

Effect of Strategic Orientation on Firm Performance : A Mediation Analysis

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Abstract

Purpose : The purpose of this study was to investigate the notion that the market environment (ME) functions as a mediator between strategic orientation (SO) and firm performance.

Methodology : A systematic questionnaire was used to get information from a sample of 220 SME managers and owners in Rajasthan, India. Structural equation modeling was utilized to test the hypotheses.

Findings : The results demonstrated that the direct influence of SO improves the performance of the organization. The ME partially mediated the impacts of SO on company performance.

Practical Implications : The results of the study demonstrated that successful business owners focus on their customers, seek out and seize new markets, and are committed to developing and implementing innovative ideas. They also need to use technology in their products and procedures.

Originality : This study advanced our understanding of the effects of different SOs on FP by utilizing the ME analysis techniques.

Keywords : customer intention (CI), competitor orientation (CO), technological orientation (TO), strategic orientation (SO), market environment (ME), firm performance (FP)

JEL Classification Codes : L21, L26, L20

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Several conceptual claims in the realm of management are founded on empirical research accounts that have examined the connection between SO and many aspects of business performance. However, despite this degree of study attention, consensus on this link at the corporate level has emerged sluggish (Song & Jing, 2017). Emerging economies undergo significant, intricate institutional changes as part of their structural

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reform processes, including changes to their governments, financial systems, ownership structures of businesses, market environments, and other factors. According to Zhou and Li (2010), these shifts pose significant strategic obstacles for businesses seeking to expand. Business orientation comprises fundamental ideologies that define the type and extent of an organization's operations and plans and a decision-making framework that influences how well the business performs (Chahal et al., 2016). Strategic thinking could aid startups in gaining and maintaining a competitive advantage, improving their performance in a rapidly changing market (Song & Jing, 2017).

According to Chen et al. (2012), the SO concept influences and controls business activities and produces behaviors that ensure the survival and success of the company. It is a brand-new arrangement of corporate operations and reflects how managers view their surroundings. According to the research, there are three common SOs: customer orientation, competitor orientation, and technological orientation (TO) (Amin et al., 2016; Song & Jing, 2017). Competitor orientation (CO) is an approach to business that prioritizes the customer's requirements over those of the company (Chahal et al., 2016). Nevertheless, CO seems to do better in business settings since it places more emphasis on beating rivals than on generating profits (Amin et al., 2016). Technology application in products and operational procedures is emphasized by the guiding principle known as "Technological Orientation" (Song & Jing, 2017).

Previous studies have examined the relationship between a certain SO and OP (Do Hyung & Dedahanov, 2014; Sharma & Shukla, 2015). Limited studies (Song & Jing, 2017; Venkat et al., 2021; Zhou & Li, 2010) have started to examine the effects of various SOs on performance. However, they haven't addressed how these SO affected OP (Gnizy et al., 2014; Jiao et al., 2013), particularly in implementing new ventures. According to earlier research, weak and experienced competition, competent suppliers, dubious clients, and insufficient resources were the norm for new businesses (Aydi & Jarboui, 2020). It was often difficult for young enterprises to compete with more established ones on pricing because of all these disadvantages. Therefore, shifting their groundbreaking work to focus on growth and the business environment was their best line of action (Eswaran, 2010). New enterprises must focus on and comprehend consumer desires, both present and future, and acquire technology to create new products or enhance existing ones to satisfy consumer demands through superior market environment (ME) analysis (Singh et al., 2017). These activities displayed a variety of SO, suggesting that they may coexist in new businesses and interact to influence the performance of those initiatives. However, prior research has neither theoretically nor empirically studied how diverse SOs interact with integrating new experiences, providing us with study opportunities (O'Dwyer & Gilmore, 2018).

Second, the impact of SO on performance through the ME hasn't yet been given much thought, according to marketing researchers (Kobylanski & Szulc, 2011; O'Dwyer & Gilmore, 2018) even though this approach, which focuses on how to harness organizational dynamics, is crucial for improving business results. The impact of SO on business performance has not been well studied in the marketing literature (Amin et al., 2016; Faroque et al., 2021; Zhou & Li, 2010). It seems unlikely that SO (hence) would continue to have the same impact on firm performance (FP), according to Chahal et al. (2016); hence, the impact of SO has to be further studied.

The research empirically studies small and medium-sized manufacturing enterprises to address these drawbacks. The study's objectives are to investigate how SO influences corporate performance. Furthermore, the study attempts to develop and evaluate scales for assessing strategic direction in new circumstances. The market environment's role as a mediator between SO and FP was also studied. The paper begins with an overview of the SO and BP literature, followed by an explanation of the theoretical premises and conceptual framework that underpin the research. The research design, analysis process, and empirical results are then described. Following an analysis of these results in the context of the available data, a number of conclusions, ramifications, and prospective avenues for further research are identified.

