

***The Effect of Strategic Orientation on the Competitive Advantage
Case Study : a Sample of Economic Companies in "Biskra"***

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Abstract:

The aim of this paper is to determine the impact of the dimensions of strategic orientation at the competitive advantage level . A questionnaire was developed especially to achieve this objective, and distributed to 30 supervisor from 4 economic institutions in 'biskra' representing the study sample. The study concludes several results of which the most important was the adoption of strategic orientations (Analysis, Defensiveness, Proactiveness and reactor). The results showed that there is a positive relationship between those orientations and competitive advantages. and the relationship between the Proactive orientations and competitive advantages the strongest relationships. The study recommended conducting similar studies applied in other firm's in biskra environment, In addition to addressing the strategic orientations with other variables not covered in the current study.

Keywords: *strategic orientation, competitive advantage, Competitive strategies.*

1. INTRODUCTION

Firms have long known that, to be competitive, they must develop a good strategy and then appropriately realign structure, systems, leadership behavior, human resource policies, culture, values and management processes. But how a firm achieves and maintains a competitive advantage has aroused great attention in the strategy literature.

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Researchers in strategic management are particularly concerned with the development of strategies and models that can help firms achieve superior competitive advantage. With their relatively smaller operations, lower capital outlay, limited human resources and the growing competition landscape along with the customer dynamics, the business models of firms require orientation strategic. In recent years, research in this area has identified and examined a range of approaches under the rubric of strategic orientation that firms can adopt to achieve superior enterprise competitive advantage. This study draws upon the concept of strategic orientation and attempts to examine how such approaches help improve the competitive advantage.

2- LITERATURE REVIEW

2.1- strategic orientation

Strategy is multi-dimensional and situational, and encompasses the adaptation and positioning of a firm's internal resources, capabilities and activities, and combinations thereof, both in response to threats and in exploiting opportunities present in the firm's external environment. In addressing how the strategy construct can be measured (Samuel Choy,2008, P 02). Strategic orientation is an indication of the direction in which a business wants to or should go in the future, and how well it is set up to do so. There are two major components to this idea, the first of which is the sense that a business has a plan for future development. In addition to this, a business can gauge how well it is currently moving along that path.

These two components together establish the strategic orientation for that company, as someone can analyze this strategy for future change or growth in comparison with the actual procedures executed.

Firm's strategic orientation reflects the strategic directions implemented by a firm in order to create the proper behaviors for the continuous superior performance of the business; so firm invests its resources in activities that reflect its strategic orientation ((Narver and Slater, 1990, p 20).

Strategic orientations are commonly recognized as valuable resources that facilitates the achievement of competitive advantage and greater organizational competitive advantage (Grace Wangari Kiiru, 2015, P 22) .

Strategic orientations “are the guiding principles that influence a firm’s marketing and strategy-making activities” (Noble, Sinha, and Kumar 2002, P 25). As identified earlier, market orientation and resource orientation are two examples of a strategic orientation.

Strategic orientation is viewed not across strict strategy classifications but, alternatively, along specific dimensions. Extant conceptualizations for comparative strategy are limited (Robert E. Morgan, Carolyn A. Strong, 2003, P 165).

Strategic orientation is an option that can create capabilities dynamically in a constantly changing business environment and enable companies to respond quickly to these changes ((Mohamad R, Fathi B, Unggul P, 2019, p 02).

(Venkatraman 1989) has proposed six dimensions of strategic orientation: aggressiveness, analysis, defensiveness, futurity, proactiveness, and riskiness:

- **Aggressiveness** trait in a firm is reflected in its propensity to face up to and challenge its rivals directly and intensely and to outperform them in the marketplace. These include the use of strategies such as low price, differentiation, targeting a competitor’s weaknesses or in outspending competitors on marketing, product service and quality, sales promotion, advertising or manufacturing capacity, Furthermore, organizations, in their pursuit for aggressive growth, exhibit a clear and pronounced strategic focus of ‘beating the competition’. The ‘push’ strategies of these sales oriented firms are seldom successful and in fact impede market success in the long run (Samuel Choy, 2008, P 02).
- **Analysis** The analysis dimension of strategic orientation reflects a firm’s knowledge building capacity and enabling processes for organizational learning This trait represents specifically the firm’s approach to problem solving, which is secured by an understanding of both internal and external environmental contexts Furthermore, the analysis dimension includes the internal systems and procedures that facilitate the foundation and execution of competitive strategy to achieve firm objectives (Robert E. Morgan, Carolyn A. Strong, 2003, P 166).

