

**BENCHMARKING METHODOLOGY FOR
INTERNATIONAL OIL COMPANIES BASED ON
THE HYBRID STRATEGY AND STRATEGIC
PERFORMANCE**

ALHAMZAH MALIK RADHI AL SAYED NOOR

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PERFORMANCE**

by

ALHAMZAH MALIK RADHI AL SAYED NOOR

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**METODOLOGI PENANDA ARAS UNTUK SYARIKAT MINYAK
ANTARABANGSA BERDASARKAN STRATEGI HIBRID DAN PRESTASI
STRATEGIK**

ABSTRAK

Strategi baharu Porter (mulai sekarang dirujuk sebagai strategi hibrid) berdasarkan daripada gabungan strategi pembezaan dan strategi kepimpinan kos. Strategi kesusasteraan hibrid juga mengesahkan kaji selidik mengenai strategi tersebut adalah sangat terhad. Oleh kerana keraguan daripada strategi asli (iaitu, strategi pembezaan, strategi kepimpinan kos dan fokus) ia aktif dalam prestasi strategik. Seterusnya, beberapa isu terbuka dan halangan dalam menghadapi pelaksanaan strategi hibrid masih belum dikaji. Matlamat utama kajian ini adalah bertujuan untuk meneroka pengaruh faktor konteks bagi strategi hibrid terhadap prestasi strategik melalui pemboleh ubah pengantara iaitu faktor kandungan bagi strategi hibrid. Tambahan pula, kami meneroka kekuatan hubungan antara faktor kandungan untuk strategi hibrid dan prestasi strategik melalui interaksi kesediaan untuk perubahan. Untuk mencapai matlamat ini, kajian memerlukan kesusasteraan akademik dengan penyepaduan Pemodelan Persamaan Berstruktur Melalui Kaedah Kuasa Dua Terkecil Separa (PLS-SEM) dan Membuat Keputusan Pelbagai Kriteria (MCDM). Oleh itu, MCDM (iaitu, kaedah terbaik-terburuk [BWM] dan vlsekriterijumska optimizacija i kaompromisno resenje [VIKOR]) ialah pendekatan yang berkesan untuk menyelesaikan masalah kerumitan dan penilaian (iaitu, kriteria penilaian berbilang, kriteria kepentingan dan variasi data). Sementara itu, sebanyak sebelas syarikat minyak antarabangsa yang beroperasi di Iraq menjadi sasaran. Sebanyak 536 soal selidik telah diedarkan, dan 483 soal selidik adalah sah untuk analisis pada masa

hadapan. Hasil kajian mendedahkan faktor konteks bagi strategi hibrid mempengaruhi prestasi strategik. Tambahan pula, faktor kandungan untuk strategi hibrid memainkan peranan pengantara separa dalam hubungan diantara faktor konteks dan prestasi strategik. Keputusan telah mengesahkan bahawa , hubungan antara faktor konteks untuk strategi hibrid dan prestasi strategik adalah lebih kukuh apabila kesediaan untuk perubahan adalah tinggi. Selain itu, menurut keputusan penanda aras, syarikat minyak antarabangsa di Iraq telah disenaraikan dan wajaran direkodkan untuk pembolehubah kajian. Hasil kajian ini memberi pandangan kepada pengamal dan ahli akademik untuk melaksanakan strategi hibrid yang membawa kepada prestasi yang unggul.

**BENCHMARKING METHODOLOGY FOR INTERNATIONAL OIL
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ABSTRACT

Porter's new strategy (from now on referred to as the hybrid strategy) is based on a mix of differentiation and cost leadership. The literature on hybrid strategy confirms the investigation of such a strategy is mostly limited. With the suspicion of the pure strategies (i.e., differentiation, cost leadership, and focus) are active in strategic performance. Several open issues and challenges facing the implementation of a hybrid strategy and not been observed yet. This study aims to explore the influence of the context factors for the hybrid strategy on the strategic performance through the mediating variable, the content factors for the hybrid strategy. In addition, the researcher explores the strength of the relationship between the content factors for the hybrid strategy and the strategic performance through the interaction of readiness for change. To this end, this study completes the previous literature with a combination of the partial least squares structural equation modeling (PLS-SEM) and multicriteria decision-making (MCDM). Thus, the MCDM (i.e., best-worst-method [BWM] and vlsekriterijumska optimizcija i kaompromisno resenje [VIKOR]) are effective approaches to solving the problem of complexity and evaluation (i.e., multiple evaluation criteria, important criteria, and data variation). Hence, eleven international oil companies operating in Iraq were targeted. 536 questionnaires were distributed to the managers and head of department, and 483 questionnaires were valid for future analysis. The results of the study revealed the context factors for the hybrid strategy affect the strategic performance. In addition, the content factors for the hybrid strategy

play a partial mediating role in the relationship between the context factor and the strategic performance. The results confirmed the relationship between the context factors for the hybrid strategy and the strategic performance was stronger when the readiness for change was high. Moreover, according to the results of the benchmarking, the international oil companies in Iraq were ranked, and weights were recorded for the study variables. The results of this study provide insights for practitioners and academics for implementing a hybrid strategy that leads to superior performance.

