

The Relationship between Strategic Orientation and Competitive Advantages

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Abstract. This study aims to verify the Jordanian pharmaceutical industry companies' perception of the importance of strategic orientations and the extent of adoption of these orientations, as well as research in the existence of a relationship between strategic orientations and competitive advantages. A questionnaire was developed especially to achieve this objective, and distributed to 303 employees representing the study sample. The study concludes 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. The study recommended conducting similar studies applied in other sectors in Jordanian business environment, in addition to the addressing of strategic orientations with other variables not addressed by this study.

Keywords: Strategic Orientation, Competitive Advantage, Pharmaceutical Companies, Jordan.

1. INTRODUCTION

Most organizations strive to achieve success in their operations and activities and is continuously struggling to build a strategic position and distinct competitiveness, ensure its construction and growth and improve performance in light of the environment in which they operate. In order to accomplish these goals it is required to manage these organizations that possess strategic orientation accompanied by long-term vision and deep thinking and coverage and how to manage these activities and business, especially if they are to achieve discrimination.

Therefore, we find that business organizations, is seeking to build the strategic capabilities to achieve high levels of performance through superiority over competitors, and adapt to highly dynamic competitive environments in which they operate.

So it requires from business organizations to respond to environmental changes through the design of effective strategies at the level of the organization's activities, and to be able to deal with these changing environments, and the new face of global competition. Because the strategic orientation is the cornerstone for the success of the organization, as it is the guide which guides these organizations towards the desired future. As the strategic orientation enables top management of organizations to be aware of what are the objectives and areas of activities and beneficiaries of the services offered.

In order to achieve a competitive advantage and for the business organization to meet future challenges and adapt to the successive external variables, organizations must pay attention to strategic thinking for effective strategic management.

Porter argues that strategy is about competitive position, about differentiating yourself in the eyes of the customer, and about adding value through a mix of activities different from those used by competitors (Porter, 1996).

Based on the above, this study seeks to test the Relationship between strategic orientation and determine the nature of the competitive advantages that Jordanian pharmaceutical companies are seeking to acquire as one or more of those advantages.

2. LITERATURE REVIEW

2.1. Concept and the dimensions of strategic orientation

A firm's strategic orientation reflects the strategic directions implemented by a firm to create the proper behaviors. Related research on strategic orientation are either conducted in a holistic approach or a subdivision approach, that is, strategic orientation is a mix covering entrepreneurial orientation, marketing orientation and learning orientation (Liu & Fu, 2011).

Defined by (Higgins, 2008) strategic orientation as a process by which forming and shaping the organization's strategy. While (Gatignon & Xuereb, 1997) states that the strategic orientation is the entrance to a specific organization through which the implementation of plans to achieve superior performance levels when compared with competitors.

As indicated by (Hitt et al., 2000) strategic orientation gives organizations instructions on the requirements for continuous improvement of performance, as the strategic orientation reflects the level of perception of managers of organizations to the external environment and their reaction to developments and environmental changes.

The strategic orientation is in fact a culture led by conviction and ideology and values of top management, and top management to be active in building a culture and system of values, strategic orientation is focused on continuous improvement by applying project-by-project in the works of the organization, as well as on the needs and employee participation and decision-making based on data, and enhances teamwork and to establish a long-term vision, and if it does not have strategic orientation top management processes of building a successful group around a set of values will be slow and ineffective (Hynes, 2009).

(Morgan & et al., 2009) identifies the types of strategic directions that could be adopted for business organizations, namely:

Aggressiveness: is linked to organizations ability to adapt to the external environment and ability of the Organization and speed in the development of human resources more quickly than competitors.

Analysis: refers to the organization's ability to build knowledge and organizational learning. From an understanding of the organization's internal and external environment, to generate the best possible solution alternatives (Choy & Mula, 2008) and allocate the resources for the chosen objectives.

Defensiveness: refers to the defensive behavior of an organization (Miles & Snow, 1978) a behavior that is designed to protect the market position of the organization. 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 (Choy and Mula, 2008).

