistency (Cullingford, 2010). It is during this inquiry, that the researcher will interact with other members of the organization. Learning takes place during this interaction. It is for that reason, that learning is said to be a direct product of this interaction (Argyris & Schon, 1996).

The theoryof organizational learning has two tenets. The first tenet of the theoryis the single loop learning. This is made up of one feedback loop once strategy is adjusted as reaction to an unexpected outcome (this is also called error correction). For instance, where there is decline in sales, marketing managers will seek to find out the reason, and make strategy adjustments to grow the sales according to the set targets. The other tenet of the theoryis the double loop learning perspective which refers to learning that happens as result of the change of theory-in-use. In this tenet according to Argyris and Schon (1996) the values, strategies, and assumptions that guide the action to be taken are altered to create a more efficient environment. When there is learning in an organization and management is keen on the two tenets, strategic drift will be avoided.

4.1.3. Theory of Constraints

The Theory of Constraints (TOC) was developed by Goldratt (1984). He popularized theory as an overall management philosophy and at its inception, was the Optimized Production Timetables scheduling software (Goldratt & Cox, 1984). The theory has since advanced from a basic production scheduling software program to a complement of integrated management tools. It now encompasses three interconnected areas: logistics/production, performance measurement and problem solving/thinking tools (Spencer & Cox, 1995). In the view of Goldratt (1990), Klein and DeBruine (1995) and Dettmer (1997), TOC considers organizations to be chains made up of several links or networks of chains and when seen as constrained systems, links of a chain all play a role in furtherance of the organizational objectives. Every link is heavily reliant on the others, but as expected, the chain can only be as strong as its weakest link.

Goldratt's TOC posits that the overall performance at organizational level can only be as good as its weakest link. Finding the weakest link or constraint and remedying it is the initial step in the improvement of performance in an organization. This theory is made up of distinct, but related processes and interrelated concepts which include: the performance measures and five focusing steps, logical thinking processes and logistics. It always follows therefore that if there will be a constraint; the TOC then employs a focusing process to point out constraints and makes changes to the organization to remedy the constraint (Cox & Goldratt, 1986).

The theory underscores the usage of Goldratt's three key performance measurements. These measurements are throughput, inventory and operating expense. He emphasizes the use the three global operational measures instead of the local ones like efficiency and utilization. He considers increasing throughput the greatest of the three. In this case throughput means the rate at which an organization can make money not by way of production but by way of sales. This is because according to this theory goods are not considered assets until they are sold (Puche, Ponte, Costas, Pino, De la Fuente, 2016). Goldratt presented a system which entails identification of a constraint, its exploitation, subordination of other activities, then elevating it and finally if there is any change, start yet again at step one (Goldratt & Cox, 2004).

The Thinking Processes lay emphasis on the current issues that inhibit the system from reaching its targets. The first step is to identify symptoms in the system that show the system is not performing according to expectations. On that basis, the TOC Thinking Process tools are deployed to deduce the reasons of the symptoms identified and the steps to be taken to rectify those causes and the extent to which corrective actions can be taken. The TOC approach therefore is to map the system from the perspective of current problems, instead of trying to model the whole system (Klein, 1995).

The importance of this theory in the study is to ensure constant performance enhancement in the organization through identifying weakest links or constraints in the organization and continually remedying the problem. Increasing throughput and/or decreasing operating expense through increased efficiency by staff should lead to the accomplishment of the ultimate goal of growing market reach share and consequently increasing profitability (Puche, Ponte, Costas, Pino, De la Fuente, 2016). If the management can identify the weakest link and find a solution, in the long run strategic drift will be avoided.

4.1.4. Dynamics Capability Theory

This theory was developed by Teece, Pisano, and Shuen (1997). The notion of dynamic capabilities was developed as the capacity of the firms to renew competencies to achieve congruence with the changing business environment by adapting, integrating and reconfiguring internal and external organizational skills, resources and functional competencies (Teece et al., 1997). Dynamic capability theory explains the capacity of an organization to identify new resources, extend or modify its resource base to achieve competitiveness. Dynamic capability is strongly related to raw material availability which is heavily affected by external factors and thus the firm must renew, recombine, redeploy, replicate, retrench and retire the dynamic capabilities in order to sustain competitiveness (Helfat & Peteraf, 2003).

