# Linkages Between Cognitive and Behavioral Competences to Assess the Organizational Dominant Logic

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**Abstract** Throughout the years, the concept of dominant logic has gained interest in management due to its recognized potential for strategic analysis in organizations. However, a literature review reveals the need yet to strengthen an operationalization approach to assess the dominant logic of organizations. Thus, the first objective of this chapter is to advance our understanding of this concept by exploring the cognitive and behavioral elements addressed in the literature. As a result, key elements have been identified to assess the dominant logic of organizations. The second objective of this paper is to estimate the relationships between the firms' performances as a function of the cognitive and behavioral competences of dominant logic, pointing out the importance of showing linkages between cognition, behavior, and organizational outcomes. Multiple linear regression (MLR) analyses were employed based on a sample of 281 high-performing firms from Mexico. In our view, this study contributes to the relevance of human capital and how it translates into an organizational dominant logic with implications to organizational outcomes.

**Keywords** Dominant logic · Opportunity identification · Organizational learning · Routines · Performance · Strategic orientation

## 1 Introduction

The concept of *dominant logic*, initially introduced by Prahalad and Bettis (1986), referred to "a mindset or a world view or conceptualization of the business and the administrative tools to accomplish goals and to make decisions in that business"

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(p. 490). Due to its roots in cognitive theory, dominant logic has represented a challenge in its operationalization (Prahalad and Bettis 1986; Grant 1988; Lampel and Shamsie 2000). While reviewing the literature, it showed a lack of clarity about which elements this concept should comprise (Cote et al. 1999; von Krogh and Roos 1996). Despite this, recent attempts have been made recognizing its potential to turn the dominant logic perspective into an important instrument of strategic analysis (Su and Wang 2018). More importantly, it has been emphasized that future studies should continue to refine the operationalization of dominant logic and to report the veracity of the elements tested and their relationships (Cote et al. 1999; Kor and Mesko 2013; Lampel and Shamsie 2000; Obloj et al. 2013, 2010; Obloj and Pratt 2005; von Krogh and Grand 2000).

The literature review revealed that there is a shortage of empirical quantitative studies, addressing both the cognitive and behavioral elements enclosed in its definition. Therefore, the first objective of this study is to expand our understanding of this concept by exploring the cognitive and behavioral elements of dominant logic identified in previous literature. As a result, we have identified key elements to advance the study of dominant logic. In addition, the second objective is to estimate the relationships between the firms' performances as a function of the cognitive and behavioral elements of dominant logic previously identified, pointing out the importance to "show linkages between cognition, behavior, and organizational outcomes" (Meindl et al. 1994; Mahoney 1995). Multiple linear regression (MLR) analyses were employed using a sample of 281 high-performing firms in Mexico. Our intent with this exploratory and empirical chapter is to contribute to the literature by identifying key competences to depict the organizational dominant logic of high-performing firms by identifying the key competences developed, thus advancing the study and operationalization of this construct.

This chapter is organized into four sections. Firstly, we reviewed the different definitions of dominant logic to discuss its evolution and identify key elements. Secondly, we analyzed and extracted cognitive and behavioral elements addressed in both conceptual and empirical studies. Thirdly, we conducted an empirical study in order to assess the relationship between those key elements of dominant logic to performance. Finally, we discussed our findings to conclude the importance of a suitable operationalization of this construct.

## 2 Dominant Logic

Prahalad and Bettis (1986) introduced the concept of dominant logic and defined it as "a mindset or a world view or conceptualization of the business and the administrative tools to accomplish goals and to make decisions in that business" (p. 491). Thus, as broadly put by the authors, the dominant logic can be considered as both a knowledge structure and a set of elicited management processes. This definition shows cognitive and behavioral elements, which remained present in subsequent

conceptualizations of dominant logic and as has been further developed throughout the literature.

Dominant logic can be viewed as a fundamental aspect of organizational intelligence and administrative processes composed of cognitive and behavioral elements. Cognitive elements encompass mainly data collection and interpretation from the environment, information-filtering processes, and knowledge creation (relating new information to previous information), resulting in organizational learning. All these cognitive activities are conducted by the dominant coalition within the organization, which ultimately influences its perceptions of the market environment and its strategic choices (Ward and Feldman 2008).