The findings of this study enrich the scholarly conversation on the value of diverse orientations for businesses. It claims that in order for BP to understand the ramifications of its performance, the ME conversation has

mischaracterized the company. The ME may encourage growth because it strongly emphasizes tactics to relaunch a business's growth trajectory, which is critical to a long-term performance measure such as company profitability. This study takes into account recommendations from the business and entrepreneurial literature to better understand how SMEs could benefit from their SO.

Review of Literature

Strategic Orientation and Firm Performance

The concept of SO refers to the thought process that guides and influences company activities and yields outcomes that ensure the stability and success of the enterprise (Song & Jing 2017). The SO places a strong emphasis on preserving scarce resources while bolstering strong competitive positions. Put differently, it demonstrates how an organization implements its strategic objectives to continuously provide superior performance (Chahal et al., 2016). According to Zhou and Li (2010), SO is a critical component of a company culture that directs interactions between competitors and customers, two key marketplace actors. This study selects the RBV perspective as the underlying theory for SOs, acknowledging that prior research on SOs has employed strategic choice theory, as demonstrated by Yu et al. (2018). Using RBV, Ibarra-Cisneros et al. (2021) determined that SOs comprise market, technology, and learning, which aid in aligning strategy and market situation. This perspective is supported by existing literature, which includes studies by Anderson et al. (2015), Schweiger et al. (2019), and others. Do Hyung and Dedahanov (2014) discovered that market and learning orientations were complementary, and their combination significantly impacted corporate performance.

Kumar Panda (2014) examined the specific marketing orientation applications in mobile telecommunications companies to create and test a tool for gauging the degree of marketing orientation in those companies. The findings corroborated the important connections between enterprise performance, learning orientation, and marketing orientation in the target industry. Covin et al. (1994) investigated the moderating role of strategic mission on the connection between management choice and company performance in a sample of 364 manufacturing enterprises in Southwestern Pennsylvania that represented a variety of industries. They found that how well an organization spent money on advertising or developing new products was unaffected by its strategic aims. Santos and Brito (2012) proposed and tested a measurement model for FP based on subjective indicators using data from 116 senior managers in Brazil to understand the effects of strategies on various performance facets. The results indicated that the dimensions cannot be used oppositely since they represent distinct facets of the performance of the organization and support the idea that stakeholders have various requirements that need to be handled separately. Subjective performance measurements have been widely used in research on the relationship between strategy direction and corporate performance. Al Mamun et al. (2019) examined the relationship between subjective and objective performance metrics. It concluded that there was a significant correlation between the quantitative and qualitative performance indicators. The results of Chen et al. (2012) demonstrated that strategy-making process modes that firms with high process capacity simultaneously employed outperformed single-mode operations or weak process capability. To achieve remarkable corporate performance, firms can employ various strategic options (SOS), including those related to competitors, customers, technical capabilities, adaptability, reactivity, etc., as suggested by authors such as Chen et al. (2012), Morgan and Strong (2003), and Sajjad et al. (2023). A firm may employ many strategies because the classification is not mutually exclusive (O'Dwyer & Gilmore, 2018).

In addition to emphasizing growth, SO helps businesses create the competitive advantage necessary to boost productivity through the development of novel services or goods (Kumar Panda, 2014). According to Hakala (2011), organizations with a high SO would respond to changing customer requirements and wants by inventing

