

Abstract

For decades, the field of strategic management has focused on the determination of drivers of performance and the causes of variation in performance within and between firms. The frameworks so far identified such as resources, external stakeholders and expansion strategies provide partial explanations to performance. This paper seeks to investigate the drivers and causes of variation in performance from a resource based perspective while considering the joint influence of external stakeholders and expansion strategies. According to the resource based theory, resources are central to a host of organisational actions and outcomes. Resources determine a firm's response capabilities and response strategies, growth and expansion strategies and can ultimately be leveraged to secure superior performance. Stakeholder theorists have argued that paying attention to and satisfying stakeholder needs is essential to organisational success. However, the influence of stakeholders on firm performance has seldom been articulated. The effect of expansion strategies such as diversification and internationalization on performance has been investigated. The literature review done and the conceptual model developed establish the moderating effect of external stakeholders and the intervening role of expansion strategies on the relationship between resources and performance. The findings will provide useful insights to managers on factors affecting performance and the manner in which they affect performance. This will help refocus strategic effort towards improved performance of the institutions and contribute to the steadily growing knowledge on the drivers of firm performance and causes of variation in firm performance and could possibly guide future research.