CHAPTER 1

INTRODUCTION

1.1 Introduction

The current market faces significant changes. Current industry development governs the ongoing need for organizations to understand the industry and determine how competitiveness will be considered without compromising the quality and cost of goods and services. Hence, interest in the industry context and current practice is the hybrid strategy paradigm (AI-Zu'bi, 2008). Accordingly, after the great success achieved by the Porter strategies, different points of view emerged. The literature revealed that adopting a hybrid strategy would lead to increased organizational performance. Furthermore, some empirical evidence shows a hybrid strategy leads to superior performance, by combining the cost leadership and differentiation strategy in comparison with the pure strategy (Lapersonne, 2018). Thus, a hybrid strategy achieves superior performance (Salavou, 2015). The available literature reveals that combining cost leadership with a differentiation strategy will result in higher performance than adopting pure strategies (Tavalaieia & Santalob, 2019).

In the light of this discussion, the concept of trade-offs plays a fundamental role as the central part in choosing a strategy by defining a cost leadership strategy or a differentiation strategy (Massad et al., 2020). Cost leadership strategy is depended on an organizational design such as centralization and efficiency harmonization. While a differentiation strategy requires a decentralized and learning process (Davet, 2016; Turner & Mitriv, 2019). According to Tavalaie & Santalo (2019), pure strategies (i.e., Differentiation or cost leadership) are more beneficial for market-oriented industries. However, numerous companies use a hybrid strategy by combining Porter's strategies

(Hughes et al., 2010; Gabrielsson et al., 2016). Shinkle et al. (2013) discover the gap in pure strategy in the developing economies. Using a sample of 443 companies from Belarus, Bulgaria, Lithuania, and Ukraine, the results confirm pure strategies achieve high performance. Nevertheless, the benefits of such strategies are reduced for companies in transition economies. Therefore, companies are forced to adopt a hybrid strategy.

Despite numerous discussions and studies about pure and hybrid strategies, no conclusive evidence has been identified pure strategy achieves superior performance. Therefore, the investigation of hybrid strategy is interesting because hybrid strategy is a competitive behavior that combines differentiation and cost leadership. A hybrid strategy is distinguished from the focus approach by not focusing on a specific market and strategy (Tavalaei & Santalo, 2019). Resultantly, researchers are not willing to accept a combination of differentiation and cost leadership due to the lack of sufficient evidence to confirm the superiority of the hybrid strategy (Gabrielsson et al., 2016).

Several previous studies have pointed to the relationship between company strategy and performance for improving the business process (Claver-Cortés et al., 2012; Rahman et al., 2017). On the other hand, some studies have focused on implementing the hybrid strategy (Murillo-Luna et al., 2011). The neglect of regulatory and environmental aspects increases organizations' failure in adopting a hybrid strategy. Such an issue has a negative impact on the successful implementation of the hybrid strategy (Ibrahim & Harrison, 2019). Although the relationship between context, content, and process was discussed for organizational change (Al-Abrow, 2012). The previous literature neglected the strategic aspects. Many empirical studies and research indicate the successful implementation of Porter's strategies. However, empirical studies confirm the impact of hybrid competitive strategy and strategic

performance remains few in the context of Iraqi industrial companies, which has excellent potential for future research (Kaliappen et al., 2019; Alnoor et al., 2022). This study aims to present an integrated model for the hybrid competitive strategy based on identifying, understanding, and analyzing context factors, content factors, and processes to successfully implement the hybrid competitive strategy program. Focusing on the integrated and comprehensive approach of the hybrid competitive strategy supports industrial enterprises in developing countries, specifically Iraq, to compete with global companies.

1.2 Background

An organization's strategy is a specific style of decisions and procedures that leaders utilize core competencies to increase performance (Jones, 2013). In 1980, Porter defined two basic general strategies (i.e., Cost leadership and differentiation). These are the two most common strategies despite the availability of similar strategy categories (Gabrielsson et al., 2016). Treacy & Wiersema (1995) introduced a new competitive strategy classification consisting of three layers (i.e., Operational excellence, product leadership, and customer familiarity). Another strategic classification of the business strategy was placed by Miles and Snow. This classification depends on the fact managers seek to formulate strategies consistent with the external environment for achieving harmony between the organizational characteristics and the external environment. Moreover, prospector, defender, analyzer, and reactor are the four strategies (Miles et al., 1978). Resultantly, the relationship between pure strategy and performance is theoretically and empirically examined in many areas (e.g., Pertusa-Ortega et al., 2009; Claver-Cortés et al., 2012;

Salavou, 2013; Manev et al., 2015; Hansen et al., 2015; Ozdemir & Mecikoglu, 2016; Kaliappen et al., 2019). In contrast, many theorists prefer purity (Miller, 1992).

"Porter advocates pure strategy by claiming that companies often stuck in the middle because they do not adopt a cost leadership or the differentiation. Moreover, such companies do not make crucial decisions regarding how to compete (Porter, 1985:17)". The hybrid strategy is distinguished from the stuck in the middle by combining Porter's competitive strategies. Such a strategy protects the organization from getting stuck in the middle (Claver-Cortés et al., 2012; Khedmati et al., 2019).

