

# Strategic Orientation Dimensions: A Critical Review

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**Abstract:** This research centered on strategic orientation dimensions; a literature review. The paper x-rayed the diverse components of strategic orientations, their features and relevance in organizations. Theoretical research design was adopted. The choice of this design was informed by the conceptual nature of this work as it concentrated on literatures mainly. Major finding revealed that the components of strategic orientation contribute colossally to the development of strategy which is an integrated plan through which an organization accomplishes its goals and objectives. Conclusively, with an effective strategy put in place owing to strategic orientation, the mission and vision of an organization will be surely realized. We recommended that organizations need to review their strategies on regular basis in order to remain competitive in a technologically-sophisticated business environment in which we live.

**Keywords:** Strategic orientation, market orientation, entrepreneurial orientation, learning orientation and organizational performance.

## I. INTRODUCTION

Strategic orientation focuses attention on the execution of strategic directions that guide and direct the activities of an organization towards establishing proper conduct that enables firms to achieve continuity in the optimum performance of their businesses ( Hakala, 2010, Liu and Fu, 2011, Jeyakodeewari and Jeyanithila, 2013). An organization, undoubtedly, can cope with its ever-competitive and volatile environment to achieve competitive advantage if strategic orientation dimensions are thoroughly comprehended and incorporated into their plans. This is because the whole essence of business is to maximize profits and gain competitive advantage over its rivals or competitors.

Strategic orientations encompass the broad outlines for strategic action (Slater, Olson & Hult, 2006). Strategic Orientation is not a novel concept and remains as old as Catholic Church. It is an integral part of Strategic Management since it has gained wide acceptance in the field. Strategic orientation is influenced by both internal and external environmental factors. These factors can either impact positively or negatively on strategic orientation. Therefore, Strategic orientation of individuals in a firm determines the method of strategic management in that organization because it is a philosophy that guides a firm's business conduct. It involves the broad outlines for strategic actions and directions taken by firms (Slater, Olson & Hult, 2006.). It is a deeply rooted set of values, customs and beliefs that underpins activities and efforts to garner competitive advantage. Strategic orientation determines and assesses the

type and nature of the strategy pursued by an organization in a bid to remain relevance and productive in the environment.

The identification of strategic orientation in an organization precedes the strategic planning process of such an organization as it gives direction and purpose to the organization and determines conspicuously what the objectives and goals of the organizations will be without mincing words. It is also evident that strategic orientations are very important for the organizations in developing countries in particular (Keskim, 2006). This assertion is in sync with Dharmasiri (2009) view who stressed the relevance of strategic orientation for the success of the organizations in developing countries.

Despite the fact that strategic orientations are widely required and considered for the survival and sustainability of businesses at all levels; since its final goal is to improve performance or to achieve superior performance. The major obstacle of strategic orientation is paucity of systematic approach. This results when the diverse dimensions are not properly streamlined and effectively blended to achieve a genuine purpose. This study is structured to x-ray the various dimensions of strategic orientations, their components, characteristics, relevance and applicability in organizations.

## II. REVIEW OF RELATED LITERATURE

### 2.1 Conceptual Framework

#### 2.1.1 Meaning of Strategic Orientation

Strategic orientation is a well-valued and much-utilized concept in business literature concerned with firm performance (Kumar, Boesso, Favotto, & Menini, 2012). Strategic orientation is the strategic direction executed by a firm to create the proper behaviors for the continuous superior performance of the business which leads to gaining competitive edge over others. Myriads of scholars and gurus in management have identified several types of strategic orientation ranging from market orientation, entrepreneurial orientation, customer orientation, cost orientation, innovation orientation, competitor orientation, learning orientation, employee orientation, and interaction orientation. These dimensions have positive effects on the firm's performance since they contribute towards goal realization (Grinstein, 2008). Meanwhile, Liu & Revell (2009) conceive strategic orientation as a concept generally utilized in research on the management of strategy, entrepreneurship and marketing. A strategic orientation of an enterprise reflects a strategic direction which is implemented by the enterprise to create

proper behavior for the continuous superior performance in business.

Strategic orientation is perceived as principles that direct, guide, guard and impact on the activities of a business management in their effort to achieve a better performance in the marketplace and ensure its viability (Hakala, 2011). These are policies in a business which are responsible for the direction of a company towards achieving its goal. Strategic orientation has come to the attention of some researchers in myriads of disciplines like marketing, entrepreneurship, accounting, public administration and management who has invested so much resources (time, money, energy and intellect) in its study (Mercy Ejoywokeoghene Ogbari, Ayodotun Stephen Ibidunni, Oluseye Olaleke Ogunnaike, Maxwell Ayodele Olokundun, Augusta Bosede Amahian 2018) . These scholars have come to the realization that everything is about strategy and for them to achieve success, they must be strategically-oriented.