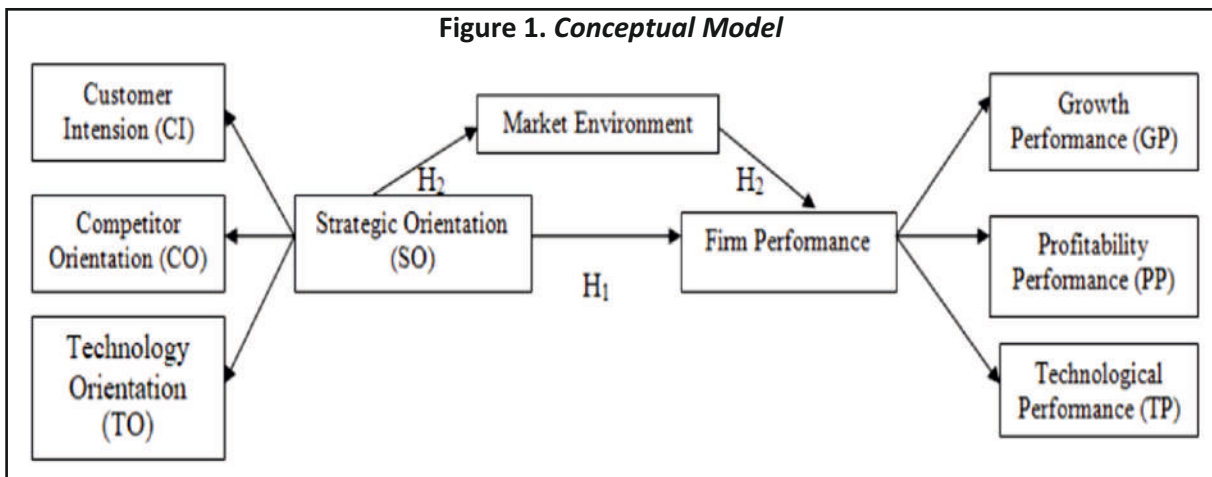
new processes, goods, and services to achieve a competitive edge. It would also encourage openness to new ideas and risk-taking, resulting in a new untapped market and altering customer behavior (Deshpandé et al., 2013). A source of competitive advantage can be found in a firm's SO when seen through the lens of RBV (Kumar Panda, 2014). The industrial sector is the ideal one to research TO since companies in this area are more open to innovative strategy ideas. Positive relationships between SO and performance were highlighted by researchers (Arora & Rathi, 2019; Chahal et al., 2016; Crick et al., 2021; Eggers et al., 2013; Kobylanski & Szulc, 2011; O'Dwyer & Gilmore, 2018). Hence, it is hypothesized that:

⇒ **H₁** : SO strongly affects FP.

Mediating the Impact of the Market Environment Between Strategic Orientation and Firm Performance

A company's business activities are guided and reflected by its SO (Alegre et al., 2013). There are several SOs, including customers, competitors, and technology. Small-scale enterprises should prioritize customer and TO, which requires an ongoing evaluation of the competitors' short-term inadequacies and strengths and their medium and future capabilities and plans (Bellamy et al., 2019). This method gains knowledge, allowing for the development of anticipated and influential responses to competitive maneuvers (Didonet & Diaz-Villavicencio, 2020). SO is described in a sizable body of research as a set of behaviors that operationalized the firm's strategy (Crick et al., 2021). SO is another significant issue determining an organization's success or failure. It has specific management ramifications since, being a controllable component, SO is one that businesses may try to strengthen if there is proof that doing so will increase the business's overall performance. The business environment can be seen as a critical mediating factor in the relationship between SO and corporate performance. The business environment inevitably has one or more of these effects on the company since it defines its suppliers, competitors, employees, and consumers, as well as how it interacts with these parties (Kobylanski & Szulc, 2011). Slater and Narver (1994) investigated how the competitive environment affects the potency of the relationship between market perspective and performance and whether it alters the external emphasis's focus within a market orientation, favoring customer analysis over competitor analysis or vice versa. Their findings weakly support the idea that the competitive environment might modulate the market orientation–performance link. Even though environmental situations are frequently cyclical, market orientation has long-term benefits, making it economically advantageous despite potential short-term environmental balancing impacts. On the other hand, Song and Jing (2017) looked at the connection between the success of new ventures and their SO.

Based on the organizational ambidexterity theory, five hypotheses were developed to explain the connections between EO, MO, and TO and how these influence new venture performance. Exploration-entrepreneurial orientation, exploitation-technological orientation, and exploitation-market orientation significantly affected entrepreneurial performance, according to the regression results using a sample of 199 new enterprises. The interaction between TO and entrepreneurial orientation primarily benefits entrepreneurial performance. According to Eggers's (2010) research, the availability of finances and an organization's climate influence its potential for expansion and trajectories. Entrepreneurship in marketing may be used to secure the long-term growth of new and innovative businesses by finding a balance between various combinations of resources and market conditions. According to a survey of Taiwan's electronics sector, entrepreneurial and interactional orientations enhanced the company's exploration and exploitation capabilities, resulting in superior organizational performance (Chen et al., 2012). The information collected from 161 small manufacturers was intended to help them better understand how to respond to hostile environmental conditions. The results showed that performance among small businesses operating in challenging environments was positively correlated with an organic organizational structure, a person's attitude toward entrepreneurship, and a marketable profile, which is defined as a long alignment, high input costs, and a concern for anticipating industry trends (Covin &