From the behavioral theory of the firm (Cyert and March 2006), the firm's dominant coalition is a collection of individuals responsible for the firm's decision-making and setting the firm's strategic priorities. Based on Gentry et al. (2016), the application of this theory allows for a more general perspective of how coalitions, specifically the dominant coalition, within this organizational context can influence the firm's strategic decisions. Ginsberg (1990) argued that it is critical to understand the role of top management belief systems and the process of organizational learning in shaping the strategy of an organization. The socio-cognitive model he proposed reflected the learning capacities of the dominant coalition associated with the abilities to collect and interpret information. Thus, these socio-cognitive capacities influence both cognitive and behavioral learning (p. 521).

Also, this dual view on cognition and behavior has been addressed by Kor and Mesko (2013). They defined dominant logic as "a system of expectations, beliefs, and priorities that are embedded in the firm's routines, procedures, and resource commitments" (p. 236). Thus, the authors emphasized that dominant logic influences the firm's configuration by serving as an information filter and by creating a competency filter, through an infrastructure featuring particular resource combinations and capabilities. A firm's resource and capability endowment influence the search efforts for growth, diversification, and strategic experimentation.

Authors have addressed both the necessity and difficulty in operationalizing this concept of dominant logic due to its cognitive nature (von Krogh and Grand 2000) and inherent methodological challenges (Lampel and Shamsie 2000). Nevertheless, others have made attempts and acknowledged its potential to turn it into a valuable instrument of strategic analysis (Obloj et al. 2010; Kor and Mesko 2013; Su and Wang 2018).

There were some initial attempts to operationalize dominant logic, such as Lane and Lubatkin (1998), who considered the formalization of management practices and the extent to which decisions are centralized. Whereas Cote et al. (1999) operationalized dominant logic as a combination of two factors, the administrative heritage is understood as cultural values and practices, and circumstantial factors, such as background and experience of top management. The authors identified cultural values and historical practices that have been successful in the core business and in which dominant logic is rooted. In their analysis of a firm's core activity let the authors recognize three features of the firm's dominant logic: firstly, the authors discussed the structures of organizations, differentiating between those that put a

greater emphasis on individual autonomy versus more centralized practices; secondly, firms with a focus on ad hoc collaboration (group orientation) facilitating fluid structures; and, thirdly, short-term time frame, flexibility, and opportunism arguing that the time horizon for evaluating performance is rather short.

Other authors, such as Lampel and Shamsie (2000), discussed how dominant logic as a cognitive framework develops a unified set of beliefs that reflect at every level. As a result, dominant logic constrains how managers see business problems. Furthermore, von Krogh and Grand (2000) defined a multidimensional dominant logic and proposed an operationalization consisting of two domains (internal/external) and five categories (people, culture, product and brand/competitor, customer and consumer, and technology) to explore the link between dominant logic and performance in dynamic markets.

Garg et al. (2003) used both concepts of dominant logic and sector salience to develop predictions about which internal capabilities and which sectors of the external environment should receive relatively more or less CEO scanning emphasis in competitive environments that are overall more stable or more dynamic. Although Obloj et al. (2010) argued that dominant logic is a critical resource that serves as a means for organizations to recognize and manage their resources, these authors operationalized two dimensions, dominant logic as an information filter (external orientation/opportunity seeking and proactiveness) and dominant logic as learning and routines (organizational learning and codification of routines) into the determinants of firms' performance.

From the literature review, it can be concluded that studies are mostly congruent with Prahalad and Bettis' (1986) conceptualization of dominant logic and over time the dominant coalition evolves to be an organizational-level phenomenon. Besides, the conceptualization of dominant logic should consider both the analyses of cognitive and behavioral elements, following a data-driven approach to information processing theory, which recognizes the importance of environmental change.

## 3 Key Elements of Dominant Logic

The dominant logic of organizations is difficult to change since companies tend to keep doing what they know, relying on abilities that have become core rigidities or routines (Prahalad 2004). For this reason, we propose the study of dominant logic that includes the following cognitive and behavioral competences identified from the literature review analysis and which can be assessed at a certain point in time.