In many studies, the relationship between strategy and performance is thoroughly analyzed using different metrics based on Miles and Snow's strategies and Porter's strategies (Avcı et al., 2011; Anwar & Hasnu, 2017). However, there are doubts companies can successfully pursue pure strategies (Differentiation or cost leadership) or combine these strategies (Salavou, 2013). Miles et al. (1978) proposed four main strategies (Treacy & Wiersema, 1995; Daft, 2016), which have been extensively tested and validated (Claver-Cortés et al., 2012; Madanoglu et al., 2014). The previous studies adopted the cost leadership, differentiation, and focus strategies based on Porter's model (1980) because the Porter's model is widely accepted academically and practically (e.g., Thornhill & White, 2007; Claver-Cortés et al., 2015; Kaliappen et al., 2019). According to the lack of evidence related to the question, is a pure strategy superior to a hybrid strategy (Jacome et al., 2002; Thornhill & White, 2007). In addition, to overcome environmental uncertainty in a turbulent business environment (Kaliappen et al., 2019). The literature on strategic management emphasized adopt a hybrid strategy is needed. This idea was first defended by Miller, who claimed a company applying a mixed strategic approach would benefit from the advantage of non-imitation compared to other competitors that had a pure strategy

(Miller, 1992). In an extremely crucial economic time, companies strive to balance cost leadership and differentiation (Philip et al., 2018). The hybrid strategy is generally defined as a combination of differentiation and cost leadership. This strategic business approach is referred to as dual strategy, complex strategy, mixed strategy, or hybridization (Lapersonne, 2018).

The purpose of combining cost leadership and differentiation is to improve performance and enhance the ability of companies to adapt to environmental changes (Pertusa-Ortega et al., 2009; King, 2015). The increasing pressure of international competition has generated an urgent need for a hybrid strategy (Proff, 2000). Nevertheless, the pure strategy received a bunch of support (Ozdemir & Mecikoglu, 2016). Previous studies have suggested different approaches linked to multiple performance aspects (Lechner & Gudmundsson, 2014; Hansen et al., 2015). Another group of previous studies has concluded the hybrid strategy that combines differentiation and cost leadership leads to superior performance (e.g., Manev et al., 2014; Salavou, 2015; Lapersonne, 2018). A hybrid strategy has proven viable and profitable (Baroto & Abdullah, 2011). Although Porter's strategies are unambiguous. A new stream of research (e.g., Gilbert & Streepel, 1986; Miller, 1989; Miller & Dess, 1993; Gopalakrishna & Subramanian, 2001) suggests using a combination of pure strategies may be the best method for creating a sustainable competitive advantage. According to Miller and Dess (1993), Porter's model can be developed by considering the hybrid as a combination of cost leadership and differentiation rather than pure strategies. Thus, companies using a hybrid strategy can obtain best strategic performance than adopting a pure strategy (M'zungu et al., 2017; Ibrahim & Harrison, 2019).

Moreover, many companies have successfully adopted a hybrid strategy (Baroto & Abdullah, 2011). One of these barriers to adopting the hybrid strategy is the sector difference (Doyle et al., 2000). The difference between the public sector and the private sector in terms of the nature of the public policy is described as "biased against religious order, highly controversial, taut and non-negotiable time-schedule, no planning light, no seeing of the logistical, structural flexibility, and government implementation issues" (Andrews et al., 2008). However, adopting a hybrid strategy has earned a good reputation in the private sector. Such strategy has produced outstanding results such as strategic flexibility, high customer satisfaction, promotion of sales, improved productivity, and increased performance (Claver-Cortés et al., 2012; Manev et al., 2015; Bonyadi et al., 2019). The hybrid strategy is succeeding in the private sector due to public policy encourages organizations to adopt the hybrid strategy (Al-Abrow, 2012; Claver-Cortés et al., 2012).

According to Krotel & Villadsen (2016) and Lapersonne (2018), a pure strategy has become obsolete due to general laws and the handling of management ineffective, especially in a rapidly changing environment in which the global economy is on the verge of collapse. The hybrid strategy in developed countries has received a superior response, as shown in previous studies (e.g., Du et al., 2016; Anwar & Hasnu, 2017; Kaliappen, 2019; Naeini et al., 2019). Private-sector reform programs can take different forms. One of these programs is the hybrid strategy (Goetz & Jenkins, 2001). However, a few studies are relevant to hybrid strategy in developing countries, particularly in the private sector (e.g., McDermott et al., 2015; Akhtar & Sushil, 2018; Naeini et al., 2019). Generally, several barriers prevent companies in developing countries from accepting strategic change programs such as hybrid strategy (Avci et al., 2011). Differences in managerial uses of core capabilities are an important

limitation to the use of hybrid strategy (Jones, 2013). Another reason is linked to the differences in context factors (Murillo-Luna et al., 2011). Besides, traditional structures and procedures performed under the pure strategy are determinants of hybrid strategy adoption (Hall & Saias, 1980).

There are many benefits and advantages of a hybrid strategy. Increasing flexibility and adaptability, facing environmental pressures, considering consumer needs, and overcoming competitors require companies to choose a hybrid strategy to achieve superior performance (Lapersonne, 2018). Although adopting a hybrid strategy may prove highly costly, such a strategy improves the quality and enhances financial performance by increasing competitive position (Pertusa-Ortega et al., 2009; Cronin et al., 2011). The hybrid strategy reduces the gap between exploring and exploiting ideas (O'Reilly & Tushman, 2004). Indeed, organic features such as decentralization and learning are ideal. However, the critical challenge in such structures is the problem of the exploitation of ideas. In mechanical structures, centralization and efficiency are important advantages. The challenge of mechanical structures is to explore ideas (Daft, 2016; Jones, 2013). Therefore, content factors are filters for upcoming information to adopt the applicable strategy (Hall & Saias, 1980; Schurer et al., 2010; Claver-Cortés et al., 2012; Al-Abrow, 2012).