Futurity: Which includes the level of readiness of the organization to address the environmental conditions to come, especially in an environment involving rapid change, which helps the organization to build a competitive advantage, and the organization abilities of long-term planning, and applying this strategy in organizations that focus on sales forecasting, and care about the wishes of the customer, and environmental trends (Basu & Gupta, 2013).

Proactiveness: This dimension reflects proactive behavior in relation to participation in emerging industries, continuous search for market opportunities and experimentation with potential responses to changing environmental trends (Miles and Snow, 1978).

Riskiness: Decisions taken by the organization which relates to the allocation of resources, human and material investments, markets and products, as related to the rate of losses and profits earned by the organization, and this strategy helps the organization to the exploration and exploitation of opportunities and growth (Basu & Gupta, 2013).

In the context of the current study we will be relying on these types of Strategic orientations based on the work of (Hynes, 2009; Morgan & Strong, 2003).

2.2. Competitive Advantage

The analysis for the diagnosis of competitive advantage does not require access to historical data only, but also the analysis of the trends and estimate and compare the results with data competitors.

If the competitive advantage associated with current and expected competitors in the future, where you can not choose the

location directly, because the process of acquiring the business comes through the appropriate field in the work of the organization.

The definition of competitive advantage by Hicks is to "apply information technology in order to progress on the leading competitors" (Hicks, 1993). While Czepil defined it as "the ability to provide superior value to the market for a long period of time." (Czepil, 1992).

For the purposes of this study, we are using (Porter) model that is useful for the competitive environment, where the adoption of three types of competitive strategies: (Buck laud & O'Brien, 1989):

2.2.1. Cost Leadership

It does not mean that the progress of those goods / services at the lowest levels of cost, but to be a cost related to quality, which makes those goods / services attractive in the market in order to give a profit acceptable on investment can be achieved by three different types of feature leadership cost, also subject by achieving achieve less variable costs, a lower level of marketing expenses, or to achieve a lower level of operating expenses and administrative expenses, and each one of these types can be a competitive advantage (Best, 1997).

2.2.2. Differentiation

Differentiation of services / products organization from competitors, and by adding unique characteristics of the services / products giving them attractive in a competitive market and are seldom services / goods cost less distinct.

With emphasis on the advantages of differentiation it does not allow the organization to ignore the factor cost, and with achieving the goals of the advantage differentiation gaining organization is vital to gain higher prices average in the sector through the loyalty of customers who are allergic to lower prices, taking into account that the differentiation strategy shift sometimes without getting a share a high market (West & et al., 2010).

2.2.3. Focus

Focus on a specific sector of the market for his service, and this strategy is used in two ways: first, to achieve a competitive advantage in the focus on cost, and second, to achieve a competitive advantage to focus on differentiation in the target market in products and a limited geographical area (Wheelen & Hunger, 2008). And work organizations that follow the strategy of focusing usually in directing the marketing efforts to serve a narrow market more effectively or efficiently than competitors who compete on a larger scale, and the organization has used the strategy to focus predominantly a high degree of customer loyalty and this loyalty does not encourage organizations compete to enter into market (West & Ibrahim, 2010).

3. RESEARCH OBJECTIVE

The objective of this research is to determine the relationship between Strategic orientations and competitive advantages of Jordanian pharmaceutical companies listed on the Amman Stock Exchange.

4. 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 the pharmaceutical industry of Jordan?

Is there a significant relationship between all the dimensions of the strategic orientations and competitive advantages in the pharmaceutical industry of Jordan?

5. SUGGESTED MODEL

Based on Morgan et al. (2009) Strategic orientations and the Porter (2008) competitive advantages researcher's model are developed.

A model consists of two types of variables, the independent variable (Strategic orientation) and the dependent variable (competitive advantages) as shown in figure (1).