- **Defensiveness** refers to the defensive behavior of an organization, characterized by an emphasis on efficiency, productivity and cost reduction in operations, Defensive organizations focus on a product and market domain that is narrow and relatively stable, tending to defend their products, markets and core technology rather than develop new products or markets (Samuel Choy, 2008, P 02).
- **Futurity** This is the extent to which decisions that relate to possible future occurrences are seriously engaged. It reflects issues like sales forecast, possible changes in customer preference and tracking of environmental changes. It is manifested by a firm's incorporation of its vision of the vision as a strategic concern (Mercy E.O and other,2018, p.03).
- **Proactiveness** may be defined as a "forward-looking perspective characteristic of a marketplace leader" that uses its foresight to anticipate future demand and shape the environment It reflects how an organization reacts to market opportunities, acting with initiative and opportunistically to influence market trends, expectations and demand (Samuel Choy, 2008, P 02).
- **Riskiness** It captures the extent of riskiness of the firm. This is reflected in its choice and criteria over resource allocation decisions and the general pattern of decision making. Firms characterized with high risk strategies may be trading-off with lower profits than expected. Although R and D investment is important in the new product development due to the small sophistication of small businesses in the area of Ogun State (Mercy E.O and other,2018, p.03).

2.2- competitive advantages

The pursuit of competitive advantage is an idea very much at the heart of the strategic management literature. Understanding the sources of sustained competitive advantage has become a major area of study in strategic management the resource-based view stipulates that the fundamental sources and drivers of competitive advantage and superior performance are chiefly associated with the attributes of resources and capabilities, which are valuable and costly-to-copy, the resource-based view stipulates that the fundamental sources and drivers of competitive advantage and superior performance are chiefly associated with the

attributes of resources and capabilities, which are valuable and costly-to-copy (Alimin Ismadi Ismail, Raduan Che Rose, 2010, P 159).

Also, Competitive advantage refers to the comparative positional superiority in the marketplace that leads a firm to outperform its rivals. For example, a firm can achieve a cost advantage when the firm operates at a lower cost than its competitors but offers a comparable product. Also, a firm can achieve a differentiation advantage when customers consistently perceive its offerings as superior to those of its competitors (Zhou, KZ; Brown, JR; Dev, CS, 2009, P 08).

Competitive advantage is the enterprise's ability to implement a new market strategy that facilitates price reduction, productivity and ample utilization of market opportunities. In other words, competitive advantage is the enterprise's ability to deploy valuable processes and resources, not implemented by the competitors, which can provide enterprises with opportunity over their competitors (Grace Wangari Kiiru, 2015, P 30). Real competitive advantage implies companies are able to satisfy customer needs more effectively than their competitors. It is achieved if and when real value is added for customers. A business must add value if it is to be successful. The important elements in adding value are (Emilia Papulova, Zuzana Papulova 2006, P 03):

- Understanding and being close to customers, in particular understanding their perception of value
- A commitment to quality
- A high level of all-round service
- Speedy reaction to competitive opportunities and threats.

So a competitive advantage is what makes an entity's goods or services superior to all of a customer's other choices (Asikhia O, Makinde G, Akinlabi B, 2019, p 117).

2.3- Strategic Orientation and Competitive Advantage

A large number of studies have examined strategic orientation and competitive advantage relationship, the results have been inconclusive, with findings ranging from positive to negative, and to no relationships (Ali, 2016; Awino, 2013; Maroa & Muturi, 2015). Munshi (2013) in the study of the contribution of strategic management and strategic thinking processes to organizational performance reported that strategic management and strategic thinking enhance competitive advantage. Also,

Olanipekun, Abioro, Akanni, Arulogun, and Rabiou (2015) reported that adoption of strategic management practices initiates positive changes that consequently lead to competitive advantage and sustainable performance. However, the study of strategic orientation and organizational performance in real estate banks by Jassmy and Bhaya ((2016) reported that the role of strategic orientation in the determination of competitive advantage is unclear while Hao and Song (2016) in their study concluded that strategic orientation does not automatically lead to better performance or competitive advantage (Asikhia O, Makinde G, Akinlabi B, 2019, p 114).