Similarly, the context factors can play a decisive role in the successful formulation of the strategy (Pearce, 1983; Gribas & Christensen, 2004; McAuley et al., 2007; Lapersonne et al., 2015; Anwar & Hasnu, 2017). Nevertheless, choosing a hybrid strategy means changing the organization's strategy (Lapersonne, 2018). A thorough analysis of the previous studies shows only about 50 percent of all strategic change programs never achieve the goals because of concerns that may threaten

employees' future (e.g., Bruch et al., 2005; AL-Abrow & Abrishamkar, 2013; Samal et al., 2019). For this change to be successful (Drucker,2014), the employees must be open and readiness to explore and exploit innovation (Kirrane et al., 2017). Adopting the hybrid strategy also means combining mechanical and organic characteristics (Kosasih et al., 2020). According to the environmental contingency theory, these characteristics are used by organizations aftermath of rapid changes occurring in the environment (Hatch, 2018).

For instance, companies in Iraq face many changes due to the surrounding environment's rapid changes (Al-Abrow et al., 2019). In the oil sector, Iraq has two types of companies. The first type has four local companies, namely, Basra Oil Company, Midland Oil Company, Missan Oil Company, and North Oil Company. Because of the failure of these companies in the production of oil, and mentioned companies were stuck in the middle, Iraq contracted with several international oil companies, and the purpose was to improve quality and reduce cost. Table 1.1. shown licensing rounds field information for international oil companies.

Table 1.1

The licensing rounds field information for international oil companies

Field	Consortium	%	State Partner	Contract Period
Ahdeb license information				
Ahdeb	Al-Waha Petroleum Co. Ltd	75	SOMO (25%)	20 years
1st licensing round field information				
Rumaila	British Petroleum (BP)	47.63	SOMO (6%)	25 years
	Petrochina	46.37		
	ENI	41.56		
Zubair	BOC	29.69	MOC (5%)	25 years
	KOGAS	23.75		
	ExxonMobil	32.69		
West Qurna	SHELL	19.61	OEC (5%)	20 years (extended to 25 years)
	Petrochina	32.69		
	Pertamina	10		
Missan Fields	CNOOC Iraq	63.75	IDC (25%)	20 years
	TPAO	11.25		
2nd licensing round field information				
West Qurna	LUKOIL MidEast Ltd	75	NOC (25%)	25 years
Majnoon	Shell	45	MOC (25%)	20 years
	Petronas	30		
	Petrochina	45		
Halfaya	PETRONAS	22.5	BOC (10%)	30 years
	Total	22.5		
Garraf	PETRONAS	45	NOC (25%)	20 years
	JAPEX	30		
	JSC Gazprom Neft	30		
Badra	Korea Gas Corporation (KOGAS)	22.5	OEC (25%)	20 years
	PETRONAS Carigali	15		
	Türkiye Petrolleri Anonim Ortaklığı (TAPO)	7.5		
Qaiyarah	Sonangol	75	BOC (25%)	20 years
Najmah	Sonangol	75	BOC (25%)	20 years
3rd licensing round field information				
Akkas	KOGAS	75	NOC (25%)	20 years
	TPAO	37.5		
Mansuriya	Kuwait Energy Co.	22.5	OEC (25%)	20 years
	KOGAS	15		
Siba	Kuwait Energy Co.	45	MOC (25%)	20 years
	TPAO	30		

Table 1-1. Continued

Field	Consortium	%	State Partner	Contract Period
4th licensing round field information				
Exploration Block 8	Pakistan Petroleum Ltd (PPL)	10	N/A	30 years
	Kuwait Energy Co.	60		
Exploration Block 9	Dragon Oil	30	N/A	30 years
	EGPC	10		
Exploration Block 10	LUKOIL Overseas Iraq Exploration (LOIE)	60	N/A	30 years
	Inpex	40		
Exploration Block 12	Bashneft	10	N/A	30 years
		0		
Source: Adapted from EITI (2017)				

Table 1.1. shows the total number of international oil companies were 35 companies. They operate in 18 oil fields, which represent the second type of oil companies (EITI, 2017). The duration of the contracts ranged from 20 to 25 years, which means the remaining period for international oil companies is less than ten years. Iraq depends on the oil sector to revive the economy and is considered the only resource in the country. Therefore, adopting a hybrid strategy may support the Iraqi government increase oil exports. Besides, the contract period will expire soon, and the Iraqi government needs to realize the oil companies with high strategic performance. Hence, the benchmarking process in pursuing the best strategic performance is crucial for international oil companies. For example, an error in identifying a company's strategy may negatively affect the company's performance and reduce market share. Furthermore, the company will need more resources to determine and identify the correct strategy of a particular company. Consequently, there is a dire need for thorough research to prevent oil companies to adopt a hybrid strategy and provide information to the Iraqi government about the companies that have high strategic performance.