Slevin, 1989). The quantitative findings demonstrate that SMEs must be engaged toward market opportunities, open to innovation, and lead in developing novel products. These findings are based on a random sample of 500 small, not hi-tech manufacturing SMEs. Yet, they have drawbacks, such as a lack of flexibility, a culture that is just slightly open, and a management structure that hinders continuous innovation (Ganeshan & Suresh, 2017). Previous research has highlighted the significance of strategy orientation activities for entrepreneurship (Arias-Pérez et al., 2021). Strategically oriented organizations encourage employees to pursue promising ideas and prioritize strategic growth (Beliaeva et al., 2020). SO could enable enterprises to aggressively adopt new products and operational strategies, potentially improving the business's ability to endure in an environment of competition (Goldman et al., 2021). The literature also demonstrates an indirect link between strategic direction and company performance via the ME (Aggarwal, 2019; Doshi, 2018; Faroque et al., 2021; Zhou & Li, 2010), in addition to the direct one.

Meanwhile, few studies have empirically examined the market environment's function as a mediator between SO and company performance. For example, in their study, Chahal et al. (2016) demonstrated how SO and the ME enhanced corporate performance. Based on existing literature, the current research asserts that the business environment's fundamental characteristics will strengthen the relationship between SO and FP (refer to Figure 1).

↳ H_2 : ME mediates the relationship between SO and business performance.

Research Methodology

Sampling and Procedure of Data Collection

This study was exploratory and causal research in nature. The development of a structured questionnaire was taken into account to examine many study-related aspects. The analysis's data were based on primary sources to support the model. Two sections of the structured questionnaire were based on various implementation criteria from prior research. The questions in “Part A” were intended to elicit information about the socio-demographic profile of the respondents. The perceptual constructs in “Part B” described the cause-and-effect link between SO and FP. It has been measured using a 5-point Likert scale, with a rating range ranging from (1) “*strongly disagree*” to (5) “*strongly agree*.” Three hundred ten respondents were approached to respond to the questionnaires, and data were collected using a purposive sampling technique. The study was conducted using data gathered from managers and owners of small businesses; 220 of the 250 responses received may be used (full completion).

The sample size included 220 operational SMEs running at three industrial parks in Rajasthan, India: Ajmer,

Table 1. Demographic Profiles of the Respondents (n = 220)

Category		N	%
Gender	Male	220	100
	Female	0	0
Age	21 – 27 years	1	.5
	28 – 35 years	133	60.5
	36 – 42 years	85	38.6
	43 – 49 years	0	0
	50 – 56 years	1	.5
Education	Up to 10th	22	10.0
	12th or Diploma	44	20.0
	Graduation	119	54.1
	Post Graduation	35	15.9
Way of Owning the Business	Startup	111	50.5
	Succession	93	42.3
	Joining as a Partner	8	3.6
	Takeover	5	2.3
	Other	3	1.4
Ownership Structure	Sole Proprietorship	78	35.5
	Partnership	25	11.4
	Private Limited Company	117	53.2
No. of Employees	Less than 50	150	68.2
	51 – 100	34	15.5
	100 – 150	7	3.2
	151 – 249	29	13.2
Annual Turnover	76 lakhs – 1 crore	10	4.5
	1.1 crore – 3 crore	7	3.2
	3.1 crore – 5 crore	27	12.3
	5.1 crore – 10 crore	44	20.0
	10.1 crore – 15 crore	25	11.4
	15.1 crore – 20 crore	18	8.2
	More than 20.1 crore	89	40.5
Industry Sector	Manufacturing	147	66.8
	Construction	4	1.8
	Import and Export Trade	47	21.4
	Wholesale and Retail	15	6.8
	Professional Service	4	1.8
	Other	3	1.4

Kishangarh, and Udaipur, representing the country's North-Western region. These cities are among Rajasthan's most crucial marble-producing areas. Marble production, calcite in nature, is considered Rajasthan's oldest and

highest grade. All SMEs, including 150 small-scale industries and 70 medium-scale sectors, received the questionnaire.

The study obtained pertinent data on SO, ME, and company performance (FP), and the owners/managers were contacted. The questionnaire contained modified scale items from the literature (Table 2). Between October 2022 and January 2023, a comprehensive survey of 220 small company owners was conducted to conclude the study. Small and medium-sized businesses were chosen for the sample using the technique of purposeful sampling, which is often used in entrepreneurship studies. Data analysis was performed using the IBM SPSS software environment. To test the formulated hypotheses about the relationship analysis of SO dimensions on the ME of the entrepreneur and FP, statistical techniques for descriptive statistics structural equation modeling (SEM) shall be derived using IBM SPSS and AMOS 23. Table 1 presents the descriptive analysis results.