Al-Zoubi study showed several results of which the most important was the adoption of the Jordanian pharmaceutical industry companies of strategic orientations (aggressiveness, Analysis, Defensiveness, Futurity, Proactiveness and Riskiness). The results showed that there is a positive relationship between those orientations and competitive advantages, and the relationship between the futurity orientations and competitive advantages the strongest relationships (Hasan Ali Al-Zu'bi, 2014, p13).

In the same context (Basim A, Muhammad A,2016, p 200) discovered that strategic orientation is positively related with the bank performance. It was revealed that competitive advantage represented mediating variable and it also influences performance .In order to be successful, the real estate banks considered the best combination between competitor orientation and customer orientation to reach the highest performance level among competitors.

Ho (2014) also found that strategic orientation influences company performance, especially in industries with a high level of competition, such as technology-based companies. In the context of SMEs , also The results of the study indicate that strategic orientation, organizational innovation capability and strategic planning have positive and significant impacts on company performance (Mohamad R, Fathi B, Unggul P, 2019, p 03).

3- CONCEPTUAL MODEL AND RESEARCH HYPOTHESES

We propose a conceptual model, shown in Fig.1, of the relationship between strategic orientation (Defensives, Pro-activeness, Reactor, and Analysis) and competitive advantage, we find that the relationship between strategic orientation and competitive advantage has been assumed by past studies; (González-Benito et al., 2009), given that the effects of strategic orientations are likely to manifest through different aspects of competitive advantage, and (Marwan Hamouda, 2006) show that there is

real relationship between dimensions of strategic orientation and competitive advantage, (Jorma Larimo,..) found that there is not so clear whether the globally oriented firms are in better situation related to competitive advantages in all areas.

(Narver and Slater, 1990) define strategic orientation as the organizational culture that most effectively and efficiently encourages the three key behaviors – (1) customer orientation, (2) competitor orientation, and (3) interfunctional coordination – that will help an organization to achieve a sustainable competitive advantage by creating and providing superior value to its customers. (Jorma Larimo,..) Said a strategic orientation is “central to organizational effectiveness in that it represents the competitive strategy implemented by a firm to create continuing performance improvements.

In the same way (Lado, Maydeu-Olivares, and Rivera 1998) show Strategic orientation is one important key to succeed in hypercompetitive firms. Here, the choice of the strategic orientation is key to reach sustainable competitive advantages. Also Mu and Di Benedetto (2011) and Nasution et al., (2011), directly check this assumption by investigating the interaction effects of strategic orientations on business performance (competitive advantage).

3.1 Research questions

For achieving the objectives of the study, it is necessary to answer the questions based on understanding the relationship between the variables of the study, namely: **What is the nature of the relationship between the strategic orientations and competitive advantages in economic institutions in "Biskra "**? Is there a significant relationship between all the dimensions of the strategic orientations and competitive advantages in **economic institutions in "Biskra "**?

3.2 Research hypotheses

To enhance our study based on the above discussion the following hypothesis are posited:

H01: strategic orientation is positively effect with competitive advantage.

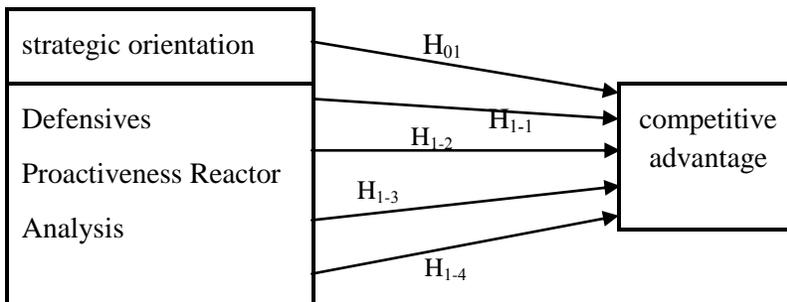
H0 1-1: Defensiveness in firms' strategic orientation is positively related to competitive advantage.

H0 1-2: Proactiveness in firms' strategic orientation is positively related to competitive advantage.

H0 1-3: Reactor in firms' strategic orientation is positively related to competitive advantage.

H0 1-4: Analysis in firms' strategic orientation is positively related to competitive advantage.

