The Pure and Hybrid Corporate Strategies Performance during the Crisis Periods for Sustainable Performance

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Abstract

This research investigates pure and hybrid corporate strategic responses to crises for sustainable corporate financial performance (CFP). The study used a panel data technique for 374 non-financial firms on the Pakistan Stock Exchange from 2006-2021. The generalised least squares regression was used to control heteroscedasticity and autocorrelation. The results proved that corporate business strategy (CBS): prospector, analyser, and defender strategies positively affect CFP, and reactor strategy reported a negative association with CFP during the crisis period. The study results reveal that the pure strategies, defender and prospector, outperformed the hybrid strategy during the crisis. The reactor strategy somewhere shows positive performance in the crisis period for a few industries. The study's findings support contingency theory and offer theoretical contributions and policy implications for executives and practitioners seeking sustainable performance during crises. It guides practitioners to concentrate on CBS typology and internal and external environments to achieve higher competitive performance.

Keywords: Corporate Financial Performance, Corporate Business Strategy, Crisis period, Pure and Hybrid Strategy

1. Introduction

Corporate firms, particularly fast-growing ones, are essential to economic growth because they provide new employment, ensure survival, and lessen the effects of recessions (Bamiatzi & Kirchmaier, 2014). In the meantime, uncertainty in the environment influences corporate performance. Studies have stated that perceptions of uncertainty and the process of developing strategies, rather than actual uncertainty, affect how sound businesses operate. Some studies have argued that uncertainty hurts business performance (Saraç, 2019).

Global economic activity has been severely slowed down due to the COVID-19 epidemic, and this slowness has had a disastrous effect on company productivity and profitability (Li, 2021; Manyati and Mutsau, 2021). For instance, Pakistan's GDP decreased from 5.6% to 3.3% in 2019 and -0.4% in 2020, respectively (*Economic Survey Pakistan*, 2021; Sareen Sushant, 2020). As a result of the pandemic, the manufacturing industry has been hit severely. Both supply chain disruption and a reduction in consumer spending are causing businesses in this industry to see a substantial decline in their sales and performance (Li, 2021). According to the most recent statistics from the Pakistan Bureau of Statistics, large-scale manufacturing, which makes up almost 80% of all manufacturing and around 11% of the GDP, has had a negative 3% increase in the first seven months of the year(Sareen Sushant, 2020). In the same way, the financial crisis of 2008-2009 affected every sector of the economy (Abbas et al., 2012; Block, 2010). In the severity of the economic crisis of 2008-2009, COVID-19 researchers and managers are investigating what types of strategic response can mitigate the negative impact of uncertainty (Saraç, 2019; Wang et al., 2020; Wenzel et al., 2020). Wenzel et al. (2020) literature review found four strategic responses to COVID-19: innovation, persevering, retrenchment, and exit. These strategic responses are intricately linked to Miles and Snow's typology, where innovation is related to the prospector, perseverance is connected to the analyser, retrenchment is linked to the defender, and exit is linked to the reactor strategy.

Wang et al. (2020) investigated crisis management through marketing innovation in China and found that marketing innovation supported firms' sustainable performance during COVID-19. It found that innovative strategies in crisis become more complex for survival, and excessive innovation before the crisis shows an adverse impact on profitability (Assaf et al., 2019). Desarbo et al. (2005) found that Asian, Chinese, and U.S. firms strategically respond to uncertainty in market change by Miles and Snow typology and performance despite variations in the strength of technology, information technology, marketing innovation, market links, and management capabilities. Köseoglua et al. (2013) Investigated business strategy linkage with corporate performance in the Turkish hotel industry and found that the defender strategy had the highest performance in response to financial and nonfinancial uncertainty but was similar to others; the prospector, analyser, and defender outer performed the reactor strategy. Defender strategy tends credence to cost efficiency, and empirically found that cost efficiency reduces the risk of failure and enhances the financial performance of banks in stable and after the crisis (Assaf et al., 2019). In contrast, Sarac (2019) explored the strategic behaviour of metal and machinery industry firms in Turkey during the financial crisis of 2008-2009 and found that the firms maintained adaptation of strategy and responded to the crisis with low cost or with differentiation, or their mix. Further, they discovered that Miles and Snow's typology significantly influenced company performance during the crisis.