Measurement Item Description

↳ **Strategic Orientation** : The three sub-constructs of SO are customer intention (CI), competition, and TO. CIs are measured using items from Zhou and Li (2010), COs are measured using items from Faroque et al. (2021) and Zhou and Li (2010), and TO is measured using a five-item scale that was adapted from Zhou and Li (2010). It measures how willing and ready a firm is to pursue and accept cutting-edge technologies.

↳ **Market Environment** : Based on the conceptual work, this study constructs a nine-item ME measure (Chen et al., 2012; Eggers, 2010; Song & Jing, 2017).

↳ **Firm Performance** : To gauge each of the three sub-constructs of FP—namely, growth performance (GP), profitability performance (PF), and technical performance (TP). The measures of GP use items adopted from Chen et al. (2017) and Eggers et al. (2013); the measures of PF use items adopted from Chen et al. (2017) and Eggers (2010), and TP uses five items adapted from Eggers et al. (2013).

Analysis and Results

Validity and Reliability of the Measurement Model

The research's measurement tools include one dependent variable, FP, which is broken down into three sub-constructs: GP, PF, and TP, each of which has five items, three dimensions of SO (i.e., independent variables): CI, CO, and TO; each of which has five items, and one mediating variable measure of market environment (9 items).

Table 2. Measurement Model Summary

Construct	Items	FL
Customer Intention ($\alpha = 0.843$, AVE = 0.522, CR = 0.845)	CI1	0.719
	CI2	0.7
	CI3	0.745
	CI4	0.766
	CI5	0.679
Competitor Orientation ($\alpha = 0.799$, AVE = 0.446, CR = 0.800)	CO1	0.721
	CO2	0.604
	CO3	0.661
	CO4	0.673

	<i>CO5</i>	0.67
Technological Orientation ($\alpha = 0.802$, AVE = 0.455, CR = 0.805)	<i>TO1</i>	0.616
	<i>TO2</i>	0.755
	<i>TO3</i>	0.597
	<i>TO4</i>	0.698
	<i>TO5</i>	0.695
Market Environment ($\alpha = 0.900$, AVE = 0.506, CR = 0.902)	<i>ME1</i>	0.642
	<i>ME2</i>	0.713
	<i>ME3</i>	0.767
	<i>ME4</i>	0.708
	<i>ME5</i>	0.774
	<i>ME6</i>	0.756
	<i>ME7</i>	0.612
	<i>ME8</i>	0.715
	<i>ME9</i>	0.699
Growth Performance ($\alpha = 0.821$, AVE = 0.505, CR = 0.830)	<i>GP1</i>	0.645
	<i>GP2</i>	0.726
	<i>GP3</i>	0.883
	<i>GP4</i>	0.781
	<i>GP5</i>	0.442
Profitability Performance ($\alpha = 0.880$, AVE = 0.616, CR = 0.897)	<i>PP1</i>	0.847
	<i>PP2</i>	0.818
	<i>PP3</i>	0.79
	<i>PP4</i>	0.725
	<i>PP5</i>	0.742
Technological Focused ($\alpha = 0.830$, AVE = 0.495, CR = 0.830)	<i>TP1</i>	0.678
	<i>TP2</i>	0.703
	<i>TP3</i>	0.73
	<i>TP4</i>	0.686
	<i>TP5</i>	0.72
<i>SO</i> ($\alpha = 0.901$, AVE = 0.506, CR = 0.902)	<i>CI</i>	0.905
	<i>CO</i>	0.82
	<i>TO</i>	0.814
<i>FP</i> ($\alpha = 0.755$, AVE = 0.494, CR = 0.515)	<i>GP</i>	0.381
	<i>PP</i>	-0.864
	<i>TP</i>	-0.773

Several confirmatory factor analyses were conducted to evaluate convergent and discriminant validity (Hair Jr. et al., 2014). The measurement model should be assessed using internal consistency, composite reliability, indicator reliability, convergent validity, and discriminant validity. Composite dependability scores for internal consistency higher than 0.80, above the minimum criteria of 0.70, demonstrated internal consistency (Hair Jr. et al., 2014). Every item was maintained since they all had loadings greater than the cutoff value. Each component's average

Table 3. Discriminant Analysis

	<i>SO</i>	<i>ME</i>	<i>FP</i>
<i>SO</i>	0.846		
<i>ME</i>	0.402	0.711	
<i>FP</i>	0.742	0.666	0.702

variance extracted (AVE) was examined using a threshold value of 0.50 to ascertain convergent validity (Hair et al., 2012). The range, as indicated in Table 2, either meets or approaches that condition; hence, the findings of this study support the convergent validity. Discriminant validity was evaluated using the Fornell–Larcker criterion (Table 3) (Fornell & Larcker, 1981).