### *3.1 Cognitive Elements*

In regard to the cognitive element, Bettis and Prahalad (1995) viewed dominant logic as an important emergent property of complex organizations seeking to adapt to their

environment. The cognitive element refers to the filter of information (distinguished in their model as a funnel). Dominant logic limits the ability of the organization to learn, acting as a filter of information. Moreover, Bettis (2000) extended the cognitive influence of dominant logic as a shared cognitive map among the dominant coalition. Furthermore, Prahalad (2004) made an analogy to dominant logic as the lens through which managers see all emerging opportunities.

For these reasons, we believe the opportunity identification and organizational learning represent key cognitive competences to assess the dominant logic or organizations.

### 3.1.1 Opportunity Identification

As stated before, dominant logic is a cognitive structure, a mindset that impacts the processes by which managers attend to and process information (Lampel and Shamsie 2000), and then the study of dominant logic can provide additional light regarding how managers recognize the options and opportunities available to the firm. Brannback and Wiklund (2001) referred to how manager perceives what happens outside the company in the business environment, whereas Kor and Mesko (2013) referred to the cognitive models of founders and managers interacting with a business and firm's environment and the application of mental models in a particular business context. Therefore, we propose the following:

**Hypothesis 1**

Opportunity identification as a key cognitive element of the organization's dominant logic will positively influence the firm's performance.

### 3.1.2 Organizational Learning

All relevant data are filtered by the dominant logic, which in turn are considered an aspect of organizational intelligence and learning. Baum et al. (2000) proposed that learning can be transformed into organizational knowledge. This knowledge acquisition process can be viewed as an intangible resource, which could as well represent a competitive advantage for organizations. Other studies suggest that management learning is an essential prerequisite for active strategy development (Dodgson 1991; Berry 1996). Organizations are seen as learning by encoding inferences from history into routines that guide behavior (Levitt and March 1988). Therefore, we propose the following:

**Hypothesis 2**

Organizational learning as a key cognitive element of the organization's dominant logic will positively influence the firm's performance.

## 3.2 Behavioral Elements

Inferring the difficulty in operationalizing a cognitive concept, Grant (1988) suggested studying dominant logic as a set of specific corporate-level functions to make significant progress. Considering Prahalad and Bettis' (1986) definition of dominant logic as "the administrative tools to accomplish goals and make decisions" (p. 491), Grant argued that if those tools could be specified, such operationalization is then possible. Likewise, Prahalad (2004) denoted three aspects of the behavioral element of dominant logic: reflecting standard operating procedures, how managers are socialized, and shaping how members of the organization act. These elements can be inferred from Kor and Mesko (2013) when emphasizing that dominant logic is embedded in the firm's routines, procedures, and resource commitments. For these reasons, organizational routines and strategic cultural orientations represent key behavioral elements of dominant logic.

### 3.2.1 Organizational Routines

Organizations are usually characterized as routine-based, history-dependent systems that adapt incrementally to experience and target-oriented (Baum et al. 2000). Thus, routines imply a behavior that is learned, repetitious, or quasi-repetitious, founded in part in organizational learning and knowledge. Moreover, firms must build routines that facilitate the diffusion of local knowledge throughout the organization for use everywhere that it has value (Hitt et al. 2011).

A dominant logic can be seen as resulting from the reinforcement that results from doing the *right things* concerning a set of businesses. In other words, a particular mindset, preferred processes, administrative tools, and routines are developed and well accepted. As a result, routines are based on past experiences more than on expectations of the future. Both new and established organizations are based on existing routines developed in previous environments and implement actions to execute specific tasks (Autio et al. 2011). According to Levitt and March (1988), routines include forms, rules, procedures, conventions, strategies, and technologies around which organizations are constructed and through which frameworks and paradigms they operate. Therefore, we propose the following hypothesis:

**Hypothesis 3**

Organizational routines as a key behavioral element of the organization's dominant logic will positively influence the firm's performance.

### 3.2.2 Cultural Strategic Orientations

Culture is the deeply rooted set of values and beliefs that provide norms for behavior in the organization (Slater and Narver 1995). Thus, organizational culture is a

valuable strategic resource that firms can use to gain a competitive advantage. Based on the identification of cultural features of dominant logic depicted by Cote et al. (1999), we explore the association between these dimensions of organizational culture, group orientation, external orientation, decentralized orientation, and strategic cultural orientations, as behavioral determinants of dominant logic.