### 2.2 Theoretical Framework

This theoretical research is anchored on resource-based view (RBV) that perceives organization resources as the core ingredient of competitive advantage and superior performance (Das & Teng, 2000; Peteraf & Barney, 2003). The RBV is an

efficiency-based explanation of performance, and is one of the leading theories utilized to expound the function of organizational capabilities in using resources to gain a competitive advantage and superior performance. The RBV argues that resources are the main ingredients owned by any firm and, therefore, are the basic determinants of their performance, that is, competitive advantage (Powell, 2001). The import of this theory is that diverse kinds of strategic orientations can be integrated with firm’s resources to achieve superior performance in terms of market share, profitability, sales volume etc. The relevance of RBV relies heavily on its capacity to demonstrate a firm’s ability to combine its resources (both human and material strategically) to innovate and step up performance.

#### *Strategic Orientation Dimensions, Features and Relevance in Organizations*

Here, our focus is on the three major components of strategic orientations which include market orientation, entrepreneurial orientation and learning orientation. These dimensions of strategic orientations are all-encompassing and will yield positive results if properly articulated, accorded the required recognition and enshrined in the planning processes of organizations.

Types of Strategic Orientation Dimensions	Meanings	Components	Characteristics	Significance/Relevance
Entrepreneurial orientation	Entrepreneurial orientation involves the methods, processes, practices and all the decision-making activities tilting towards creativity and innovation in an organization (Mehrdad et al 2011).	Innovativeness, Competitive aggressiveness, Risk-taking propensity, Autonomy and Proactiveness.	Entrepreneurial orientation describes an entrepreneurial approach to the styles, ways and practices of decision making.	Entrepreneurial orientation influences demand and supply sectors of the economy as it is perceived as a driving force for a free market economy.
Market orientation.	Market orientation implies having deep knowledge about our customers and competitors.	Customer orientation, Competitor orientation and Interfunctional coordination (Han <i>et al.</i> , 1998; Grinstein, 2008; Naidoo, 2010)	Market Orientation ensures that customer values are created.	Market orientation essentially provides the underpinnings for planning and executing strategies that aim to deliver customer satisfaction, and accomplish and sustain competitive advantage.
Learning orientation	Learning orientation refers to organization-wide activity of creating and using knowledge to enhance or promote competitive advantage s(Calantone, Cavusgil, & Zhao, 2002).	Commitment to learning, shared vision, open-mindedness and intra-organizational knowledge. (Zhou, Chung, & Zhang, 2014).	One of the most important characteristics of learning oriented firms is that they are able to predict environmental and market changes and carry out the necessary changes if required. Learning orientation is critical for innovation and performance in an organization.	A learning orientation helps in information acquisition, information dissemination and shared interpretation that increases both individual and organizational effectiveness due to the direct impact on the outcomes (Kaya & Patton, 2011). Learning orientation influences the inclination of a firm to create and utilize all kinds of knowledge. It, however, affects the magnitude to which firms are likely to enhance generative learning as a core skill, ability, talent and competence.

Source: Author’s Conceptualization and elaboration (2020)

#### *2.2.1 Strategic Orientation Dimensions and Organizational Performance.*

Knowledge is power when it is adequately applied. Sequel to this, organizations are meant to comprehend the different

dimensions of strategic orientation and their applicability towards actualizing the vision and mission of their enterprises. Organizations are set up to accomplish specific objectives. Objectives are the driving force of any thriving organization. Therefore, the need for firms to behave strategically in a

global competitive environment in order to compete or to gain competitive advantage is very keen towards realizing these firms' level of sensibility (Jaworski and Kohli, 1993).

Competitive advantage and superior performance can be achieved in a destructive competitive environment if firms carefully analyze market dynamism and display market-orientation capabilities, high entrepreneurial skills in terms of creative ability and innovative ideas and learning orientation capacity in order to maintain their resources to achieve competitive advantages. Firm performance seems like a self-evident and self-explanatory terms encompassing both financial and non-financial indicators. Efficient performance of an organization hinges on its ability to incorporate or have glimpse of the numerous dimensions of strategic orientation. This helps to broaden the knowledge of an organization with relation to market volatility, entrepreneurial skills and learning capabilities of the diverse organizations.