These paradoxical relationships between Miles and Snow's strategies and sustainable performance are required to investigate Miles and Snow's typology performance during the crisis period further. The primary purposes of the study are: (1) to investigate the corporate strategic typology deployed by organisations for sustainable performance during the crisis period. (2) To explore the influence of corporate strategy typology on CFP and the differences between pure, hybrid and reactor strategies during crisis times. In the present dynamic environment, it is increasingly challenging for businesses operating in emerging countries like Pakistan to achieve strategic and sustainable performance during the crisis. Corporate organisations in Pakistan pay less attention to these crucial aspects and instead focus on delivering performance to meet short-term performance. (Matloob et al., 2023; Yousaf, 2020). Therefore, this study seeks to answer these questions: What are Miles and Snow's typology organisations employed in Pakistan for sustainable performance during the crisis? How does Miles and Snow's typology perform, and is there a substantial difference in the success of organisations that use viable and reactor strategies?

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This study is a theoretical exploration and a practical guide for managers and executives of nonfinancial organisations. It provides actionable insights into strategic business success, helping them navigate crises. For entrepreneurship scholars, it offers a unique perspective on how strategic typologies, flexibility, and alignment can improve strategic company performance during a crisis.

2. Review of the Literature

Selecting an appropriate strategy begins with discovering possibilities and hazards in the organisation's environment. What the environment permits and promotes determines how an organisation will act strategically. Environmental characteristics and changes impact organisational practices and vice versa. External variables, such as economic, political, technical, social, and ecological elements, affect the organisation's current and future strategic orientation. These factors also generate and restrict prospects for goods, services, or market opportunities, forming the organisation's competitive advantages and competition (Rodrigues, 2002, p.46).

Several investigations are conducted to determine the optimal strategy for the organisation's functioning. Context is essential, as is generally acknowledged, and the competitive environment may impact the dynamics of strategy and performance. Few studies suggest that corporate financial performance is the outcome of matching organisational traits and circumstances that reflect the company's condition based on the contingency theory (CT) approach (Jennings et al., 2003). The dependent effects of firm size and industry must be managed because the present study concentrates on organisational performance and corporate business strategy.

Strategic alternatives typically back analyst strategy. Nevertheless, the literature contends that the defender and prospector should depend on when an innovation-focused approach is required (Albahri et al., 2021; Helmig, Hinz, and Ingerfurth, 2014). The analyst and the defender are helpful tools in ambiguous situations. On the other hand, the prospector technique is considered a sane tactical alternative for flexible organisations (Köseoglua et al., 2013). Business differentiation and increased competitiveness for the growth of strategic performance may result from the choice of reactor strategy (Sollosy et al., 2019). Because it outperforms pure strategy, hybrid strategic approaches are employed in many sectors to compete in a fiercely competitive environment.

According to Magerakis and Habib (2021) Prospectors need to be flexible in their strategy development process to respond quickly to new information because of the unpredictability surrounding the introduction of new goods. Offering an innovative product may cause a high-end disruption or a low-end aggravation if sold with fewer features at a lower price.

A company strategy compatible with its environmental circumstances ought to result in a different outcome than a strategy that is not (Restuti et al., 2022). According to empirical data, corporations often pursue pure strategies, such as defender or prospector strategy, over hybrid strategy and analyst when adjusting to market changes and high-intensity competition. A business can preserve its place in a volatile environment by employing a defender strategy and strengthening the current market and conventional goods by emphasising cost-effectiveness, lower pricing, and superior quality.

Desarbo et al. (2005) discovered that businesses pursuing defender tactics frequently outperformed other companies in the industry. On the other hand, empirical findings have also demonstrated that businesses employing a prospector approach in a situation with high levels of uncertainty typically do better (Chen & Jermias, 2014). Prospector businesses get a competitive edge by adapting quickly to shifts in consumer preferences, concentrating on creating new goods and markets and introducing autonomy (decentralisation) (Manyati & Mutsau, 2021). However, Hambrick (1983) Observed that organisations that used an analyser strategy did better in a secure environment.

In some cases, organisations might become defender strategies to safeguard their committed client base by lowering costs and prices while enhancing efficiency without entering new markets (Manyati & Mutsau, 2021). According to Miles and Snow (1978), SMEs prioritise efficiency, cost reduction, and innovation, leading to an analytical strategic approach. Thus, Business conduct adapts to the outside environment, becoming defenders in secure conditions and prospects in turbulent times. Regarding the fourth aspect of the typology, SMEs may engage in reactive strategy activity in response to increasing market competition, often operating inconsistently or unstable.