#### 3.2.2.1 External Cultural Orientation

An external cultural orientation places emphasis on their external environment, markets, competitors, customers, suppliers, and trends that provide essential insights into opportunities. One key characteristic of dominant logic for more outside oriented firms in transition economies is whether they view their environment as an opportunity or as a threat (Obloj et al. 2010). Therefore, the following hypothesis is proposed:

**Hypothesis 4**

External cultural orientation as a key behavioral element of the organization's dominant logic will positively influence the firm's performance.

#### 3.2.2.2 Group Cultural Orientation

Top management plays an essential role in establishing and strengthening a group cultural orientation within the organization, promoting an open atmosphere to share freely and discuss ideas, perspectives, and beliefs (Mintzberg 2009). A firm's dominant logic cultivation of a group cultural orientation will maintain open channels of communication to feed relevant information to the top management (Kor and Mesko 2013). The dominant logic is embedded in standard operating procedures, shaping not only how the members of the organization act but also how they think. The literature on groups underlines higher levels and refinement of common knowledge, language, and shared meaning within organizations, making it easier to incorporate unique insights and specialized knowledge bases (Grant 1996).

A group cultural orientation is a catalyst for organizational learning and be open to new possibilities (Kor and Mesko 2013). On the other hand, a cultural orientation of individualism facilitates the recognition of radical innovation by individuals but may discourage organizational group or team efforts and knowledge sharing. Therefore, we believe the benefits of a group cultural orientation outlast the individual ones regarding dominant logic and organizational performance. Accordingly, we formulate the following hypothesis:

**Hypothesis 5**

Group cultural orientation as a key behavioral element of the organization's dominant logic will positively influence the firm's performance.

#### 3.2.2.3 Decentralized Cultural Orientation

One essential aspect of decentralization is to make decisions at the level where the proper expertise is available. Kuratko et al. (2001) found that decentralizing decision-making authority empowered employees to regulate their behavior and enabled rapid, creative responses to market opportunities as they surfaced. However, not all decision-making can be decentralized. Plans, strategies, and budgets must be reviewed, and managerial performance must be assessed (Prahalad and Bettis 1986). Also, Kuratko et al. (2001) reported that decentralization facilitated the forming of teams, expected to be the primary source of the process, product, and market innovations. Therefore, we hypothesize:

**Hypothesis 6**

Decentralized cultural orientation as a key behavioral element of the organization's dominant logic will positively influence the firm's performance.

#### 3.2.2.4 Strategic Cultural Orientation

Based on Zahra (1996), financial controls support a short-term orientation, while strategic controls suggest a long-term orientation. In corporations where multidivisional structures prevail, companies emphasize financial reporting in measuring performance, by using formal budgets and information systems (Zahra 1995).

On the other hand, strategic controls encourage longer-term investments in projects that influence the firm's value, thus requiring an understanding of the tasks at hand, the risks involved, and the potential compromises. Strategic controls encourage spending on innovation and entrepreneurial activities based on external opportunity identification (Hitt et al. 1990). Based on the previous element identification, we extend the study of dominant logic and give further insights on each of the previously described elements and their effects on performance. Therefore, the following research hypotheses are formulated:

**Hypothesis 7**

Financial cultural orientation as a key behavioral element of the organization's dominant logic will positively influence the firm's performance.

**Hypothesis 8**

Strategic cultural orientation as a key behavioral element of the organization's dominant logic will positively influence the firm's performance.

# 4 Database, Variables, and Methodology

## *4.1 Database*

Our empirical analysis has been conducted based on data from a survey carried out among high-performing firms in Mexico. Data were collected from CEOs within the targeted firms using questionnaire-based surveys. We decided to use CEOs as our key informants since they receive information from a wide range of departments and are therefore a valuable source for evaluating the different variables of the organization. CEOs also play a significant role in informing and molding the variables under study by determining the types of behavior that are expected and supported (Bolivar-Ramos et al. 2012). Although numerous actors may be involved in the management process, the CEO is ultimately responsible for plotting the organization's direction and plans, as well as for guiding the actions carried out to achieve them (Westphal and Fredrickson 2001). The same type of informant was chosen, since this means that the level of influence among the organizations is constant, increasing the validity of the variables' measurements.