Structural Model

SEM assessed the research hypotheses (H_1 to H_2). *ME* serves as the study's mediator, *FP* as the final endogenous variable, and second-order *SO* as the exogenous variable. According to the model estimation, the data fits the model excellently ($CMIN/df = 1.07$, $GFI = 0.863$, $AGFI = 0.845$, $CFI = 0.987$, $NFI = 0.835$, $TLI = 0.986$, and $RMSEA = 0.018$) (Table 4). The direct path estimations indicate that *SO* has a considerable take effect on *FP* ($SO \rightarrow FP: \beta = 0.204, p < 0.05$). So, the current research supports H_1 (refer to Table 5).

Mediation Analysis

The mediation analysis was then performed using AMOS 23's user-defined estimand. The indirect effect finding

Table 4. Model Fit Indices

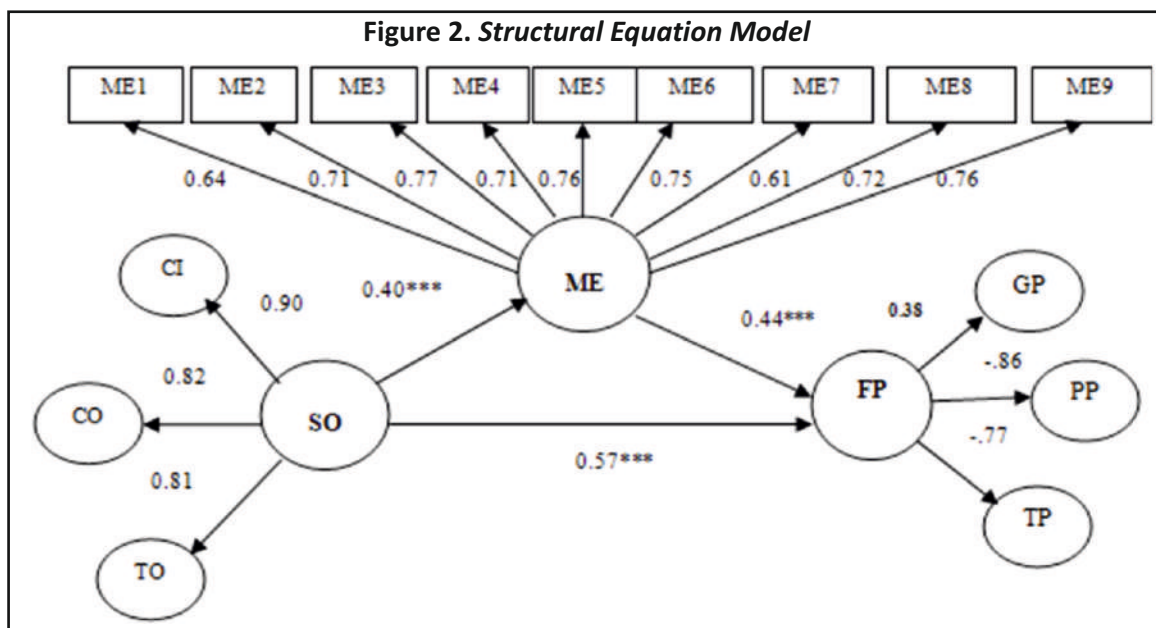
	<i>CMIN/df</i>	<i>GFI</i>	<i>AGFI</i>	<i>CFI</i>	<i>NFI</i>	<i>TLI</i>	<i>RMSEA</i>
Customer Intention (<i>CI</i>)	0.706	0.994	0.981	1	0.991	1	0
Competitor Orientation (<i>CO</i>)	1.701	0.986	0.957	0.988	0.972	0.976	0.057
Technological Orientation (<i>TO</i>)	1.33	0.988	0.965	0.995	0.979	0.989	0.039
Market Environment (<i>ME</i>)	0.914	0.977	0.962	1	0.973	1	0
Growth Performance (<i>GP</i>)	0.709	0.993	0.98	1	0.991	1	0
Profitability Performance (<i>PP</i>)	0.951	0.992	0.975	1	0.992	1	0
Technological Performance (<i>TP</i>)	1.197	0.989	0.968	0.997	0.984	0.994	0.03
Strategic Orientation (<i>SO</i>)	1.08	0.945	0.924	0.994	0.929	0.993	0.019
Firm Performance (<i>FP</i>)	1.163	0.942	0.92	0.99	0.935	0.988	0.027
Structural Model	1.07	0.863	0.845	0.987	0.835	0.986	0.018