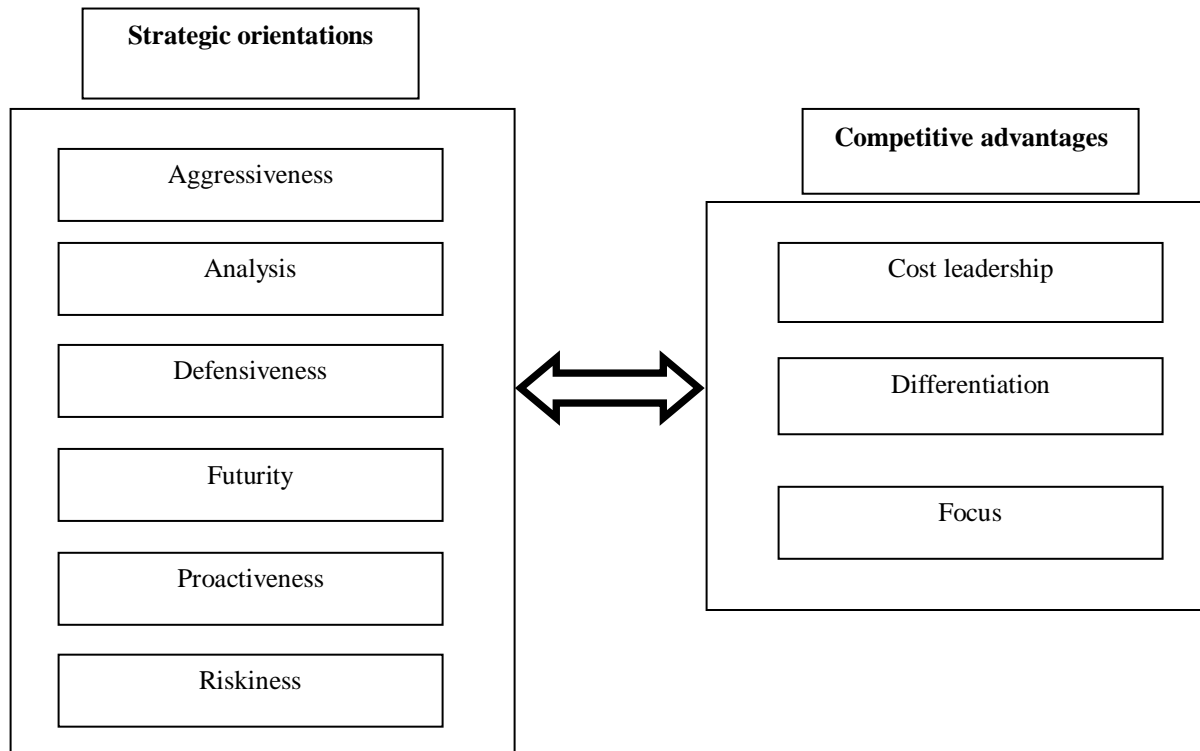


Figure 1: Research Model

6. HYPOTHESIS DEVELOPMENT

Based on the research questions and reviewing the literatures; research hypotheses have been developed as follows:

HO1: There is negative relationship between Strategic orientation dimensions and the competitive advantages.

HO1-a: There is negative relationship between aggressiveness orientation and the competitive advantages.

HO1-b: There is negative relationship between analysis orientations and the competitive advantages.

HO1-c: There is negative relationship between defensiveness orientations and the competitive advantages.

HO1-d: There is negative relationship between futurity orientations and the competitive advantages.

HO1-e: There is negative relationship between proactiveness orientations and the competitive advantages.

HO1-f: There is negative relationship between riskiness orientations and the competitive advantages.

7. RESEARCH METHODOLOGY

7.1. Population and Sample

The study population consist all the employees in the Jordanian pharmaceutical companies listed on the Amman Stock Exchange, number of employees in these companies at the 2014 was (2015) employees. The researcher distributed (322)

questionnaires randomly on the employees. The valid questionnaire for analysis were (303) questionnaire (94 percent response rate).

In terms of demographic findings, the male percentage reached (67.3%) while the females reached (32.7%). In terms of the age group of respondents, it is interested to note that (12.9%) of them are less than (25) years, whereas (43.2%) fell into the (25-34) age group, whereas (25.1%) fell into the (35- 44) age group, only (18.8%) are above this group.