Fig. 1. Proposed conceptual model



4. RESEARCH METHODOLOGY

The general objective of this study was to determine the effect of strategic orientation on competitive advantage of firms in Biskra.

To address this objective, this part provides a detailed descriptive and inferences on the data analysis and the key research findings and discussions, clearly outlining how each of the hypothesized as stated in part three has been tested.

4.1- Data collection and analysis

In this section, the purpose of the exploratory case study and the methodology to answer the study questions are reviewed. The methodological procedures are also described. Data analysis procedures are reviewed with expected results as a representation of the study.

This exploratory case study investigates the phenomenon of strategic orientation and how it affects building a competitive advantage

4.1.1- Sample

To test the hypotheses, this study selects 04 industry firms as the empirical setting. Globally, the firms industry is highly fragmented and characterized by a high failure rate in Biskra.

4.1.2- Background Information

- Retail Enterprises Response Rate

This study targeted 04 Firms industry in Biskra. After coding and checking for accuracy in the data, 30 questionnaires were found useful for the study. This gave a response rate of 100%.

Table 1 : Firms Response Rate

Firms Name	Number of questionnaire	percentage
Textuel firms	15	50
Sidor Firms	5	16.33
Garouf outo Firms	5	16.33
Renault Firms	5	16.33

- Size of the Study Sample

The size of the study sample was measured using the number of strategic technique and executive level employees the responsible and directors- Working in the firms.

Table 2 : Size of the Study Sample

Level	number	percentage
Strategic	6	20
Technique	6	20
Executive	18	60
Total	30	100

- Gender of Respondents

Table below shows that the majority of respondents in the present study were males (70%) while females only controlled 30% of the firms industry implying that majority of the industry-retail are managed or owned by males.

Table 3: Gender of Respondents

Gender	number	percentage
Male	21	70
Female	09	30

- Educational Level of the Respondents

Education level profile of respondents in table 4 was as follows; 47.67% possessed a special certificate, 53.33% held a university certificate.

Table 4: Level of Education

Level	number	percentage
special certificate	14	47.67
university certificate	16	53.33

- Age of Respondents

Overwhelming majority of respondents (46.67%) Less than 30 year old while only (10%) of the respondents between 40-49 year old and (26.67%) of the respondents between 30-39 year old also there were 16.66%) of the respondents are higher than 50 year old.

Table 5: Age of Respondents

Age	number	percentage
Less than 30	14	46.67
Between 39-30	8	26.67
40-49 Between	3	10
Higher than 50	5	16.66

Source : spss result's

4.1.3- Descriptive Analysis of Independent Variables

The purpose of the study was to investigate the effect of strategic orientation on the competitive advantage. The researcher analyzed descriptive statistics for the following observed variables; strategic orientation and perceived competitive advantage.

The 5-point Likert scale response categories used in this study can be observed in Table 6 This scale works from left to right where the left end of the scale is smaller, more negative than the right. There are two extreme values, that is, far left which signifies strongly disagree; and far right which symbolizes strongly agree. Meanwhile, the middle answer category (number 3 on the Likert scale) represents neutral which means neither agree or disagree.

Table 6 : 5-point Likert Scale Responses Categories

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

- Competitive Advantage and orientation strategic

The Table7 shows the firms respondents whose responses were analyzed through mean and standard deviation.

Table 7 : Statistiques descriptives

	Mean	standard deviation	class	Importance level
Competitive Advantage	3.9083	.46183	1	High
orientation strategic	3.4667	.52490	4	medium
Defender	3.4500	.53094	5	medium
Perspective	3.6583	.81337	3	medium
Analyses	3.7500	.74278	2	High
Reactor	3.0083	.83945	6	medium

Source : spss result's

The table shows that the relative importance of the strategic directions is average, with a mean of 3.46 and with a standard deviation of 0.52, the relative importance level of the competitive advantage is high, with a mean deviation of (3.9) and with a standard deviation of 0.46.