This research is cross-sectional and used a single data source for strategic performance indicators, which could result in common method variance. To minimize this risk, respondents were guaranteed perfect anonymity, and no incentives were given for survey completion. Initially, we surveyed five different CEOs from local firms in the cities of Queretaro, Monterrey, and San Luis Potosi, which served as a pretest of the questionnaire to ensure correct wording, overall structure, and all the response options were given. Once the pretest was completed, we used the online Qualtrics platform to administer the delivery and follow-up of the surveys.

Three different sources to gather reliable information about firms were considered. The first one was an internal database of firms provided by the Entrepreneurship Institute *Eugenio Garza Lagüera* at the Tecnologico de Monterrey in Mexico (TEC). Such database contained a list of firms in Mexico, most of them with the CEOs' contact information. The second source was to contact the TEC's business incubators and technological parks from four different campuses in Mexico including Monterrey, Chihuahua, Queretaro, and San Luis Potosi. These institutions provided us as well with a list of companies with their corresponding contact information. Also, the third source was to contact currently enrolled graduate students at Queretaro Campus and postgraduate students at TEC's Virtual University, many of which are CEOs or occupy top-level positions in Mexican firms. The particular interest of TEC to develop quality research in Mexico and the close collaboration among colleagues and the researchers involved in this study were decisive in obtaining the information and conducting this investigation.

The survey consisted of sections pertaining to the dominant logic of the firm, encompassing cognitive and behavioral variables, and performance. The CEOs of the companies filled out the questionnaires individually; each survey took from 30 to 50 min to complete. A personalized invitation to respond to the online version of the questionnaire was then delivered to each of the contacts within the databases

mentioned above. We received replies from 431 firms, and after proceeding to the removal of incomplete questionnaires, 281 were considered valid.

## 4.2 Methodology

The theoretical model proposed here is tested by the estimation of a multiple linear regression model. Regression analysis allows us to estimate the relationship between the firms' performances as a function of the cognitive and behavioral competences related to dominant logic. The regression coefficients estimate the impact of the explanatory variables as competences on the relationship with the dependent variable.

### 4.2.1 Dependent Variable

Organizational performance (*Perform*) is our dependent variable. We used a subjective measure, which is a valid alternative when objective measures are not obtainable (Venkatraman and Ramanujam 1987), and they are used while studying emerging economies (Obloj et al. 2010). We used a five-point Likert-type scale asking the respondents to provide an assessment of their firm's position during the last 2 years versus their main competitors regarding the quality of products/services, market share increase, new market entry, and total profits.

### 4.2.2 Independent Variables

Following Obloj et al. (2010), five-point Likert scales were used to measure two cognitive elements of dominant logic: opportunity identification (*Opport*) and organizational learning (*Learning*). As of behavioral elements or core business features, we used codification of routines (*Routines*), and following Zahra et al. (2004), we used five-point Likert scales to measure five characteristics of organizational cultural orientation: external (*External*), decentralized (*Decentral*), group (*Group*), short-term (*Financial*), and long-term (*Strategic*) orientations.

To further assess the reliability of the indices, Cronbach's alpha and item-total correlation coefficients were computed (see Table 1). The results showed that while for *Perform* ($\alpha = 0.842$), *Group* ($\alpha = 0.819$), *Opport* ($\alpha = 0.795$), *Routines* ($\alpha = 0.775$), *Financial* ($\alpha = 0.774$), *Proact* ($\alpha = 0.771$), *Decentral* ($\alpha = 0.749$), *Strategic* ($\alpha = 0.722$), Cronbach's alpha values were above or approaching the recommended level. In the case of *External* ($\alpha = 0.750$) *Learning* ($\alpha = 0.617$), we preceded with the deletion of one item to improve the Cronbach's alpha. The

majority of the corrected item-total correlations were above 0.50, indicating the degree of variance with their respective constructs (Nunnally and Bernstein 1994).

### 4.2.3 Control Variables

We introduced into the analysis three control variables identified in prior literature that measure firm characteristics. Firstly, firms have been classified respectively considering their total number of employees. We used a dummy variable to classify small- and medium- (less than 50 employees) and large (more than 50 employees)-sized companies, coded with values 1 and 0, respectively. Secondly, a dummy variable was created to assess firms belonging to the industrial and commercial/services sector with a value of 1 and 0, respectively. Thirdly, a dummy variable was created to assess if a family or groups of families have a significant percentage of the property on the company, thus coding 1 if this was the case.