Also, from educational levels point of view the sample who have a majority (60.4%) were university certificate holders, and some those (27.1%) of these, have Higher Education degree. In addition, for the experience years of respondents, (10.2%) of them have (5) years or less, whereas (17.8%) have (6 - 10) Experience years, whereas (45.9%) have (11 - 15) years of experience, only (26.1%) have more. See table (1).

Table 1. Demographic Characteristics of respondents (n=303)

Characteristics	Frequency	Percentage
Gender:		
Male	204	67.3
Female	99	32.7
Age:		
Less than 25 years	39	12.9
25 – 34	131	43.2
35 – 44	76	25.1
45 years and more	57	18.8
Educational Level:		
Diploma or less	38	12.5
Bachelors	183	60.4
Master	82	27.1
PhD		
Experience Years:		
5 years or Less	31	10.2
6 – 10	54	17.8
11 – 15	139	45.9
16 years and more	79	26.1

7.2. Data Collection

The researcher to gather Primary data on the development of a questionnaire distributed to employees in companies Jordanian pharmaceutical industry, which contributed to the coverage of the practical side of the study.

While the researcher on secondary sources of books and published papers, etc., and that contributed to the development of the theoretical aspect of the study.

7.3. Study Instrument

Strategic orientations variables which include:

Variables Source:

Aggressiveness orientation, Morgan et al., 2009.

Analysis orientation, Morgan et al., 2009.

Defensiveness orientation, Morgan et al., 2009.

Futurity orientation, Morgan et al., 2009.

Proactiveness orientation, Morgan et al., 2009.

Riskiness orientation, Morgan et al., 2009.

Competitive advantages which include:

Variables Source:

Cost leadership strategy, Porter, 2008.

Differentiation strategy, Porter, 2008.

Focus strategy, Porter, 2008.

7.4. Instrument validity and reliability

-Instrument validity

To establish the validity of the questionnaire, the researcher asked academics to judge the accuracy, the content, and appropriateness of the items.

-Instrument reliability

As for the questionnaire, the researcher calculated Cronbach's alpha for all the areas to test the reliability for each area, Cronbach's alpha values ranged between (0.71- 0.82) all the values above are more than (0.60) which is the minimum acceptable value (Sekran, 2006).

8. RESULTS AND DISCUSSION

To test the hypothesis of the main study, the researcher used correlation coefficients between each of the variables of the strategic direction and variables competitive advantages in the pharmaceutical industry of Jordan, which are those that appear in Table (2) has recognized results statistically significant at the level of less than (0.05) status signal (*) versus correlation factor did not differentiate correlation coefficients is statistically the function of any signal.

In order to test the hypotheses emanated from the main hypothesis, these hypotheses are:

Ho1-1: There is negative relationship between aggressiveness orientation and the competitive advantages.

The results of the statistical analysis and described in Table (2) the existence of a relationship between the independent variable (Aggressiveness) and the dependent variable (competitive advantages). Where there is a positive relationship statistically significant at a level significantly less than (0.05) as shown by Pearson correlation analysis, we notice that the value of the correlation was ($r = 0.753$) ** at a level of significance (0.01), a result lead to the rejection of the null hypothesis and acceptance of the alternative hypothesis that: There is a relationship between the strategic direction of aggressive and competitive advantages.

(Ho1-2): There is negative relationship between analysis orientations and the competitive advantages.

Results indicate statistical analysis to the existence of a relationship between the independent variable (Analysis) and the dependent variable (competitive advantages). Where there is a positive relationship statistically significant at a level significantly less than (0.05) as shown by Pearson correlation analysis, we notice that the value of the correlation was ($r = 0.644$) ** at a level of significance (0.01), a result lead to the rejection of the null hypothesis and acceptance of the alternative hypothesis that There is a relationship between the strategic direction of analysis and competitive advantages, see table (2).

(Ho1-3): There is negative relationship between defensiveness orientations and the competitive advantages.

Results of the statistical analysis to the existence of a relationship between the independent variable (Defensiveness) and the dependent variable (competitive advantages). Where there is a positive relationship statistically significant at a level significantly less than (0.05) as shown by Pearson correlation analysis, we notice that the value of the correlation was ($r = 0.533$) ** at a level of significance (0.01), a result lead to the rejection of the null hypothesis and acceptance of the alternative hypothesis that There is a relationship between the strategic direction of defensiveness and competitive advantages, see table (2).