This study used the structural equation modeling technique to examine the conceptual framework. Nevertheless, multiple criteria affect the hybrid strategy, which is related to context and content factors, readiness for change, and strategic performance factors. The second issue is the important criteria of the international oil companies. Several criteria need to be considered, and different weights are frequently given to each set of criteria. Finally, data variation is a problem for international oil companies. The data variations can be viewed in one scenario. The scenario is related to the decision matrix that combines the maximization and minimization goals. Therefore, an integrated and comprehensive methodology should be developed that covers all aspects of a hybrid strategy by combining SEM and MCDM approaches. This integrated methodology will support the administrations' decisions in evaluating the available alternative (i.e., international oil companies) and determining the best company. Hence, by integrating the SEM-MCDM approach, this study provides information to the Iraqi government to renew contracts with international oil companies with high strategic performance.

1.3 Problem Statement

Managers lack the suitable strategies to maintain strategic performance during turbulent environmental times (Fulce, 2018). Especially organizations pursue to gain a more significant market share (Zhao et al., 2020). Moreover, quality, cost, flexibility, delivery time, and innovation are the primary metrics for strategic performance, which have become the main key concepts to the managers' agenda of an organization (Hyvonen, 2007). The companies are currently faced with a severe problem of utilizing the essential competencies that create value (Iraqi companies among them) (Sarkis et al., 1997; Al-Abrow, 2012; Jones, 2013; Alnoor, 2020). Frequently, the strategic

choices made for promoting competitive advantage do not lead to the level of ambition of organizations (Anwar & Hasnu, 2017). There are several risks with adopting a pure strategy. Thus, the company implementing the hybrid strategy will benefit from the non-imitation advantage compared to other competitors. Many factors compel organizations to adopt strategies support them in environmental adaptation. On the other hand, the competition encourages companies to use a hybrid strategy (Gabrielsson et al., 2016). Moreover, many authors have criticized companies that adopt pure strategy (Dess & Davis, 1984; Hill, 1988; Chrisman et al., 1988; Hendry, 1990; D'aveni, 2010; Anwar & Hasnu, 2017; Lapersonne, 2018). In consequence, the first issue of the problem statement is Porter's new strategy (from now on, referred to as the hybrid strategy) based on a mix of differentiation strategy and cost leadership strategy (Tavalaei & Santalo, 2019).

Recently, many studies have considered the issues of high production costs, low quality, and performance of companies operating in Iraq. Hence, economic, social and political factors are considered as barriers to increasing quality and reducing costs. Such factors are attributed to context or environmental factors (Al-Abrow et al., 2019; Albalaki, 2019; Alnoor et al., 2022). In addition, the implementation of the hybrid strategy in the international oil companies needs to overcome the problems of resistance to such a strategic change. Moreover, mitigating negative reactions to strategic change is a critical issue for the successful implementation of the hybrid strategy in international oil companies. Aftermath 2003, which was the military invasion of Iraq (Alnoor et al., 2020). Due to the entry of coalition forces in 2003 and the economic blockade, the infrastructure of many energy and oil companies collapsed. Consequently, the Iraqi government began to agree with a group of foreign companies, where 35 companies were selected, belonging to 19 nationalities and working in the

oil field. The Iraqi Ministry of Oil aims to increase production capacity to 7 million barrels per day in 2020. However, the actual production in 2019 was about 4 million 576 thousand barrels per day (EITI, 2017; Al-Abrow et al., 2018; Opic, 2020). There is a noticeable increase in development, but these companies need to adopt more effective strategies such as the hybrid strategy to provide more benefits to society, reduce costs, and increase quality (EITI, 2017; Al-Qaysi, 2019; Zeebaree & Siron, 2020). The issue is attributed to the failure to adopt a strategy that combines cost leadership and differentiation strategy (i.e., hybrid strategy). Therefore, one of Iraq's problems was the failure to adopt a cost leadership strategy or differentiation or combine them. The dynamic environment leads to the failure to adopt organizational strategy (Alnoor, 2020). According to international reports, the year of 2019 witnessed many unrests, which aimed at providing real strategic reforms considering the fragility of the economic system (World Bank, 2019). Although a hybrid strategy allows organizations to achieve high strategic performance (Gabrielsson et al., 2016), all programs adopting hybrid strategy do not improve organizational performance (Kaliappen et al., 2019). Many organizations have failed to improve the performance by utilizing the hybrid strategy (Lapersonne, 2018). The hybrid strategy is closely related to the changing environment and strategic change. Consequently, organizations must overcome context and content factors by improving organizational design characteristics (Anwar & Hasnu, 2017). Due to weak security, widespread corruption, and the absence of coordination between international organizations and indigenous partners. Iraq faces significant economic challenges. These factors lead to failures in implementation of the hybrid strategy for Iraqi companies operating in the private sector. Such an issue relates to the decline in strategic performance amongst

international oil companies represented by competitive priorities (Al-Abrow et al., 2018; Al-Shukri, 2020; Zeebaree & Siron, 2020).

This study focuses on the integrated approach to adopting the hybrid strategy in private sector companies operating in Iraq, and most of them are international oil companies. Because of Iraq's dependence on oil to revive the economy, especially since reports indicate a rise in the national poverty rate from 18.9 in 2012 to an estimated 22.5 in 2014. The latest labour market statistics show a further decline in welfare and increased unemployment due to the decrease in the performance of oil companies because of the unfortunate results of international oil companies (World Bank, 2019).