This theory suggests that for organizations to compete successfully in their markets, they need two types of capabilities. Ordinary capabilities which allow organizations to operate their chosen lines of business efficiently and effectively and dynamic capabilities which help them to upgrade their ordinary capabilities or to create new ones (Winter, 2003). DCs is not just to create resources but can be used to eliminate resources when a situation arises. Even if the strategic capabilities are built from resources by simply possessing resources does not guarantee capabilities building as the resources and capabilities systems of the organization are dynamic in nature and their relationships are always varying (Grobler, 2007). An organization possessing DCs can meet the variation that is necessary to build competitiveness.

Dynamic capability is the key for sustained success under rapid change (Nelson & Winter, 2002). Different DCs exists between organizations because each organization is facing varying settings and strategic significance of change (Zollo& Winter, 2002). Further, the DCs are different between organizations because the same capabilities that are important to one organization can be nothing more than just a normal operating capability to others (Winter, 2003). According to Augier and Teece (2009) dynamic capabilities have a tripartite structure in that they have the capability to sense opportunities, the capacity to seize opportunities and to manage threats through combination, recombination and reconfiguration of assets inside and outside the business' boundaries.

4.1.5. Open Systems Theory

The proponent of open systems theory is Ludwig von Bertanlanffy (1956) who argue that as firms conduct their businesses, they will be influenced by occurrences and changes or factors from external environments (Burnes, 2000). As such, for any firm to be successful, they must continuously interact with the ever-changing external environment. Firms that must be effective and successful should adapt appropriately to changes that occur in their respective environment. This is because firms are environment serving and dependent (Ansoff & McDonell, 1990) and must therefore adapt or create a fit to their environment if they are to remain viable (Duncan, 1972).

Lawrence and Lorsch (1967) established that in any system, firms can sustain its operations by interacting with its external environment. It is feeding upon itself by being permeable to through no boundaries and interacts with the environment. Open systems are living systems and maintain themselves in exchange of inputs with external environment. Firms operating under open systems are highly adaptive while closed ones not because they are not permeable as they do not make any exchanges with external environment. Firms should always continuously interact with their external environment to attract the resources that can sustain or enhance their performance. Carmeli and Tischer (2004) argued that firms must compete for the scarce resources responsible for their survival and only firms that are compatible with the immediate environment avoid being extinct.

The main point of an 'open system' as put forward as a metaphor in both by Hanna (1988,1997) and Robbins & Barnwell (2002) is that all organizations have the same characteristics or attributes as other living organisms. Since organization is considered to be like living organisms, organization by its nature is an open system because organization is dependent on its environment to grow, sustain and achieve its purposes. As an open system, organization in a sense needs to adapt, cooperate or coexist with the environment if the organization wants to sustain. Thus, organization as an open system needs to put environmental factors into account when making decisions or efforts to achieve their purposes. As been mentioned earlier, no such organization can prosper and excel without paying attention to its environment.

Organization as an open system has several attributes or characteristics. Some organizational theorists (Hanna, 1988, 1997; Robbins & Barnwell 2002) have come to an agreement that open system in organization needs to have the following attributes namely boundary, purpose, inputs (importation of materials), throughput (transformation process), outputs, feedback and environment. Some theorists like Duffy (2008) and Kahn & Katz (1971) have different wording in the same attributes and put forward more attributes such as negative entropy (a situation where organization achieves a stable life through innovation or renewal to survive), homeostasis (balance or a status quo condition) and equifinality (achieving the same state through various means) in organization. These attributes are very important for any organizations which are open system.