Table 5. Results of the Structural Model

Path	Coefficient	Std. Error	<i>p</i> -value	Hypothesis
<i>SO</i> -----> <i>FP</i>	0.204	0.052	0.000***	Supported
<i>SO</i> -----> <i>ME</i>	0.403	0.088	0.000***	
<i>ME</i> -----> <i>FP</i>	0.158	0.043	0.000***	

Table 6. The Summary of the Mediation Effect

Hypothesis	Estimate	Bootstrap 95% CIs		p- value	Result
		Lower	Upper		
SO ----> ME ----> Firm Performance	0.064	0.032	0.12	0	Partial Mediation



(Table 6) reveals that the ME predominantly mediates the influence of SO on FP ($SO \rightarrow ME \rightarrow FP$: 0.064, 95% Boot LLCI = 0.032, Boot ULCI = 0.120). Thus, we accept H_2 . It implies that to be in a situation where you can run your own business or work for yourself, a natural market environment is necessary. SO can, therefore, greatly influence the expansion of new firms by assisting individuals in developing a positive mindset. It is also suggested that robust entrepreneurial business performance is necessary to build a favorable market environment. As a result, SO, through creating an appropriate ME, can significantly and positively affect growth, profitability, and technological performance (refer to Figure 2).

Discussion and Conclusion

The study investigates the impact of several SOs on the effectiveness of new businesses. CI, competitor, and TOs are the categories into which SO of new companies are divided. The study's findings indicate that SO has beneficial effects on the performance of entrepreneurial firms. In other words, the study's findings emphasize the significance of technologies for the growth of entrepreneurial activity. It may be the case since target markets for new companies are typically niche, tiny, and marketplaces with distinct needs. When faced with clear market objectives, developing a product design and implementing technology to match customers better wants to become the main entrepreneurial activity of new businesses. Also, there is evidence that combining the market environment and strategy direction positively impacts FP. The findings show that new ventures can be considered organizations with various SOs interacting with businesses to enhance performance. The study's findings show that SOs enhance an organization's overall performance, which results in superior FP indicators (e.g., growth, profitability, and technological performance). SO directs managerial decisions by continuously enhancing and expanding their current knowledge, abilities, and resources inside a business. Superior growth, profitability, and

technological performance result from this. These results align with the market knowledge perspective, which holds that companies with stronger SOs are more open to market information and cues and can better spot gaps in their current capabilities (Aydi & Jarboui, 2020). This study examines how the ME influences the link between SO and company performance. The results of this empirical study, which included 220 SMEs as a sample, demonstrate that SO benefits entrepreneurial firms' performance. Also, there is evidence that combining the market environment and strategy direction positively impacts FP.

Implications

Theoretical Implications

This work provides some theoretical progress. Based on the RBV, this study describes the market context in which SO was linked to FP (growth, profitability, and technological performance). Importantly, this emphasizes that SOs may contribute to a competitive advantage by eliciting the essential creation of value capabilities (Hynes, 2009).

This study provides new insights into SO functions by examining the relationship between SO and ME. It may contribute to customer happiness, growth performance, and technological innovation, thereby benefiting the firm by improving existing skills and knowledge levels while developing new skills, knowledge, and procedures. These findings emphasize the significance of SO in gaining an edge. The findings of this study contribute to the current scholarship on managerial strategy and shed light on the role of SO in creating value (Goldman et al., 2021; Hart & Banbury, 1994). It also contributes to understanding organizations' growth strategies in the entrepreneurial sector. New initiatives are less permitted, receive less money, and are more vulnerable to the effects of contextual ambiguity than established businesses. The current study shows that creating dynamic skills and adopting an SO are the primary tactics employed by new businesses to overcome adversity and gain a competitive edge. In contrast to previous studies, we highlight how SO affects recent venture performance in this paper. The findings of this study demonstrate how various SOs impact new venture success both directly and indirectly, assisting businesses in overcoming their limitations and looking for more advantageous competitors.

On the other side, this study stresses the value of strategy orientation in a way that prior works on business performance in entrepreneurship have not. On the other hand, this study outlines different strategic postures that a new initiative may adopt during an organization's expansion while highlighting how many SOs interact. As a result, the research framework aids in developing studies on the connection between SO and business performance in entrepreneurship.

Managerial Implications

This study offers various tips for small and medium-sized enterprise managers. First, executives should concentrate their efforts on SO, which can assist SMEs in recognizing the positive and negative characteristics of their current and future competitors, allowing them to better use their limited resources to meet the fundamental needs of customers than their competitors.

Second, practitioners should understand mediating elements, such as the ME, that might interact with SO to improve business performance. When evaluating the benefits of managerial techniques, it is essential to consider environmental factors. When implementing a firm's strategy, practitioners should take into account the internal and external contexts. It will offer a framework for improving marketing initiatives in specific environmental contexts, lowering unethical behavior that can endanger the company's existence and increasing its performance.