According to Woodward's typology, organizations with continuous-process systems need strategies that combine efficiency and learning, such as oil companies (Daft, 2016). Previous studies indicate the situation in Iraq is not constant. Therefore, Iraq needs to use the hybrid strategy because such a strategy facilitates the organizations to increase strategic performance, especially in an unstable environment, by a focus on efficiency and learning (Murillo-Luna et al., 2011; Al-Abrow, 2012; Du et al., 2016; M'zungu et al., 2017). The Figure 1.1. shown the main challenge and practical issues related to this study (i.e., problem statement configuration).

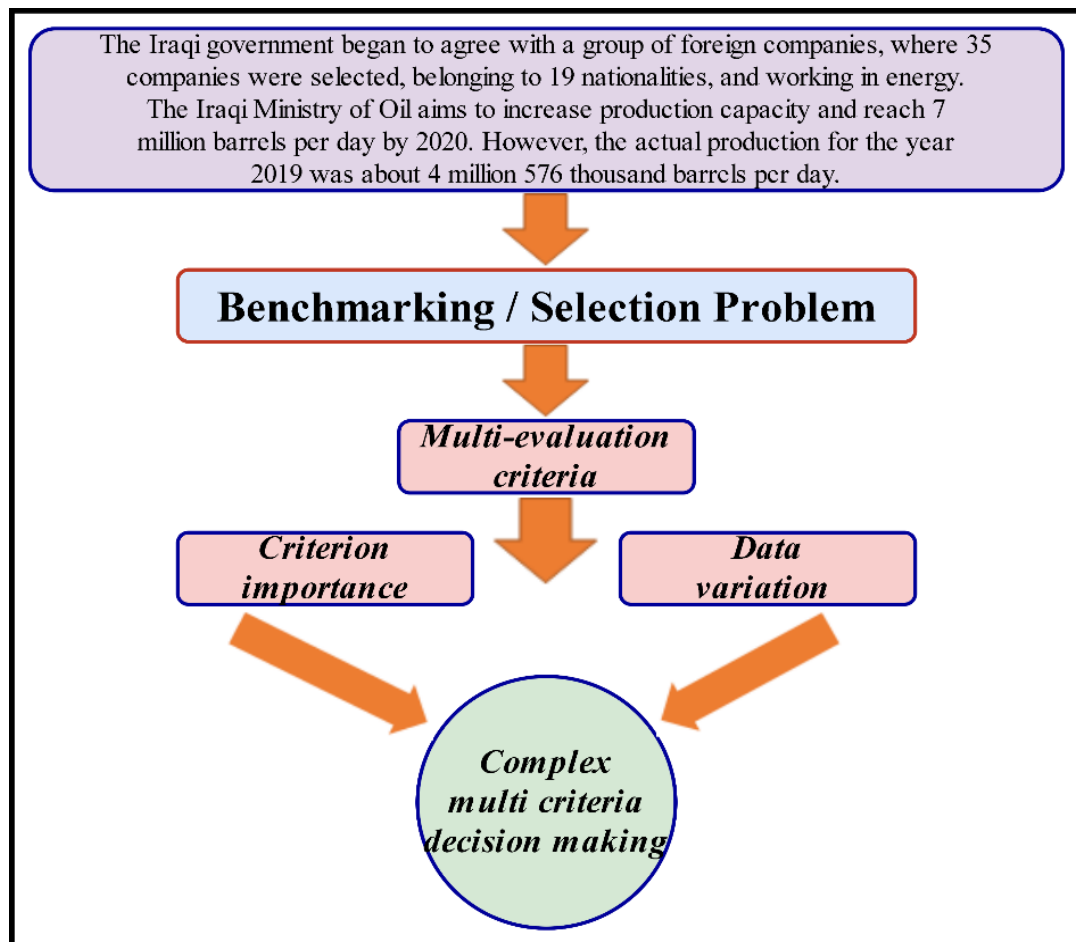


Figure 1.1. Problem Statement Configuration

Figure 1.1. shown the oil companies' administrations have been faced two issues. The first issue related to barriers prevents using the hybrid strategy that reduces strategic performance. The second issue is relevant to difficulties in benchmarking and comparing strategy with other companies in the same field to determine the suitable strategy. Moreover, several of the available models lack accuracy and efficiency in evaluating the hybrid strategy. Due to the availability of many strategy models, oil companies find it difficult to choose the best strategy. According to these issues, most companies adopt pure strategy by overlooking the context, content factors, and readiness for change. To this end, this study aims at presenting an integrated conceptual framework of the hybrid strategy by using PLS-SEM with MCDM

techniques. Attempting to understand and analyze the context and content factors that motivate the organizations to adopt the hybrid strategy. Besides, this study focuses on applying a hybrid strategy by improving strategic performance in the international oil companies in Iraq.

1.4 Research Objectives

The main objective of this thesis is to fill the knowledge gap and use an integrated and comprehensive approach to adopting the hybrid strategy and generalizing a framework that may prove to be a guide in implementing the hybrid strategy. Thus, the sub-objectives of this research are as follows:

1. To investigate the relationship between context factors for hybrid strategy (i.e., High costs of technologies, the priority of other external matters, inadequate industry regulation, insufficient supply, organizational capabilities, strategic capabilities, financial capabilities), and content factors for hybrid strategy (i.e., Organizational structure, differentiation, cost leadership) of international oil companies in Iraq.
2. To investigate the relationship between content factors for hybrid strategy (i.e., Organizational structure, differentiation, cost leadership) and strategic performance (i.e., Quality, cost, flexibility, delivery time, and innovation) of international oil companies in Iraq.
3. To examine the mediating role of content factors for a hybrid strategy (i.e., Organizational structure, differentiation, cost leadership) based on the relationship between context factors for hybrid strategy (i.e., High costs of technologies, the priority of other external matters, inadequate industry

regulation, insufficient supply, organizational capabilities, strategic capabilities, financial capabilities) and strategic performance (i.e., Quality, cost, flexibility, delivery time, and innovation) of international oil companies in Iraq.