## 5 Results and Discussion

Table 1 summarizes the descriptive statistics for the variables used in the study and shows the matrix of correlations. Before the analysis, multicollinearity checks were conducted. The maximum variance inflation factor (VIF) value found was 1.947. This felt far short of 5, the cutoff considered as a limit (Neter et al. 1983; Hair et al. 1998). Besides, the condition index showed a maximum value of 29.15 for the independent variables, below the recommended threshold of 30 (Hair et al. 2010). Hence, multicollinearity was not an issue.

Two regression models were performed; the results are shown in Table 2. Model 1 included all the control variables in our sample, and model 2 included the variables pertaining to cognitive and behavioral elements of dominant logic.

In linear regression, our primary measure of model fit is $R^2$, which was an indicator of the percentage of variance in the dependent variable explained by the model. The results of the regression analyses are shown in Table 2. The three models and their corresponding $R^2$ are significant, model 1 and 2 ($p < 0.001$), respectively. As noted before, the strength of the models is assessed through $R^2$. There is an increase in the $R^2$ values from the corresponding model 1 to 2. The $R^2$ value shows a moderated predictive quality of model 2 with a value higher of 0.33 (Chin 1998).

Model 1 included all the control variables in our sample, and *Size* ($\beta = -0.204$, $p < 0.001$) showed significance to our dependent variable. Firms with more than 50 employees have higher performance levels than smaller firms. In model 2, which includes all variables in our study, we found a strong relationship among the variables related to the dominant logic with performance. Firstly, the variable associated with the cognitive elements highly significant to performance was *Learning* ($\beta = 0.180$, $p < 0.01$) providing support to hypothesis 2. Secondly, the variables related to the behavioral elements that resulted significantly were *Routines*

**Table 1** Pearson correlations ($n = 281$)

| | Mean | SD | *Perform* | *Routines* | *Learning* | *Opport* | *Decentral* | *Group* | *Strategic* | *External* | *Size* | *Family* | *Sector* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Perform* | 3.80 | 0.611 | 1 | | | | | | | | | | |
| *Routines* | 3.76 | 0.578 | 0.435** | 1 | | | | | | | | | |
| *Learning* | 3.75 | 0.642 | 0.456** | 0.486** | 1 | | | | | | | | |
| *Opport* | 3.97 | 0.550 | 0.336** | 0.350** | 0.415** | 1 | | | | | | | |
| *Decentral* | 3.77 | 0.675 | 0.390** | 0.544** | 0.539** | 0.404** | 1 | | | | | | |
| *Group* | 3.99 | 0.693 | 0.289** | 0.417** | 0.340** | 0.295** | 0.459** | 1 | | | | | |
| *Strategic* | 3.86 | 0.767 | 0.189** | 0.361** | 0.267** | 0.215** | 0.298** | 0.315** | 1 | | | | |
| *External* | 3.95 | 0.615 | 0.464** | 0.497** | 0.497** | 0.395** | 0.500** | 0.408** | 0.262** | 1 | | | |
| *Family* | 0.53 | 0.500 | 0.100 | −0.058 | 0.001 | −0.087 | −0.161** | −0.035 | 0.094 | −0.047 | 1 | | |
| *Size* | 0.60 | 0.490 | −0.212** | −0.069 | −0.025 | −0.030 | −0.016 | 0.071 | −0.130* | −0.016 | −0.141* | 1 | |
| *Sector* | 0.28 | 0.449 | 0.034 | 0.024 | −0.040 | −0.010 | −0.083 | −0.046 | 0.068 | 0.023 | 0.055 | −0.286** | 1 |

Notes: ** Correlation is significant at the 0.01 level (1-tailed); *correlation is significant at the 0.05 level (1-tailed)