Empirically, Bamiatzi and Kirchmaier (2014) were found to use a multiple-strategy approach, pursuing both creative distinction and product or service customisation by firms. This approach involves corporations intentionally seeking high-margin items, avoiding intense price rivalry, and controlling expenses. They discovered that an adverse atmosphere does not always impede business expansion, and different firms' distinctive approaches may be used to navigate turbulent market situations.

Defender strategy is an often-seen strategic approach to a disaster (Wenzel et al., 2020). Similarly, Miller and Friesen (1986) show that conservative tactics like cost control are more adapted to predictable and established situations. In contrast, marketing distinction or novel product strategies outperform dynamic and unforeseen situations. Smart & Vertinsky (1984) Corporations choose retrenchment (defender strategy) or adaptation methods in complicated contexts, whereas entrepreneurial strategies are encouraged in more straightforward situations.

It is also argued that hybrid strategic firms may outperform innovation in unpredictable conditions where corporations are constantly confronted with changing circumstances (Wenzel et al., 2020).

According to the justification, businesses strive to choose a strategy using a defined position—defensive or prospective—over an indeterminate one in extremely unpredictable environmental circumstances.

Ha$_1$: The prospector and defender strategy outperformed the analyser strategy during the crisis period.

Ha$_2$: Prospector, analyser, and defender strategy outer performed the reactor strategy during the crisis.

3. Methodology

We examined 518 companies listed on the Pakistan Stock Exchange (PSX) from 2006 to 2021 to study the relationship between CBS and companies' performance. Initially, we excluded 97 financial sector corporations due to their different standards, legislation, and investing philosophies. This financial sector included banks, insurance firms, mutual funds, and others trading in financial products. We removed 74 enterprises with missing data samples and companies with negative sales. Following the suggestion by researchers such as Higgins et al. (2015), we created a final panel data sample of 374 non-financial enterprises by requiring at least

three years of non-missing data to calculate CBS proxies. made. As such, the procedures described above were utilised to generate a final panel data sample of 374 non-financial enterprises.

3.1. Return on Assets (ROA)

ROA provides insight into how sound management uses an organisation's assets to produce profits. The ROA measures a company's profitability of its total assets. ROA is expressed as a percentage and is determined by dividing the firm's net profit before tax (NPBT) by total assets (Jamil Anwar, 2017; Jamil & Rasheed, 2023; Siddique et al., 2023).

$$ROA = \frac{\text{Net Profit before tax (NPBT)}}{\text{Total Assets}} \times 100$$

3.2. Return on Equity (ROE)

ROE is a term used to describe how profitable a company concerns the capital that its owners or shareholders have invested. Net profit before taxes (NPBT) to average equity in the company is used to compute ROE, which is then reported as a percentage (Jamil Anwar, 2017; Siddique et al., 2022).

$$ROE = \frac{\text{Net Profit before tax (NPBT)}}{\text{Total Common Shareholders Equity}} \times 100$$

3.3. Return on Sales (ROS)

ROS is a profit ratio frequently used to assess the effectiveness of an organisation's operations. Additionally, it is called a company's "Operating Profit Margin." This metric aids management in understanding the profit generated per rupee of sales. ROS is a metric used to compare a company's performance over time to identify patterns. A rising trend in ROS is a sign of development and effectiveness. The proportion of NPBT (Net Profit before Tax) to Revenue is used to calculate ROS.

$$ROS = \frac{\text{Net Profit before tax (NPBT)}}{\text{Total Sales}} \times 100$$

3.4. Tobin's Q

Tobin's Q-metric indicates how much value a company will create in the future. Tobin's Q-metric reflects the firm's intrinsic worth since it incorporates anticipated future profitability determined by the company's market valuation (Cordeiro & Tewari, 2015; Guo et al., 2020). This metric was selected as the outcome variable since it is a well-known accounting metric for assessing business operational success. Tobin's Q was utilised because it represents investor reaction. (Karacay, 2017). A better way to put it is 'more is better (Yang et al., 2014). A higher ratio of Tobin's indicates the firm has an excellent market value, more significant investment opportunities, and good prospects for investors. The lower value of Tobin's Q indicates lower investment opportunities. (Pellicani & Kalatzis, 2018). The following formula was used to determine Tobin's Q:

$$Tobin'sQ = \frac{\text{Market Value of Equity} + \text{Equity Reserves} + \text{Total Debts}}{\text{Historical Value of All Assets}}$$