4.2. Empirical Literature Review

A study to identify causes and elicit proposals for preventing complacency by officers in charge of the engineering watch was carried out by Bielic et al. (2020). A total of 63 Croatian engineering officers participated in four deliberative workshops, facilitated by an expert in the teaching of leadership and management. Causes of complacency were identified. Efficient training on workload management, adequate familiarization, reporting issues with technology, producing one's own manuals, more effective leadership courses, more emphasis on non-technical skills as criteria for a promotion, joint workshops on teamwork for land-based managers and seafarers, open and objective performance evaluation and direct communication between land-based managers and seafarers were proposed as feasible preventive measures.

A study on the factors that lead to leadership complacency in large organizations and the dialectic relationship between complacency and crises was carried out by Abbas (2014). The study was carried out at General Motors. Tackling unexpected events, complexity of events and prevention of leadership complacency was evaluated. The study found out that there was leadership complacency in large organizations and concluded that it is vital that the large organizations frequently reexamine their culture, revitalize it, confront complacency and most importantly, organize and deploy resources to prevent or neutralize crises.

Puncreobutr (2020) carried out a study on the effect of collaboration leadership in creating changes in organizations. In- depth interview with 83 executive administrators of Public Company Limited, department executives of social sectors and international higher education institutions, who collaborate in creating the changes for the organizations and for the society was carried out. The study found out that ability in creating the changes and the ability in creating collaborative activities are important in ensuring performance of organizations.

Bergman (2020) carried out a study on the leadership communication in organizations. Interviews with managers and communication professionals in two organizations were carried out and analysis took place. The findings showed that there were several benefits of having communication professionals take on a role as communication trainers, such as increased visibility of the communication department within the organization and the opportunity to continue to support the leaders after the trainings.

Research to find out the correlation between the concept of marketing myopia and its impact on the business was conducted by Takwi (2020). CAMTEL (Cameroon's Telecommunications) was chosen as a part of research procedure amongst other telecommunications companies with similar situations such as Express Union and CCC Savon. The primary data was collected from the company through a survey on a few staff and clients of CAMTEL. The secondary data was collected from websites, articles and journal. Both descriptive and inferential statistics were conducted. Results showed that CAMTEL had strong corporate strategies that maintained the progression of the company upward but in some aspects the company may regard some possible shortcomings ofstrategic actions.

Meerza and Chatterjee (2017) carried out a study on the effect of marketing myopia on the business ailment and Bangladesh's telecommunication business. Pacific Bangladesh Telecom Ltd (CityCell company) was the focus of the study. Primary data was collected from both the company through a survey from 110 mobile users of CityCell company while secondary data was collected from websites, articles and journals. Both descriptive and inferential statistics were conducted. Results showed that there was a correlation between the conditions of marketing myopia and the business strategy of CityCell company in Bangladesh.

Sousa et al. (2018) carried out a study on the marketing myopia in Brazilian public universities an empirical study that involved the academicians. An online survey was conducted, involving 236 academicians associated with in Brazilian public universities. The data obtained were subjected to exploratory factor analysis and descriptive statistics. The results revealed the low utilization of proactive market analyses in Brazilian public universities and limited integration of marketing through interaction with companies. There were several obstacles to the implementation of marketing strategies in Brazilian public universities, characterizing marketing myopia.

Pankaj et al. (2021) conducted a study on marketing capability and new venture survival with a focus on the role of marketing myopia. A sample of 47,875 ventures in Portugal was used in collection of primary data and a Cox proportional-hazards model was used in analysis. Results showed that myopic marketing investments have a positive moderating effect on the relationship between marketing capability and venture survival odds.

A study on exploring the change in strategy formulation and performance measurement practices under turbulence using logical incrementalism approaches was carried out by Pashaa and Poisterb (2017). Survey data were collected from public transit agencies in small and medium-sized cities at the beginning of the recession in 2009 and in 2013. The analyses found that transit agencies dealt with the fallout from the economic crisis by increasing their use of logical incrementalism approaches to strategy formulation through negotiating with organizational stakeholders and responding to newly emerging information through continuing changes in strategy.