The present research adds management value to entrepreneurial company procedures. SO benefits new firm expansion, revenue generation, and technological performance, implying that Indian entrepreneurs are more

aggressive and motivated by creative ideas. They are more risk-taking and experienced than earlier generations, which could benefit the company's development. In addition, the interaction between the ME and SO substantially impacts a company's performance. Business owners who want to succeed must prioritize their clients, seek out and capitalize on new market opportunities, and be devoted to creating and deploying cutting-edge technologies. They must also incorporate technology into their operations and products.

Limitations of the Study and Scope for Further Research

There were a few restrictions that should not be repeated in the future. This study has three different sorts of SOs: CI, competition, and TO. It is its first flaw. Although other strategic directions have received attention in the past, such as entrepreneurial and MO, which may share some characteristics with LO (Zhou & Li 2010), this study does not address them. In the future, we will concentrate on how entrepreneurialism and market orientation affect how well new companies perform.

The study's geographical breadth and sample size are also limited because the empirical data came mainly from a semi-urban area, and the sample size was less than 250 enterprises. Given the appropriate circumstances, we anticipate conducting additional studies with a larger sample size from more geographic regions of the country. More data collection may be undertaken to support our findings. Future research could broaden this study to include additional countries or firms to improve external validity.

Finally, a cross-sectional design was used to get the results of this study. The cause-and-effect correlations could not be established entirely despite the data implying that SOs affect the marketing environment, influencing organizational performance. So, future research should use a longitudinal approach to evaluate the suggested model more accurately.

Authors' Contribution

The authors – Arpita Goyal, Uma Sankar Mishra, Satyakama Mishra, and Manidatta Ray, made significant contributions to the article's concept or design as well as its data collection, analysis, and interpretation.

Conflict of Interest

The authors have no conflict of interest to declare. All co-authors have reviewed the work and agree with its contents, and there is no financial interest to report. We certify that the contribution is original and not under consideration by any other publication.

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Appendix

Construct	Dimension	Item (Code and Statement)
Strategic Orientation (SO)	Customer Intention (CI)	CI1 Our competitive advantage is based on understanding customers' needs.
		CI2 Our business objectives are driven primarily by customer satisfaction.
		CI3 We frequently and systematically measure customer satisfaction.
		CI4 We pay close attention to after-sales services.
		CI5 Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.
	Competitor Orientation (CO)	CO1 Our salespeople regularly share competitors' information.
		CO2 We rapidly respond to competitive actions that threaten us.
		CO3 Top management regularly discusses competitor's strategies.
		CO4 Market information is shared with all departments.
		CO5 All departments are involved in preparing company plans.
	Technology Orientation (TO)	TO1 Our new products are always at the state of the art technology.
		TO2 Technological innovation is readily accepted in our program/project management.
		TO3 Our industry offers many opportunities for technological innovation.
		TO4 Demand for new technology in our industry is growing as new technology is needed for growth in this industry.
		TO5 We use sophisticated technologies in our new product development.
	Market Environment (ME)	ME1 A large number of new product ideas have been made possible through technological breakthroughs in our industry.
		ME2 Customers in our industry tend to look for new products all the time.
		ME3 Market competitive conditions are highly unpredictable.
		ME4 In our kind of business, customers' product preferences change quite a bit over time.
		ME5 There are major technological developments in our industry.
		ME6 We cater to much of the same customers that we used to in the past.
		ME7 Customer product demands and preferences are highly uncertain.
		ME8 Market competitive conditions are highly unpredictable.
		ME9 New customers tend to have product needs that are different from those of existing customers.
Firm Performance	Growth Performance (GP)	GP1 Our firm's market share.
		GP2 Our firm's sales growth.

	GP3	We achieved a higher sales growth than our competitors.
	GP4	We added more workers last year than we did the previous year (direct/indirect).
	GP5	We periodically review the likely effect of changes in our business environment.
Profitability Performance (PP)	PP1	Our firm's operating profit margin.
	PP2	Our firm's return on assets.
	PP3	We achieved a higher sales growth than our competitors.
	PP4	We achieved a higher profit growth than our competitors.
	PP5	We have a good idea of the sales potential for each of our markets.
Technological Performance (TP)	TP1	The company's emphasis is on technological innovation.
	TP2	The focus of the organization is on leading technology advancements in its sector.
	TP3	Technological changes provide big opportunities in our industry.
	TP4	The technology in our industry is changing rapidly.
	TP5	Sales personnel regularly share information with the firm regarding the competitors' strategy.

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