



# Examining strategic orientation complementarity using multiple regression analysis and fuzzy set QCA<sup>☆</sup>



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## ABSTRACT

Research to date suggests that resource complementarity benefits business performance. Yet the frequent use of net effects analyses in extant literature results in inconsistent empirical findings. Net effects analyses rely on the idea of an average firm and capture complementarity only inefficiently. The current study examines the complementarity of four strategic orientations (market, entrepreneurial, relationship, and technology) using both multiple regression analysis (MRA) and fuzzy set qualitative comparative analysis (fsQCA). The MRA results show no impact of strategic orientations on profitability, whereas the fsQCA results suggest several combinations of strategic orientations that lead to high profitability. This study contributes and demonstrates the benefits of fsQCA for examining the complementarity of strategic orientations and provides conceptual and empirical evidence for previously understudied combinations. Research on resource complementarity should focus on the combinations instead of net effects of resources.

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## 1. Introduction

The increasingly competitive global marketplace forces organizations to develop and maintain strong competitive advantages by drawing on their organizational resources. By aligning distinct yet complementary resources, firms can pool limited resources and create synergy that offers protection against imitation by other industry rivals (Kozlenkova, Samaha & Palmatier, 2014). Despite prolific research attention (e.g., Boso, Cadogan, & Story, 2013), the question of whether resource complementarity has an impact on firm performance remains inconclusive.

In line with Barney's (2014) arguments, this study proposes that the inconsistent research findings on resource complementarity to date stem from the common use of regression models. Multiple regression analysis (MRA) dominates complementarity studies (e.g. Boso et al., 2013; Thourmrungröje & Racela, 2013), but scholars also recognize that averages can produce misleading results and call for research that goes beyond the MRA logic (e.g. Woodside, 2013; Woodside, Ko, & Huan, 2012). The reliance on the existence of an "average" firm also is inconsistent with the resource-based view (RBV) and resource complementarity, because a firm's best strategy depends on the arrangement of

specific resources (Barney, 2014). The current study advances knowledge about the complementarity of strategic orientations by offering unique empirical insights on the basis of both MRA and fuzzy set qualitative comparative analysis (fsQCA). Ultimately, fsQCA is more suitable for examining how complementary resource constellation contributes to firm performance.

The next section contains an outline of the theoretical background and a review of literature on strategic orientations and their complementarity. Following a detailed explanation of the method, this article provides a discussion of the results. This paper concludes with theoretical and managerial implications, limitations, and further research directions.

## 2. Literature review

### 2.1. Strategic orientations as market-based resources

Scholars commonly define strategic orientations as the principles underlying the activities, processes, and strategic directions that a firm undertakes to create behaviors necessary for achieving superior performance (Gatignon & Xuereb, 1997). These market-based resources are essential for marketing activities such as building relationships and developing new products (Kozlenkova et al., 2014). Market-based resources have two key characteristics, beyond resource intangibility and complementarity. First, strategic orientations are intangible and therefore difficult to duplicate. Therefore, strategic orientations offer great potential to develop into distinctive competencies for the firm

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(Jaakkola, Möller, Parvinen, Evanschitzky, & Mühlbacher, 2010). Second, market-based resources are often complementary, with greater effects than single resources, due to the synergy of their components (Kozlenkova et al., 2014).

Because firms have limited resources, knowing how to harness the synergy of complementary resources is an important source of competitive advantage. Although scholars call for more research on the synergistic combination of resources that can create sustainable competitive advantages (Kraaijenbrink, Spender, & Groen, 2010), strategic orientation research primarily focuses on the individual drivers and impacts of individual strategic orientations (Cadogan, 2012; Mu & Di Benedetto, 2011), indicating the need for further research in this area.

A review of strategic orientation literature yields four relevant strategic orientations: market, entrepreneurial, relationship, and technology orientations. Table 1 provides a brief overview of each strategic orientation, including a definition, dimensions, and previous findings.

## 2.2. Complementarity of strategic orientations

The RBV has an important role in strategic orientation research (Murray, Gao, & Kotabe, 2011). Notably, previous studies predominantly focus on the relationship between a single strategic orientation and business performance (Hakala, 2011; Laukkanen, Nagy, Hirvonen, Reijonen, & Pasanen, 2013). Organizations focusing exclusively on a single strategic orientation tend to have poor performance in the long run (Kumar, Jones, Venkatesan, & Leone, 2011). Such findings suggest the need to understand the interplay of multiple strategic orientations for the long-term success of organizations.