3.5. Measures of Strategy: Independent Variables

Several researchers evaluated various forms of strategy and performance using multiple objective metrics in the literature. Following prior research findings and data availability (Anwar & Hasnu, 2016; Bentley et al., 2013; Higgins et al., 2015; Jamil Anwar, 2017) This study measures strategic types using the four qualities stated below:

Marketing Expenses to Sales Ratio (MESR): Selling, administrative, and general expenditures are added to determine marketing expenses. These costs demonstrate management's commitment to expansion and innovation to distinguish its goods and services. Consequently, the ratio gauges how strategically oriented the enterprises are towards innovation (Anwar, 2017; Siddique et al., 2023).

$$MESR = \frac{Selling, general\ and\ administrative\ expenses\ (SG\&A)}{Sales}$$

Cost of Goods Sold to Sales Ratio (COGSSR): Production and internal efficiency is measured using the COGS ratio (Thomas & Ramaswamy, 1996). According to Thomas & Ramaswamy (1996), the typical measurement of internal efficiency is expressed by cost savings and process improvement, which is COGSR. Defender strategy, which has a centralised organisation and established procedures, represents these qualities. Prospectors emphasise product improvement more because of their non-standardised manufacturing methods and decentralised organisational structure, which limits their capacity to cut costs (Siddique et al., 2023).

$$COGSSR = \frac{Cost\ of\ Goods\ Sold}{Sales}$$

Compound Annual Sales Growth Rate, or CASGR: This is the ratio's acronym (CASGR). It is used to assess a company's growth direction and displays the historical growth trend of its sales (Siddique et al., 2023; Slater & Zwirlein, 1996). The formula for CASGR is:

$$CASGR = \frac{\text{Ending Value of Sales}}{\text{Begining Value Sales}} - 1$$

Capital Intensity Ratio (CIR): It is commonly calculated as a proportion of net equipment, plant, and property to the total assets (Bentley et al., 2013). This ratio is modified for the sake of this study. Due to the data available in this format, we take fixed assets, including net property, plant, and equipment. The ratio is used to assess a company's technology inclination (Siddique et al., 2023).

$$CIR = \frac{Fixed\ Assets}{Total\ Assets}$$

The extant literature guides that scoring methods are one of the options for strategic measurement. This method uses the proxy's composite ranking score to allow strategic coordination of the company and group it into strategic groups (Anwar, 2017). This study employed pure business strategies, specifically Prospector and Defender strategies, and a hybrid strategy analyser. These strategies are measured through the composite measure of proxies for unobserved constructs, as previously used by (Navissi et al., 2017; Siddique et al., 2023). Table 1 summarises the measures of corporate strategies.

Table 1: Strategy Composite Measure to Proxy for the Unobserved Construct

Strategy Measure	Implications for Prospector and Defender	Indicators
1. MESR "The company's focus is on exploiting new products and services. It leads to marketing efficiency."	This metric is connected to organisations' proclivity for innovation and market research to differentiate their products and services. The ratio represents the entrepreneurial part of the M&S type, with prospectors likely to spend more on marketing than reactors.	Prospector received a high score, whereas Reactor received a low one.
2. COGSR "Company's emphasis on internal efficiency leads to production efficiency."	This includes the managerial and entrepreneurial aspects and serves as a proxy for business development or investment prospects, with the prospector often having more room for expansion than a reactor.	Prospector received a high score, whereas Reactor received a low one.
3. CASGR "Company's historical growth or investment opportunities"	With the prospector having a higher potential for development than the reactor, this component encompasses administrative and entrepreneurial characteristics and acts as a proxy for business expansion or investment opportunities.	Prospector received a high score, whereas Reactor received a low one.
4. CIR "Company's commitment to technological efficiency"	This measurement, which includes the technical component, demonstrates the organisation's dedication to technological efficiency. Prospectors are less routinely mechanised and automated to prevent lengthy commitments to a specific technical method. Defenders are anticipated to concentrate on a single, cost-effective technology.	Reactor has a high score, whereas Prospector has a low one.