(Ho1-4): There is negative relationship between futurity orientations and the competitive advantages.

Clarifies the results of the analysis there is a relationship between the independent variable (Futurity) and the dependent variable (competitive advantages). Where there is a positive relationship statistically significant at a level significantly less than (0.05) as shown by Pearson correlation analysis, we notice that the value of the correlation was ($r = 0.821$) ** at a level of significance (0.01), a result lead to the rejection of the null hypothesis and acceptance of the alternative hypothesis that There is a relationship between the strategic direction of futurity and competitive advantages, see table (2).

(Ho1-5): There is negative relationship between proactiveness orientations and the competitive advantages.

The results of the statistical analysis and described in Table (2) the existence of a relationship between the independent variable (Proactiveness) and the dependent variable (competitive advantages). Where there is a positive relationship statistically significant at a level significantly less than (0.05) as shown by Pearson correlation analysis, we notice that the value of the correlation was ($r = 0.725$) ** at a level of significance (0.01), a result lead to the rejection of the null

hypothesis and acceptance of the alternative hypothesis that There is a relationship between the strategic direction of Proactiveness and competitive advantages.

(Ho1-6): There is negative relationship between riskiness orientations and the competitive advantages.

Clarifies the results of the analysis there is a relationship between the independent variable (Riskiness) and the dependent variable (competitive advantages). Where there is a positive relationship statistically significant at a level significantly less than (0.05) as shown by Pearson correlation analysis, we notice that the value of the correlation was ($r = 0.818$) ** at a level of significance (0.01), a result lead to the rejection of the null hypothesis and acceptance of the alternative hypothesis that There is a relationship between the strategic direction of riskiness and competitive advantages, see table (2).

Table 2. Pearson Correlation among the research variables

variables	M	S.D	1	2	3	4	5	6	7
Aggressiveness	3.373	0.917	1	0.645**	0.550**	0.743**	0.732**	0.757**	0.753**
Analysis	3.596	0.817	0.645**	1	0.471**	0.623**	0.612**	0.643**	0.644**
Defensiveness	3.159	0.760	0.550**	0.471**	1	0.529**	0.512**	0.578**	0.533**
Futurity	3.439	0.900	0.743**	0.623**	0.529**	1	0.710**	0.835**	0.821**
Proactiveness	3.387	0.781	0.732**	0.612**	0.512**	0.710**	1	0.708**	0.725**
Riskiness	3.416	0.879	0.757**	0.643**	0.578**	0.835**	0.708**	1	0.818**
Competitive advantages	3.581	0.860	0.753**	0.644**	0.533**	0.821**	0.725**	0.818**	1

** Correlation is significant at the 0.01 level.

* Correlation is significant at the 0.05 level.

9. STUDY LIMITATIONS

This study is limited in the following:

- The findings of the study are limited in the instruments that were used in the study with its validity and reliability.
- The study is limited to the Jordanian pharmaceutical companies listed on the Amman Stock Exchange.

10. CONCLUSION AND RECOMMENDATIONS

The purpose of this study was to examine Jordanian pharmaceutical companies' perceptions toward strategic directions and how these perceptions correlate with their competitive advantages. The findings for the relationship between Strategic orientations (aggressiveness, analysis, defensiveness, futurity, proactiveness, and riskiness) and the competitive advantages were all significant relationships.

Also found through results of the study were more significant relationship between futurity orientations and competitive advantages as the value of correlation ($r=0.821$), the lower value of the correlation between the defensiveness orientations and competitive advantages were valued at ($r=0.533$).

According to the results of the statistical analysis of the data, the researcher recommends future research to extend these results in other geographical areas and among managerial employees at these companies. For example, the concept could be extended to other Arab countries in order to validate the model and findings.

Future research should also investigate whether the model could be used for a comparative study between the service sector and the industrial sector, by doing so, it would be interesting to test whether the model could hold across a range of industries and service sectors a part from pharmaceutical industry.

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