Nevertheless, a review of literature indicates a lack of consensus about the impact of resource complementarity on firm performance. Ahmadi, O'Cass, and Miles (2014) find that pairing marketing and technology resources with complementary capabilities positively affects first product positional advantages, but Huesch's (2013) results show no impact of the interaction between complementary resources and capabilities on performance.

In addition, existing studies of complementary resources often focus on two orientations: market and entrepreneurial (Boso et al., 2013; Mu & Di Benedetto, 2011). An entrepreneurial orientation drives firms to engage in exploratory, high-risk product development processes (Thoumrungrroje & Racela, 2013), whereas market orientation channels

the firm's product development focus toward customer experiences and preferences, to ensure the new products address actual customer needs (González-Benito, González-Benito, & Muñoz-Gallego, 2009). The limited exploration of other combinations of strategic orientations means that knowledge on resource complementarity remains inadequate.

Furthermore, conflicting findings exist regarding the complementarity between market and entrepreneurial orientations. For example, some studies suggest that market and entrepreneurial orientations positively affect new product performance (Atuahene-Gima & Ko, 2001) and overall business performance (i.e., profitability, market response, market position value, and new product success) (González-Benito et al., 2009). Other studies indicate that market orientation has no effect on new product development (Li, Liu, & Zhao, 2006) or report no relationship between entrepreneurial orientation and return on assets (Zahra, 2008).

In light of these research gaps, this study seeks to advance current understanding of the complementarity of strategic orientations by answering the following question: Which combinations of strategic orientations lead to superior business performance?

## 3. Data collection and measures

This study uses a self-administered online questionnaire to collect data from strategic business units (SBUs) operating in high-tech manufacturing industries in Germany. Two key factors motivated the decision to study high-tech manufacturing. First, market, entrepreneurial, relationship, and technology orientations are important to high-tech manufacturing firms, which tend to engage in product innovation activities (Kim, Im, & Slater, 2013). Second, the common industry context of high-tech manufacturing helps minimize potential industry effects that might confound study results (Tsai & Yang, 2013). Germany is traditionally an "engineering" country, with a heavy focus on technological innovations (Jaakkola et al., 2010). Table 2 contains the industries participating in the study. According to the NACE Codes (i.e., statistical classification of economic activities in the European community), the industries are all high-tech manufacturing industries.

Because this study aims to investigate SBU strategies and operations, the sampling frame consists of middle and senior managers who likely to possess the relevant knowledge to complete the questionnaire. From an initial list of 23,841 managers in eligible SBUs, the final data

**Table 1**  
Strategic orientations definitions and previous findings.

	Definition	Dimensions	Previous findings
Market orientation	The extent to which firms focus on satisfying customer needs and creating superior value for them (Narver & Slater, 1990)	Customer orientation, competitor orientation, interfunctional coordination	Several meta-analyses reveal a positive effect of market orientation on business performance (Ellis, 2006). Market orientation enhances performance by allowing firms to understand customers' expressed and latent needs, competitor actions, channel requirements and broader business environment (Morgan, Vorhies, & Mason, 2009).
Entrepreneurial orientation	The extent to which firms emphasize identifying and seizing new market opportunities, being proactive in scanning the environment, and taking risks (Covin & Slevin, 1989)	Innovativeness, risk-taking, proactiveness	Entrepreneurial orientation allows firms to identify and seize new market opportunities by being proactive in scanning the environment, flexible enough to act on the opportunities promptly, and not afraid to take risks (Baker & Sinkula, 2009). Entrepreneurial orientation associates with innovative behaviors such as introducing new products to the market to obtain first-mover advantages (Mu & Di Benedetto, 2011).
Relationship orientation	The extent to which firms emphasize developing and maintaining relationships with customers and suppliers that result in mutual exchange and benefits (Panayides, 2007)	Relationship development, relationship maintenance	Some studies find that a relationship orientation contributes to superior performance (Panayides, 2007), while others suggest that closer relationships may not always be desirable (Palmatier, Scheer, Evans, & Arnold, 2008).
Technology orientation	The extent to which firms emphasize acquiring and applying sophisticated technologies in new product development (Gatignon & Xuereb, 1997)	Unidimensional	Studies show that technology orientation positively impacts innovation-related outcomes such as new product commercialization performance (Mu & Di Benedetto, 2011). Technology orientation is important to profitability and provides firms with a competitive advantage in technology leadership and differentiated products (Gao, Zhou, & Yim, 2007).

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