Entrepreneurship means diverse efforts to make raw material, labor force and other production resources more valuable than they were in the beginning (Matsuno, Mentzer and Ozsomer, 2002) Entrepreneurial orientation revolves round creativity and innovation. Creativity has to do with coming up with novel ideas, initiatives, intuitions in order to better our existence on earth while innovation involves the implementation of these creative ideas that will enable enterprises to remain relevant in ever-changing and dynamic environment. Entrepreneurship and management literature have argued that entrepreneurial orientation is very important for firms to achieve superior firm performance. This is because entrepreneurial orientation is the ability of a firm to discover, and make use of, any possible opportunities to gain access to a new market. Similarly, Zahra (2008) argues that entrepreneurial orientation reflects an enterprise ability to search and exploit new opportunities in the environment.

This ability to recognize and exploit an opportunity is an important determinant of superior firm performance and is generally associated with a proactive and innovative leadership in a firm (Zahra, 2008). Firm-specific capabilities, for example, innovativeness, decision-making style, and new technology adoption, are the sources of competitive advantage, which can be developed and deployed to increase profits. Besides firm performance, entrepreneurial orientation has also been associated with core organizational outcomes such as innovativeness and strategic flexibility. Numerous researchers have investigated the effects of strategic orientation and have found positive effects on innovation and/or performance (Baker & Sinkula, 2009; Deshpande, Grinstein, & Ofek, 2012; Ferraresi, Quandt, Santos, & Frega, 2012; Kumar et al., 2012; Laforet, 2009; Storey & Hughes, 2013). This depicts that for an organization to attain superior performance in its endeavour, it needs to be entrepreneurial-oriented and minded.

Creation of customer value and satisfaction is the main goal of market orientation. Market orientation is a well-established

construct in the strategic orientation literature and has been studied extensively in terms of its nature, structure, and outcomes. Market orientation refers to the extent to which the firm's strategies and operations are ready to respond to market demands and changes in the market. Zahra (2008) maintains that firms with a high market orientation are likely to have good customer relations and create superior customer value. Market orientation is being aware of the expectations and needs of the customers, understanding and satisfying them, arouse their feeling of being worthy and all of the organizational activities towards the implementation of this understanding (Kohli and Jaworski, 1990). Essentially, the term market orientation is a culture which supports the creation of values in the market and is oriented by the market in order to gain competitive advantage. Being market oriented requires being more sensitive about the opportunities against the competitors whose market orientation level is lower (Micheels and Gov, 2010:7). Since the term market orientation mainly includes introducing new or different things in order to respond to market conditions, it may be perceived as a type of innovative behavior. This implies that organizational efficacy hinges heavily on market orientation since the goal of market orientation is to create value and satisfaction for customers.

Learning orientation is an aspect of strategic orientation that triggers zeal in firms under the auspices of training to realize that strategic orientation determines the type and nature of the strategy pursued by an organization. Ideally, the identification of strategic orientation seems to be one of the key elements preceding the strategic planning process of an enterprise as it gives direction on how goals and objectives can be set as well as how they can be actualized. Learning orientation influences the inclination of a firm to create and utilize all kinds of knowledge. It influences the level to which firms are likely to promote generative learning as a core competence (Laukkanen, T., Nagy, G., Hirvonen, S., Reijonen, H. & Pasanen, M 2013). Notion of learning orientation can also be perceived as a set of organizational values that affect the propensity of the firm to create and use knowledge (Sinkula, Baker & Noordewier, 1997). Learning orientation refers to organization-wide activity of creating and utilizing knowledge to enhance competitive advantage (Calantone, Cavusgil, & Zhao, 2002).

### III. METHODOLOGY

This paper focused on strategic orientation dimensions of organizations. Theoretical approach was adopted in its efforts to x-ray the diverse dimensions of strategic orientation and their relevance in organizational development. Materials utilized were generated from secondary sources ranging from internets, documents from various offices and textbooks of high profundity.

### IV. CONCLUSION AND POLICY RECOMMENDATIONS

Based on the literature reviewed, we observed that diverse components of strategic orientations when properly

streamlined and integrated are the keys to achieving better performance and gaining competitive advantage in ever-competitive and dynamic business environment. They contribute colossally to the development of strategy which is an integrated plan through which an organization accomplishes its goals and objectives. With an effective strategy put in place, the mission and vision of an organization will be surely realized. The following policy recommendations are made in furtherance of our goal attainment:

- a) Organizations need to incorporate the different dimensions of strategic orientation as they give clear direction on how to strategize to achieve superior performance in terms of market share, profitability, customer satisfaction, customer patronage etc.
- b) Organizations need to review their strategies on regular basis in order to remain competitive in a technologically-oriented and sophisticated business environment. The import of this is that everything is strategy and for an organization to make headway, it must be strategically alert and situated.

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