3.6.   Identification of Strategy Employed

The body of literature demonstrates that when archival financial data are employed as the measuring approach, researchers have the scoring method as one of their options. The composite ranking scores of the strategy variables were utilised for the final categorisation of strategic type. However, there needs to be more work on the scoring procedure because of the different studies (Evans & Green, 2000; Hambrick, 1983). One drawback of the decision rules developed by researchers was their identification of just two strategy types: the analyser as a balancing strategy in the centre and the defender and prospector at the endpoints. More was needed to circumvent this restriction. It is further suggested that the reactor's ability and potential to alter its typical posture, progressively enhance its tactical choices, and identify and maintain favourable market and environmental conditions provide adequate justification for future investigation.

According to (Yuan et al., 2020), we first compute the four variables by taking a rolling average of the yearly ratios from the previous five years. The four variables are then grouped into four quintiles based on industry (a two-digit SIC code) and year. After that, the variable ratio is divided into quintiles. The top quintile variables for each observation received a score of 4, followed by the second-highest group with a score of 3 until the lowest rank was reached. This method may investigate all variables except asset utilisation efficiency and capital intensity (capital intensity ratio). As a result, the capital intensity variable is used to create the reverse ranking, whose components are the inverse of those listed above. Prospectors have lower capital intensity. Hence, observations in the highest (lowest) quintile are scored 1, and the net PPE-to-total assets ratio is reverse graded (4). The next step is to add up the rankings' scores so that each observation has a minimum value of 4 and a maximum of 16. According to organisational theory, the four strategy measures are combined to give each organisation a unique "Strategy" score ranging from 4 to 16, including prospector, analyser, defender, and reactor companies. The most excellent strategy score (14-16) implies a prospector strategy, followed by an analyser strategy (9-13), a defender strategy (5-8), and a reactor approach (o-4).
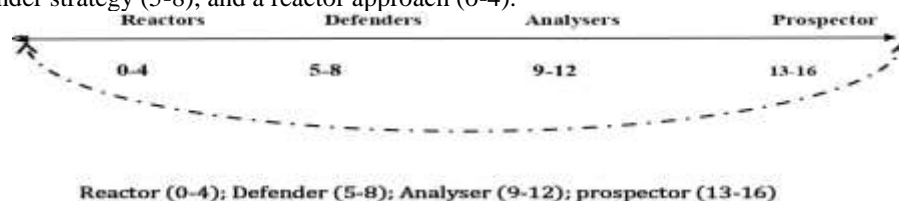
Reactor (0–4); Defender (5-8); Analyser (9-12); prospector (13-16)
Figure 1: Strategy Framework

When considering the external environment, the industry substantially impacts managerial decision-making because of the always-shifting dynamics of an industry, which pushes management to make changes to the design or proactive implementation of the strategy to achieve superior performance. Environmental changes compel management to alter established procedures as a result. These reasons support the idea that the company's size and participation in the industry are the crucial and critical factors affecting organisational success (Jennings et al., 2003; Madanoglu et al., 2014; Sarac et al., 2014). Firm size and age are contingent factors for this study because of their importance and impact on performance and strategy. Following is a quick explanation of these variables:

Firm size and age have been used as control variables.

Identification of Crises Periods

The crisis periods are determined using market returns and monthly prices for the PSX historical 100 Index from 2006 to 2021 as previously used by (Siddique et al., 2023). As seen in Figure 2, the financial Crisis peaked between 2008–2009 and 2019–2020.

Figure 2 describes the performance of the PSX 100 index for the whole sample period of 2006–2021 and notes that only 2008–2009 and 2019–2020 experienced a Financial Crisis. It is created using market returns and monthly prices for the PSX Historical 100 Index from 2006 to 2021.

Figure 2: PSX 100 Index Performance

Source: PSX data stream.

4. Results and Discussion

Table 2: Descriptive Statistics

Variable	Mean	SD	Min	Max	N
ROA	0.034	0.101	-0.145	0.267	1308
ROE	0.078	0.263	-0.478	0.641	1308
ROS	0.001	0.18	-0.548	0.295	1308
Tobin's Q	0.712	0.739	-0.374	2.831	1308
Prospector	0.255	0.436	0	1	1308
Analyser	0.385	0.486	0	1	1308
Defender	0.33	0.47	0	1	1308
Reactor	0.031	0.172	0	1	1308
Firm Age	35.711	14.913	13	63	1308
Firm Size	15.2	1.632	12.307	18.089	1308

Table 2 describes the mean, standard deviation, and minimum and maximum values of variables used in the study during the crisis period.