4. To explore the moderating role of readiness for change relating to the relationship between content factors for hybrid strategy (i.e., Organizational structure, differentiation, cost leadership) and strategic performance (i.e., Quality, cost, flexibility, delivery time, and innovation) of international oil companies in Iraq.
5. To identify a decision matrix based on multi-criteria for hybrid strategy.
6. To develop a benchmarking methodology for international oil companies based on the identified decision matrix.
7. To validate the proposed benchmarking methodology.

1.5 Research Questions

To address the problem of poor performance in international oil companies, this study discusses the following research questions:

1. Is there any relationship between context factors for hybrid strategy (i.e., High costs of technologies, the priority of other external matters, inadequate industry regulation, insufficient supply, organizational capabilities, strategic capabilities, financial capabilities), and content factors for hybrid strategy (i.e., Organizational structure, differentiation, cost leadership) of international oil companies in Iraq?

2. Is there any relationship between content factors for hybrid strategy (i.e., Organizational structure, differentiation, cost leadership) and strategic performance (i.e., Quality, cost, flexibility, delivery time, and innovation) of international oil companies in Iraq?
3. Does content factors for hybrid strategy (i.e., Organizational structure, differentiation, cost leadership) mediate the relationship between context factors for hybrid strategy (i.e., High costs of technologies, the priority of other external matters, inadequate industry regulation, insufficient supply, organizational capabilities, strategic capabilities, financial capabilities) and strategic performance (i.e., Quality, cost, flexibility, delivery time, and innovation) of international oil companies in Iraq?
4. Does readiness for change moderate the relationship between content factors for hybrid strategy (i.e., Organizational structure, differentiation, cost leadership) and strategic performance (i.e., Quality, cost, flexibility, delivery time, and innovation) of international oil companies in Iraq?
5. Is there any integrated methodology containing “evaluation criteria” and “alternatives”?
6. What are the suitable techniques for developing a benchmarking methodology for international oil companies?
7. Are the findings of the suggested benchmarking methodology applicable?

1.6 Relationship Between Research Objectives, Research Questions and Research Problem

Research questions are sketched to provide the direction and focus of the research, and the research objectives provide answers to the research questions. Table 1.2. presents the questions, answered by objectives, and determines how to solve each sub-problem based on the technique used.

Table 1.2

Link Among Research Questions, Research Objectives, and Research Problem

Research problem mapping				
Research Questions	Research Objectives	Specific Problem	Methods	General problem
1. RQ1	1. RO1	Adopt a hybrid strategy to achieve		Evaluation problem (Benchmarking)
2. RQ2	2. RO2	high strategic performance	PLS-SEM	
3. RO3	3. RO3			
4. RO4	4. RO4	(Conceptual framework)		
5. RQ5	5. RO5	- Multi evaluation criteria problems		
6. RQ6	6. RO6	- Importance of criteria	MCDM	
		- Data variation		
7. RQ7	7. RO7	Generalization aspect for the decision matrix		

1.7 Significance of the Study

This study contributes to providing new insight into the impact of context and content factors for hybrid strategy and the readiness for change as a moderating variable on the strategic performance of international oil companies in Iraq. In this context, there are two main contributions to this study which are theoretical and practical, as follows:

1.7.1 Theoretical Contribution

The technological complexity of continuous-process technology reaches a climax in oil companies (Woodward, 1965). Organizations that use continuous process technology can program the work, predict the process, and control technology, but the system still can significantly malfunction. The main problem in such organizations is controlling production and correcting errors (Jones, 2013). To address coordination and control problems, such organizations need to adopt a hybrid strategy that enables to achieve high efficiency while focusing on coordination and best learning (Daft, 2016). This study contributes to many implications for literature. Firstly, this study distinguishes from other research by adopting the hybrid strategy as a comprehensive and integrated approach to context and content factors. By combining Porter's strategy and consideration for the change this study will contribute to strategic management and organizational studies. Analyzing the hybrid strategy used by organizations can provide guidance and recommendations for viable environment strategies that managers can use to improve the practices in this context. Furthermore, the novelty of this study is by analyzing the adoption of a hybrid strategy by content and context factors considering readiness for change. This research work may be a valuable source of investigation for future researchers. By adopting a dual method within the study design, the results will inform managers about how to solve dilemmas related to selection problems in the hybrid strategy and optimize the core competencies by developing the managerial roles used. Besides, the theoretical contribution will also assist to understand the pure strategy and hybrid strategy in general. Furthermore, this study identifies barriers to the successful implementation of the hybrid strategy. In addition, the core capabilities that contribute to increasing strategic performance are identified.