A study to demonstrate how logical incrementalism can be used to implement major strategic decisions was carried out by O'Regan and Ghobadian (2012). Company documentary evidence from 124 manufacturing organizations and semi-structured interviews with CEOs were carried out to gather the data. Preliminary data analysis and moderated regression analysis was done. Results 3. Results indicated that there was a momentous and affirmative relationship among employees' performance and organizational commitment. Affective and normative commitment had a positive impact on employee's performance, but continuance commitment had no significant impact on employee's performance.

A study to examine the effect of impact of the organizational commitment on the job performance was conducted by Rafiei et al. (2014). The study population was 244 employees of Cooperatives, Labor and Social Welfare department of Markazi Province where single-stage cluster sampling was used. A standard questionnaire was used to gather data. Structural equations modeling (SEM) technique was used for data analysis. The results indicated that the organizational commitment had a positive significant effect on the job performance and that all three dimensions of organizational commitment (affective, continuance and normative commitment) had a positive significant effect on the job performance.

Dinc (2017) carried out a study on the effect of organizational commitment components on the overall job satisfaction and job performance. The relationships between variables were analyzed by using factor analysis, reliability tests, descriptive statistics, and correlation and regression analyses. A total of 437 useful surveys were collected from employees who are working in furniture manufacturing firms in Federation of Bosnia and Herzegovina. The study results indicated that affective and normative commitments have significant effects on overall job satisfaction.

Wu and Liu (2006) conducted a study on the relationship between employees' affective commitment and their task performance; and how the organizational learning ability of Chinese construction firms affects the relationship between organizational commitment and task performance and affects employees' affective and their task performance. Questionnaires were used in data collection. Descriptive statistics were conducted. Results showed that demographic variables were related with organizational commitment and organizational learning ability was also positively correlated with organizational commitment.

Jafri and Lhamo (2013) carried out a study on organizational commitment and work performance in regular and contract faculties of Royal University of Bhutan. Using random sampling procedures, data were collected from 90 faculties, which include both contract and permanent, of colleges of Royal University of Bhutan (RUB). A structured questionnaire was used to measure all the variables of interests. T-test and regression analysis were carried out to analyze the obtained data. Results revealed significant difference in the commitment between regular and contract employees and that because of difference in commitment, there is differential effect on their job performance.

4.3. Proposed Theoretical Model

Theoretical model is essential in demonstrating the relationship between independent variables and dependent variables. In view of the foregoing discussion, a model to link strategic driftand firm performance is proposed. In this model, the relationship between the constructs and the indicators to be adopted in measuring them are shown in Figure 1 below.