The descriptive statistics presented in Table 2 provide a comprehensive overview of the financial and strategic criteria of the dataset. The mean values for the variables represent the average levels across critical financial and strategic criteria. On average, the Return on Assets sits at 0.034, the Return on Equity at 0.078, and the Return on Sales at 0.001. These figures, which highlight profitability measures, should reassure you about the financial health of the dataset. An indicator of a company's value of its assets, Tobin's Q, averages 0.712. The strategic orientations, with Prospector, Analyser, Defender, and Reactor average scores at 0.255, 0.385, 0.33, and 0.031, respectively, indicate a strategic emphasis. The dataset's typical profile of firms, with a size score of 15.2 and an average age of 35.711 years, further enriches our understanding.

Table 3: Pearson correlations for Crisis Period (2008-2009, 2019-2020)

Variables	1	2	3	4	5	6	7	8	10	11
(1) ROA	1									
(2) ROE	0.646***	1								
(3) ROS	0.767***	0.439***	1							
(4) Tobin's Q	0.611***	0.367***	0.418***	1						
(5) Prospector	0.159***	0.102***	0.148***	0.123***	1					
(6) Analyser	-0.073***	-0.02	-0.053*	0.012	-0.463***	1				
(7) Defender	-0.051*	-0.058**	-0.074***	-0.095***	-0.410***	-0.555***	1			
(8) Reactor	-0.057**	-0.042	-0.023	-0.085***	-0.104***	-0.141***	-0.125***	1		
(9) Firm Size	0.172***	0.198***	0.257***	0.195***	0.195***	0.015	-0.180***	-0.044	1	
(10) Firm Age	0.007	0.03	-0.009	0.185***	0.088***	0.047*	-0.101***	-0.079***	0.124***	1

Significance *** $p<0.01$, ** $p<0.05$, * $p<0.1$

The correlation analysis presented in Table 3 shows significant relationships between different variables and financial performance metrics (ROA, ROE, ROS, and Tobin's Q). The prospector strategy, a beacon of hope in this analysis, has positive correlations with ROA (0.159***), ROE (0.102***), ROS (0.148***), and Tobin's Q (0.123***), indicating its potential to enhance performance significantly. Conversely, the analyser strategy shows a negative correlation with ROA (-0.073***) and ROS (-0.053*), while the defender strategy is negatively correlated with ROA (-0.051*), ROE (-0.058**), ROS (-0.074***), and Tobin's Q (-0.095***). The reactor strategy negatively correlates with ROA (-0.057**) and Tobin's Q (-0.085***). Firm size positively correlates with all performance metrics, while firm age is positively correlated only with Tobin's Q (0.185***). These findings underscore the potential

of the prospector strategy and the varying effects of strategic approaches on financial outcomes, with the prospector strategy generally enhancing performance and other strategies having mixed or negative impacts.

Table 4: Results of Corporate Strategy Impact on Corporate Financial Performance for the Crisis Period

Variables	Model 1 ROA	Model 2 ROE	Model 3 ROS	Model 4 Tobin's Q
PANEL -A				
Firm Size	.007***	.025***	.017***	.073***
Prospector Strategy	.04***	0.079***	.042 ***	.276 ***
Analyser Strategy	.011*	0.045***	.012*	.179***
Defender Strategy	.012**	.042***	.014 **	.011 ***
Firm Age	-.002***	-0.001	-.015***	.004***
Constant	-.092***	-.329***	-.261***	-.835 ***
Industry effect	YES	YES	YES	YES
Instruments/Group	4/374	4/374	4/374	4/374
Chi-square (Prob.>Chi2)	217.323	462.576	349.12	541.54
N	1308	1308	1308	1308
PANEL-B				
Reactor Strategy	-.016***	-.030*	-.013*	-.065***
Firm Size	.010***	.024***	.019***	.069***
Firm Age	-.001***	0.001	-.001***	.007***
Constant	-.168***	-.430***	-.349***	-.801***
Industry Effect	Yes	Yes	Yes	Yes
Chi-Sqaure	710.46	548.06	501.15	1552.52
N	1306	1306	1306	1306

Note: Table 4 Panel-A and B present the results of the GLS regression accounting to control serial correlation and heteroscedasticity for the Crisis period. Regression coefficient values are reported. ***, *** and * indicates significance level at 1%, 5% and 90% level. Year and industries. Panel B reports the GLS regression results in accounting for control heteroscedasticity and serial correlation for reactor strategy.