4.2- Test of hypotheses

4.2.1-Strategic orientation and Competitive advantage relationships

Table 08 Strategic orientation and Competitive advantage relationships

Competitive Advantage	Correlation coefficient	Sig
orientation strategic	0.613	0.01
Defender	0.440	0.01
Perspective	0.587	0.01
Analyses	0.309	Not sig
Reactor	0.373	0.05

Source : spss result's

The nature of the strategic orientation and Competitive Advantage relationships were first examined on a bi-variate basis. Pearson correlation coefficients were calculated for each of the five hypothesized relationships and Table 8 illustrates four significant associations between each of the global strategic orientation, defensiveness, reactor and Perspective dimensions and Competitive Advantage ($P < .01$). However, no such associations were found for Analyses orientation.

4.2.2- hypotheses analyses

To prove the validity of the hypothesis we resort to simple regression analysis and through the table we find that the equation of simple regression takes the following form

$$Y=0.564 x+2.19$$

We reached the coefficient of determination at % 31.8 , so the 31.8 % of the changes in competitive advantage in the organization are due to the pattern of the adopted strategic orientation , which significant where it come significant in 0.001, that confirmed there is an actual effect between the variables is the level of significance f , Hence, the regression coefficient β indicates that the increase of the interesting about orientation strategic by 01 unit they may lead to a change in the level of competitive advantage by 0.564 , so we accepte the main hypothesis that there is an impact of a significant statistical between strategic orientation and competitive advantage

In order to be able to determine which type of strategic orientation is a most influential on competitive advantage within the organizations studies we resort to progressive linear regression to eliminate the factore that have not an affect (not significant). Through the table we show that perspective orientation has impacted the competitive advantage. While we find the rest of other types are not significant. Hence, the hypotheses 1, 3 and 4 are rejected.

And we accept the second sub-hypothesis, where the regression coefficient is 0.506, the interest about the perspective orientation by 1 unit leads to a change in the competitive advantage level by 0.506.

The table 9: summarizes the results of the study hypotheses

Hypotheses	Accept/ Refuse	Sig
H ₀₁	Accept	0.001
H ₁₋₁	Refuse	0.94
H ₁₋₂	Accept	0.02
H ₁₋₃	Refuse	0.19
H ₁₋₄	Refuse	0.94

Source : spss result's

4.2.3- Results

- ✓ The results showed that the relative importance of each of the defensive, proactive, and reactive pattern is moderate. While relative importance of the analytical orientation is high.
- ✓ The results showed that the reactive orientation was prevailing in the organization pattern where the proactive correlation coefficient (58.7%)
- ✓ The study show that there is a good correlation between the strategic orientation and the competitive advantage, where the correlation coefficient reached (61.3%).
- ✓ The results showed that the relative importance of the strategic orientations in the sample is moderate .
- ✓ The partial correlation analysis showed no correlation between the analytical orientation and the competitive advantage, while the other results showed a correlation
- ✓ We found that there is an impact of strategic orientation on competitive advantage
- ✓ About the analyses of the partial effects showed that the perspective orientation is the most influential and significant

5. conclusion

In addressing the correlations between dimensions of strategic orientation, and their associations with competitive advantage, it can be said that the success of the firms was largely underpinned by one core strategic dimensions. The firm's strategic orientation, which invariably determined the nature of its strategic plans, was very much planted on Perspective behavior. Also the results from this investigation are notable and are distinguished from certain other studies by a single generalization: Firms that emphasize the traits of strategic orientation typically exhibit high levels of competitive advantage.

Based on the above, the most important conclusions can be included, as follows:

- There is an effect of only one of the dimensions of the strategic orientation, which is a (proactive) in building a competitive advantage at a significance level 0.05
- The study showed that there is no statistically significant effect of each of the strategic directions (defensive, analytical, and responsive) in building competitive advantage at a significance level of 0.05
- There is an effect of strategic orientation in building a competitive advantage

6. Recommendation

- The study recommended conducting similar studies applied in other firm's in biskra environment, In addition to addressing the strategic orientations with other variables not covered in the current study.
- The necessity for firm to continue is the use of analytical strategic orientation because of its significant and important impact on the firm 'performance and continuity, as it shows the frequent use of this approach and its solutions in the first place because of its importance among the strategic orientation used by the firm
- More attention by the need for firm to use such strategic orientation, whether individually or collectively, and so as important role in the continuity of the presence of firm in the market, stability and development, especially in light of fierce competition in the sector between the firms

- Strengthen and activating the role of strategic orientations and their more diversification, as they are one of the main and basic means in achieving the effective and efficient performance of firm and the speed of achieving the desired goals of the firms which they strive to achieve

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