**Table 2** Multiple regression analyses

| Elements | Model 1 | | Model 2 | |
|---|---|---|---|---|
| | B[a] | SE[b] | B[a] | SE[b] |
| *Cognitive* | | | | |
| *Opport* | | | 0.087 | 0.063 |
| *Learning* | | | 0.180** | 0.060 |
| *Behavioral* | | | | |
| *External* | | | 0.201*** | 0.062 |
| *Routines* | | | 0.138* | 0.070 |
| *Financial* | | | 0.097* | 0.043 |
| *Strategic* | | | −.082[t] | 0.046 |
| *Group* | | | 0.061 | 0.055 |
| *Decentral* | | | 0.056 | 0.061 |
| *Control* | | | | |
| *Size* | −0.261*** | 0.077 | −0.203** | 0.066 |
| *Family* | 0.083 | 0.072 | 0.152* | 0.062 |
| *Sector* | −0.040 | 0.083 | −0.031 | 0.069 |
| *Constant* | 3.921*** | 0.081 | 0.995*** | 0.286 |
| $R^2$ | 0.050 | | 0.374 | |
| Adjusted $R^2$ | 0.040 | | 0.348 | |
| F | 4.893** | | 14.466*** | |

Notes: Dependent variable: performance (*Perform*)
Levels of significance: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$; [t] $p < 0.1$
[a]Parameter estimates
[b]Standard errors

($\beta = 0.138$, $p < 0.05$), in addition to three cultural orientation variables, *External* ($\beta = 0.201$, $p < 0.001$), *Strategic* ($\beta = -0.082$, $p < 0.1$), and *Financial* ($\beta = 0.097$, $p < 0.05$). These results support hypotheses 3, 4, 7, and 8. These results can be interpreted as the high-performing firms in our sample that have developed a dominant logic with competences stressing a more financial orientation (short-term) versus a strategic (long-term) orientation while being attentive at external opportunities.

Moreover, regarding the control variables in this study, both *Size* ($\beta = -0.203$, $p < 0.01$) and *Family* ($\beta = 0.152$, $p < 0.05$) were significant in this model. This result calls for further studies to consider samples of companies of different sizes and to analyze them in greater detail as they might portray different cognitive and behavioral elements as competences of high-performing firms. Besides, the *SECTOR* not being significant calls for future research to expand the study and consider multigroup analyses with the use of second-generation statistical methods.

Finally, our results bring support to deepen the study of the familial character of the firms. This provides evidence to consider additional variables related to the characteristics of the dominant coalition or top management team, as well as founder or successors, enriching the finding, for example.

These results show statistically significant relationships of elements of dominant logic and performance, although they do not demonstrate causality. These results provide insights into the dominant logic key cognitive and behavioral elements concerning the characteristics of high-performance firms operating in an emerging economy.

## 6 Conclusions

For many authors, future research into the dominant logic concept implies the need to continue to refine its operationalization to identify more precisely relations between its significant cognitive and behavioral components. In our view, dominant logic represents a valuable construct to assess the relevance of human capital as the logic of the dominant coalition or the top management team and how it translates into an organizational dominant logic with implications to the strategic management and entrepreneurship literature and key implications for the firm's competitiveness and performance.

We suggest that the study of dominant logic must consider cognitive and behavioral elements to lead to the configuration of strategic and organizational competences that generate a competitive advantage. The literature review in this study allowed us to explore these key elements and incorporate the analysis of cognitive and behavioral elements, such as organizational orientation, as core business features and in which dominant logic is rooted.

Our findings provide empirical evidence that for high-performing firms in an emerging economy such as Mexico, behavioral elements of dominant logic such as external and financial orientation are linked to performance. Interestingly, strategic orientation is significant with a negative sign implying a detriment to performance. Besides, the variable of routines is highly significant. As far as the cognitive dimension of dominant logic viewed as a filter of information, learning is highly significant, a result that is in line with other studies (Obloj et al. 2010). Therefore, these elements represent the identification of competences for other firms to develop and imitate those with higher performance in a particular context.

Also, control variables such as the size and familial character of the firm are relevant to our study, which demand further exploration. These results could shed new insight regarding the operationalization of dominant logic by linking administrative processes as critical features of the firms' dominant logic and signaling those strategic and cultural dimensions that either promote or detriment performance.

Future studies are needed to assess in more depth the cognitive and behavioral competences here identified and study the relationship between the characteristics of the dominant coalition or top management and how this is translated into an organizational dominant logic over time. Also, studies should consider individual cases of organizations and significant changes in management throughout time.

Future studies should also consider the significance of the control variables in this study to deepen into the specific characteristics of the sample and control for firm size, TMTs and the family nature of the firm. Besides, other statistical methods of second generation, such as structural equation modeling (SEM), are highly recommended to overcome the limitations of first-generation techniques.

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