The results in Table 4 indicate the regression outcomes for ROA, ROE, ROS, and Tobin's Q, providing detailed insights into the impact of different strategic approaches. The prospector strategy exhibits positive and significant coefficients for ROA (0.04***), ROE (0.079***), ROS (0.042***), and Tobin's Q (0.276***), indicating a robust positive effect across all performance metrics at a 99% confidence level. The analyser strategy also shows positive coefficients for ROA (0.011*), ROE (0.045***), ROS (0.012*), and Tobin's Q (0.179***), with significance at both 99% and 90% confidence levels. Conversely, the defender strategy presents positive yet lower coefficients for ROA (0.012**), ROE (0.042***), ROS (0.014**), and Tobin's Q (0.011***), reflecting weaker but still significant positive impacts. However, the reactor strategy demonstrates negative coefficients across all metrics: ROA (-0.016***), ROE (-0.030*), ROS (-0.013*), and Tobin's Q (-0.065***), indicating significant negative correlations. These findings underline the varying impacts of strategic approaches on financial performance, with the prospector strategy showing the most consistently positive results.

The findings of this study reported that during the crisis period, 2008-2009 and 2019-2020, the CBS typology impact on CFP exists. Literature shows that businesses use 'pure strategy' prospectors and defenders, which means they fully commit to one strategic approach to overcome the losses of the crisis period (Wenzel et al., 2020). Studies support the employment of prospector and defender strategies during times of crisis. Findings presented in Table 4.3 showed that all three strategies; prospectors, analyser and defenders are equally viable and have a positive impact on firm performance during the crisis period and are consistent with the literature review conclusion by (Magerakis & Habib 2021 Sarac, 2019 Wenzel et al., 2020). The reported results demonstrate that defenders, analysts, and prospectors are all equally successful during a crisis. During the Crisis, we anticipated that an analyser with a hybrid approach, which combines the advantages of both the prospector and the defender, would do better than the other two extreme strategies. Unexpectedly, the findings revealed that prospectors do better than others—not analysers. Prospectors who are highly adjustable fit in well with the turbulent environment. They can better deal with uncertainty during a crisis because of their capacity to identify and seize new products and market possibilities, which also positively impacts their performance after a crisis (Sarac, 2019).

Moreover, according to Magerakis & Habib (2021), the prospector strategy is more effective for environmental efficiency. Bentley-Goode et al. (2019) found that the prospector strategy reduced 'information asymmetry ', which refers to the unequal distribution of information between different market participants, and environmental and information efficiency improved the firm performance. Similarly, results in Table 4.3 ensure that reactors have inconsistent behaviour and have a negative relationship with corporate financial performance measured by ROA, ROE, ROS, and Tobin's Q. The results for the negative impact of reactor strategy on corporate financial performance support the study hypothesis Ha1-2. The reactor strategy's lower performance during the Crisis period is consistent with (Jamil Anwar, 2017a). In sum, it concluded that during the Crisis era, businesses followed consistent strategies like prospector and defender, and if utilised, the reactor strategy would result in negative performance.

5. Conclusion and Policy Implications

The Miles and Snows (1978) typology framework has been used to classify the firm's strategic directions into different strategic typologies such as prospector, analyser, and defender and reactor strategy. A detailed scoring methodology was used on corporate

non-financial firms' data to explore the strategic typology used by Pakistani corporations by applying the typology of Miles and Snow (1978). Findings conclude that the prospector, analyser, defender, and reactor strategies exist in crisis periods. The findings suggest that the business strategies employed by Pakistani companies in the crisis period to produce abnormal profits and market value are different. According to analysis, firms focus on pure strategies like defender and prospector strategies during a crisis and reduce their investment in analyser strategies. Here, it is essential to note that though all three strategies—prospector, analyser, and defender—demonstrate positive and significant relationships with corporate financial performance (ROA, ROE, ROS, and Tobin's Q), the coefficient values of the prospector strategy are higher than those of the defender and analyser strategies, respectively (See Table 4.3). It ensures that corporate firms focus on new innovative products for their customers to meet their needs according to their uncertainties in the crisis period. The second way to overcome uncertainty losses is to focus on a defensive policy by reducing the cost of production. Findings conclude that in a Crisis period, Pakistani non-financial firms focus on defender strategies to overcome unseen losses and little on prospector strategies. While the prospector strategy coefficient on all CFP measures (ROA, ROS, ROE, and Tobin's Q) is higher than the other two strategies, it implies that management should deploy prospector strategies to overcome losses and achieve an abnormal return during the crisis period.