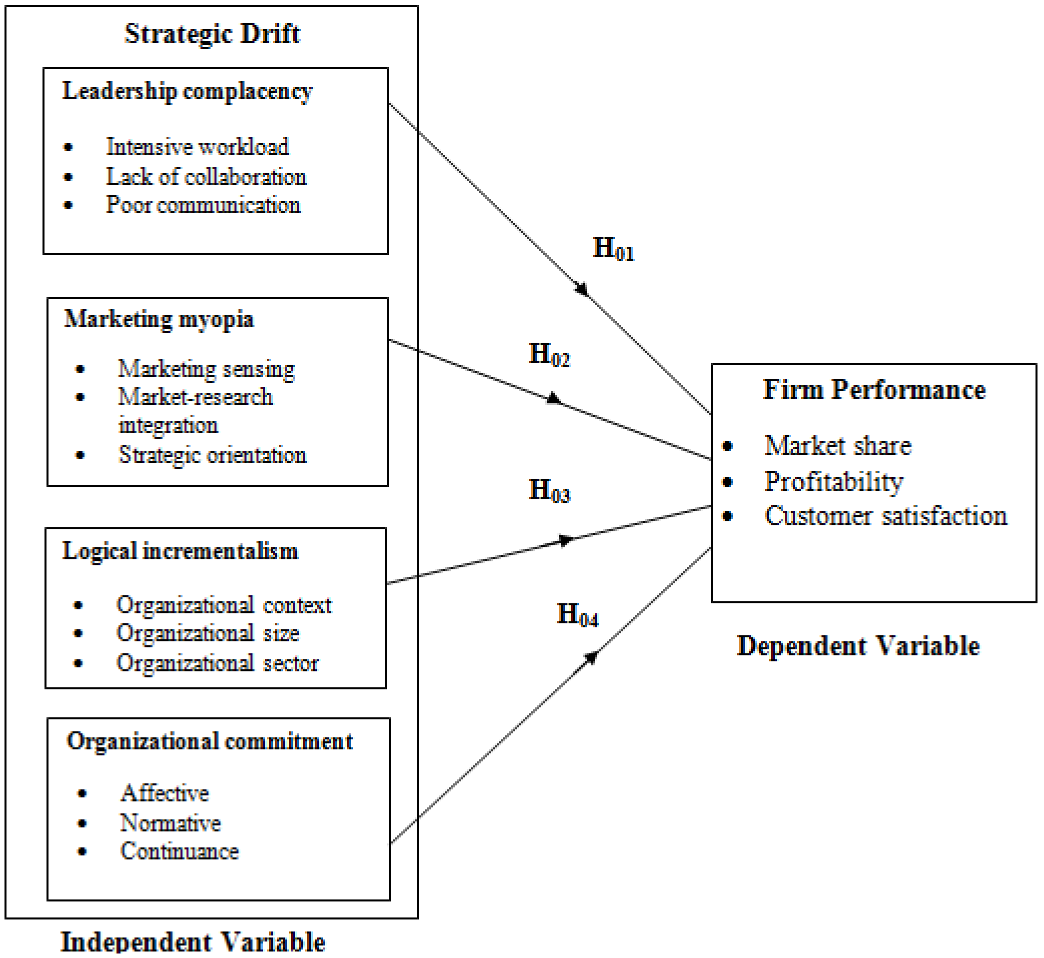

Figure1. *Proposed Theoretical Model*

Source: *Author (2021)*

The independent variable is strategic drift, and the dependent variable is firm performance. This paper has focused on the dimensions of leadership complacency, marketing myopia, logical incrementalism and organizational commitment in strategic drift. The dependent variable is firm performance non-financial measures. For organizations to remain competitive over time with the dynamic environmental changes, they are expected to learn to adapt and reorient themselves to the changing environment to avoid strategic drift. There is need for a deliberate and coordinated learning to a gradual systematic realignment between the environment and the organization's strategic positioning resulting in improved performance, efficiency and effectiveness to achieve organizational objectives. Scholars and academicians have also shown the need for understanding the challenges, opportunities and threats that are provided by the external environment for the organizations to take advantage of the opportunities and avoid threats by applying proper strategies as well as avoid strategic drift that will hinder their performance.

5. Conclusion

The purpose of this paper was to explore the construct of strategic drift to highlight its effect on firm performance in the context of organizational competencies and regulatory framework and propose a theoretical model that illustrates this phenomenon. Extant theoretical and empirical literature was reviewed systematically to investigate the nature of the construct of strategic drift and its connected phenomena. The theoretical arguments were based on the Path Dependency Theory, Organizational Learning Theory, Theory of Constraints, Dynamics Capabilities Theory and Open Systems Theory. Accordingly, a theoretical model linking the constructs in the study has been proposed. A review of past literature has revealed the existence of contradictory findings on the relationship between strategic drift and the outcomes of firm performance, the mediating effect of organizational competencies and the moderating effect of regulatory framework on strategic drift. Conceptual, methodological and theoretical gaps in previous studies have also been highlighted. This paper contributes towards advancement of knowledge in strategic management in that the proposed theoretical model showing the variables and the indicators may provide a guide for further empirical studies. Further, there is very little research carried out in the area of strategic drift and thus, thus paper will form a foundation for future references.

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