Secondly, this study will provide evidence that supports the contingency theory and resource-based theory by exploiting resources in emergencies. For example, content for hybrid strategy are essential to the strategic performance of international oil companies. In addition, the content for the hybrid strategy was defined by the cost leadership and differentiation strategy. Involving organizational structure within content factors for the hybrid strategy with cost leadership and differentiation strategy will contribute to the literature by enriching knowledge of the role of organizational design in adopting the hybrid strategy. Thirdly, this study investigates the mediating role of content factors for the hybrid strategy. This investigation provides insight and enriches the literature by extending contingency theory to understand the relationship between context factors for the hybrid strategy and strategic performance. The present study provides an overview of the evidence that exists regarding competitive strategies and why the hybrid strategy that combined cost leadership and differentiation strategy has achieved superior performance. Therefore, this study highlights on the importance of the hybrid strategy and the role of this strategy in avoiding getting stuck in the middle by combining the cost leadership and differentiation strategy. Because previous studies focused on studying hybrid strategy as an outcome. Studying the barriers to adopting the hybrid strategy (i.e., Context factors and content factors) will contribute to the literature in enriching the understanding of the distinct role of the hybrid strategy in increasing strategic performance.

Fourth, the conceptual model of this study confirmed adopting a hybrid strategy is not successful without preparing the organization for such a strategic change. Exploring the interactive role of readiness for change highlights the importance of reducing negative reactions to strategic change. Furthermore, this study contributes to the literature by presenting an insight into the role of readiness for

strategic change in adopting the hybrid strategy to achieve superior performance. Fifth, this study represents a vital contribution to the oil industry by integrating the PLS-SEM with MCDM to develop the benchmarking methodology. This study focuses on the oil sector as Iraq relies highly on this sector for reviving the economy due to the high level of risk in this sector. According to international reports, there is a significant failure in adopting an applicable strategy (Al-Abrow et al., 2019). Hence, the benchmarking methodology of this study enables policymakers, practitioners, and academics to determine the best international oil company based on the hybrid strategy and strategic performance.

1.7.2 Practical Implication

Practically, through a combination of PLS-SEM with MCDM for international oil companies. The Iraqi government, the Ministry of Oil, and local companies will identify companies with high strategic performance and use the hybrid strategy by increasing differentiation and reducing costs. In addition, policymakers will renew contracts with companies that provide high performance and achieve customer satisfaction. Thus, increasing the quality of oil production. The research produced a framework that the oil industry can use to improve strategic performance. As mentioned previously, the oil sector in Iraq is the most reliable source for the Iraqi government to revive the economy (Al-Abrow et al., 2018). However, the results provided by oil companies to Iraq are not at the required level compared to developing countries such as Malaysia. There will be a practical need to address this contradiction and improve the performance of international oil companies in Iraq by improving internal and external procedures and policies for oil companies to implement the hybrid strategy. International reports indicated the low strategic performance of the oil

companies is due to the strategies that the companies adopted, especially the oil companies (World Bank, 2019). The Iraqi government and responsible authorities should provide resources and support to international oil companies, which significantly increase oil imports and support the economy. More specifically, the results will support other policymakers develop oil industry policy to improve the strategic performance in Iraq. The results provide guidance for practitioners and policymakers to understand the factors inhibiting the adoption of a hybrid strategy. Finally, finding solutions to the issues that influence the strategic performance of international oil companies. Through the proposed benchmarking methodology, the decisions of oil companies regarding the development of the hybrid strategy will be accurate and based on the scientific method that will be developed and tested according to a sound scientific basis.

1.8 Scope of the Study

This study emphasizes on international oil companies in Iraq with the aim of examining the mediating role of content factors for hybrid strategy in the relationship between context factors for hybrid strategy and strategic performance and examining the moderative role of readiness for change to strengthen the relationship between content factors for hybrid strategy and strategic performance. This study is quantitative and focuses on explanatory design. The oil sector includes eleven international oil companies operating in Iraq and various fields (EITI, 2017). Data collected according to the online questionnaire based on the five-point Likert scale. The questionnaire sent to the directors of international oil companies and heads of departments in various oil fields. The targeted international oil companies have high shares in the fields, and Iraq relies on them to produce and export oil to revive the economy (EITI, 2017).

According to the objectives, questions, the problem of the study, and the justifications that were mentioned previously, international oil companies were chosen as a population for this study.

1.9 Definitions of the Key Terms

Hybrid competitive strategy: The hybrid strategy is generally defined as a combination of a cost leadership and differentiation strategy (Miller, 1992; Murillo-Luna et al., 2007, 2011).

Context factors: These are the environmental factors surrounding the organization, such as society, culture, technology, government legislation, etc. (Murillo-Luna et al., 2011).

High costs of technologies: High prices of technologies and high prices of ecological services (Rojsek, 2001; Murillo-Luna et al., 2011).

Priority of other external matters or requirements: A priority of other external issues or needs is linked to two factors: competitive pressures and regulatory pressures (Murillo-Luna et al., 2011).

Inadequate industry regulation: Inadequate industry regulation leads to stagnation and limited flexibility. In addition, the scarcity of information through the presence of bureaucratic obstacles (Murillo-Luna et al., 2011).

Insufficient supply of equipment and information: Refer as an insufficiency of the developing technologies procedures, the lack of knowledge about techniques methods, and lack of certainty about the potential benefits of applying such procedures and technologies (Massoud et al., 2010; Musaad et al., 2020).