According to the CT, a set of organisational elements may be combined with each strategic orientation to get the best possible results (Auh & Menguc, 2005). There is a strategic fit when major organisational and environmental factors are in line and favourably impact organisational performance (Donaldson, 2001). When a mismatch arises, inside or outside, it hurts organisational performance. Internal strategic fit is the alignment of organisational strategy, structure, and process, whereas external strategic fit is the organisation's alignment with its environment (Miles et al., 1978). Therefore, the optimal organisation of the company depends on the internal and external situation. However, there are arguments that CT needs to re-examine its impact on organisational change and adaptation. (Burton et al., 2002; Donaldson, 2001; Kraatz & Zajac, 2001).

The first great strength of CT is its rich empirical backing. This proves the theory to be reliable based on various tests and studies. Findings support the CT that an organisation's performance and ultimate survival depend on its ability to adapt an appropriate strategy to industry forces, even when it has limited control during crises. In addition, the study results confirm that organisations formulate and adapt techniques according to their internal and external environment. The CBS based on the Miles and Snows (1978) typology was found to differ in preference for crisis times.

The findings of this research have extensive implications for positive correlated economic reforms and draw attention to the paramount significance of many stakeholders engaged inside the control of organisational sources and CBS, following the significant contributions of this research to the existing literature on slack interplay in CBS typology and CFP inside the emerging marketplace companies look.

Non-financial businesses mainly support the Pakistani economy. The results show that Pakistani businesses choose pure and hybrid strategies. Additionally, there are an adequate number of reactor companies. According to the study, effective strategic blending allowed organisations and their managers to compromise competing performance expectations. Although incremental implementation methods get over the challenges associated with complex and dynamic systems, strategies are claimed to perform best in stable situations. The mix of these strategies and the environment in which they were used affected their effectiveness. Managers were encouraged to pay attention to the impacts of these variables to get the best outcome from the collection of strategies executed by their organisations. In addition to allowing management to prepare for their medium- and long-term plans in an acceptable manner, the research also enabled them to become more competitive. Due to the sector's hierarchy of enterprises, various organisational structures and policies may be required to integrate corporate plans using prospector, defender, and analyser strategies. To aid them in attaining the aims and objectives of the organisation. The data set may be used to test hypotheses regarding the kind of resource interactions that are most likely to be successful for various situations since the research has considered various topics (such as innovation, technology, skills, and marketing).

Finally, the study results will guide investors by adding value in resource allocation to optimise investors' returns since the quality of investment decisions maximises investors' financial situations. As a result, investors may make better investment decisions by better understanding these aspects (CBS, resources, and economic cycles).

5.1. Limitations of the Study

There were also several limitations that, despite his numerous contributions, did not affect the study's conclusions. First, this study was conducted in the context of Pakistan, which is a developing country. Future research should be conducted in developed countries. The current study used a quantitative research design and panel data for analysis. Qualitative research design can be used to get more insights into CBS and other performance measures and variables considering the resource-based view and CT. This study was limited to non-financial companies; the same research should be done in the context of financial and state-owned companies.

The research only employed historical financial data to operationalise the established strategy. The management's desired strategy (past and future) should have been considered. As a result, there is a chance that the management's intentions for future strategic orientation will differ from those discovered using historical financial data.

The CBS is measured using only four ratios or proxies. This may not accurately depict how the businesses feel about their strategic stance. Including other proxies besides these four might help to describe the businesses' strategic orientation and behaviour more fully.

5.2. Suggestions for Future Research

To improve corporate financial performance, non-financial firms listed on the PSX between 2006 and 2021 used a variety of OS (available, potential, and recoverable) in conjunction with prospector, analyser, and defender business strategies. Because of how interconnected the globe has grown, there is always space for development. A few ideas for future study areas have been mentioned below due to a need for more resources and time restrictions.

Further investigation should examine the application of the existing research paradigm in developed, emerging, and frontier economies. Using the current research instrument, they should examine the application of CBS typology, the dynamics of strategy integration with various organisational resources, and the overall interrelationships with organisational performance in financial

firms. This will show whether changes in the economy level and firms' businesses demonstrate any consistency in performance.

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