Strategic Orientation, Market Orientation and Business Performance: in Searching for Integration, Evidence from Turkey

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ABSTRACT

This article aims to develop a model that illustrates the relationsh... between the traits of Strategic Orientation (SO), Market Orientat... (MO), and business performance in the context of hotel busine... Using Structural Equation Modeling (SEM) this study investiga... the relationship among strategic orientation, market orientat... and business performance, simultaneously. Structured quest... naires were handed out to a total of 189 participants from 5 st... hotels; 183 were returned. The results of the SEM showed that... had a significant positive effect on MO, and MO also had a sig... cant positive effect on HP (Hotel Performance), whereas the eff... of SO on HP was a non-significant effect. Using informants only fr... hotels limits the generalizability of results to the firms in the serv... sector or to that in non-service sector. cross-sectional design will... employed in order to derive appropriate conclusions about di... and indirect effects of variables, and because this approach... dresses the relationships irrespective of its temporal nature. T... study contributes to the literatures of strategic management a... marketing through filling the gap in strategic orientation and mar... orientation relationship research and to the strategic orientat... research through explaining the direct effect of strategic orientat... on hotel performance.

INTRODUCTION

Regardless of the huge mass in literature related to both the marketing and strategic management, researchers feel helpless about understanding how market orientation can affect performance through strategy until now. Linking literatures of marketing management to management discipline through market orientation still challenging practitioners. We need to profoundly understand the relationship between market orientation and strategies in order to appreciate the contribution of market orientation to organizational effectiveness, which means more cross-discipline studies in the field of strategy.

Competing in an industry requires a competitive strategy. Every organization operates on a Theory of Business, which is a set of assumptions about objectives, results, customers, and values. Strategy converts this theory into performance (Drucker, 1999). Hence, performance measures are crucial for examining strategy effectiveness since it is important to communicate the firm's strategy clearly across an organization and it is likely to be the most efficient tool to do so (Kaydos, 1999). Notwithstanding the tremendous amount of studies that investigated the strategy-performance relationship, a little had been done concerning these relationships at the business level. Biggadike (1981) indicated that "There is considerable overlap between the strategic management and marketing management paradigms". The boundary-spanning nature of marketing functions allows practitioners and scholars to highlight the strategic role of marketing (West et al., 2015) and postulates the relationship between marketing and strategic management. Stimulated by the importance of the role that customer play in the hole business (Drucker, 1954), scholars of marketing in 1980 developed marketing concept, which is highly strategic in nature (Hunt and Lambe, 2000). However, the marketing concept is not a strategy (Hunt and Lambe, 2000) and conceptually lacks a clear definition (Kohli and Jaworski, 1990), a valid measurement scale and empirically tested construct (Nwokah, 2008).

Continuous arguments between academics of marketing and strategic management in 1990's brought to debate the concept of "market orientation", which had been considered as the heart of marketing theory (Levitt, 1960). Academics of marketing have started to compensate this lack by investigating the relationship between business strategy and market orientation in the overall context of influences of business performance (Vytlacil, 2010). Yet, there is great argument among academics of management regarding the market orientation, and some criticisms arouse because marketing research itself failed to produce convincing scientific evidence for the superiority of the market orientation for a long time (Fritz, 1996). First of all, a great number of studies concerning market orientation to date has focused on organizations based in western countries, especially those mainly in the USA, and that leads us to question ourselves, how can we apply constructs and dimensions reliably and validate for another business environment with different ideas and cultures in our business context? (Tse et al., 2003). Additionally, aforementioned criticism is that market orientation may lead firms to restricted strategy because of listening too carefully to the customers, narrowly interested in short-term, immediate costumer needs (Christensen and Bower, 1996; Fritz, 1996), and even direct firms to introduce "me-too" products rather than real innovations (Lukas and Ferrel, 2000; Bennett and Cooper, 1981).

Eventually, the notion of considering market orientation as a linkage between marketing management and strategic management literatures is still far from fulfilling our mission in this respect (Webster, 2005). Research studies regarding market oriented-strategy are finite (Morgan and Strong, 1998). Based on the development of strategic management disciplines researchers started to adopt marketing concepts, this cross-discipline spirit can be advanced by the application of strategic management empirics into marketing's models. Marketing researchers have commenced building this bridge by investigating the relationship between business strategy and market orientation in the overall context of business performance, and our study within the marketing discipline represents a bid to advance the understanding of the mechanisms by which an organization transforms its business strategy through market oriented culture into superior performance. From this viewpoint, the main aim of this study is to analyze the relationships among strategic orientation (Aggressiveness, Analysis, Defensiveness, Futurity, Pro-activeness, Riskiness), market orientation (Customer orientation, Competitive orientation, and inter-functional coordination) and company performance (Financial perspective, Customer perspective, Internal business perspective, Learning and growth perspective) with regards to hospitality organizations. Conducting a single-informant approach, 183 executives within Turkish accommodation industry participated in the survey. From the collected data covariance structure models with multiple indicators for all latent constructs were tested.

1. LITERATURE REVIEW

1.1. Strategic Orientation

Driven by the willingness to catch opportunities, and to overcome considerable problems, all organizations will face necessarily the challenge of some strategic issues over a long-term. Accordingly, every organization should have a strategy, and that strategy should be explicit in order to respond explicitly, can give purpose that defined organization and everything it believes, and direction that provide critical inputs to decision making (Schaeken et al., 2000; Gould, 2012; Bechet, 2008). A business level strategy reflects an organization's belief about where and how it has an advantage over its competitors (Chanda and Shen, 2009, 38), according to the distinctive competence of the business they have. The business strategy determines how the business will compete in the market and with competitive strategy the business owner gains an understanding or picture of the business environment in which the business operates (Goldman and Lieuwenhuizen, 2006). The equivalency of both terms, the competitive strategy and strategic orientation, is characterized as strategy type, strategic fit, strategic predisposition, strategic thrust and strategic choice (Vytlacil, 2010; Manu and Sriram, 1996; Chaffee, 1985). Strategic orientation is known as the "strategic directions implemented by a firm to create the proper behaviors for the continuous superior performance of the business" (Narver and Slater, 1990). Researchers typically use strategic orientations, which are originally conceptualized from the market orientation, to test the relationship between firm strategy and performance in the management literature (Avci, Madanoglu, and Okumus, 2011; Deek and Lian, 2008). Thus, the perspective of contemporary strategic thinking asserts the idea that superior performance demands a business to obtain and grasp and maintain an advantage over competitors and when this superiority is maintained successfully over time, we refer to it as a sustainable competitive advantage (Day and Wensley, 1988; Campbell et al., 2002).

According to Venkatraman (1989) researchers can view and examine their different viewpoints about strategy throughout the comparative approach. This approach makes the comparison possible for different firms' strategies by measuring multiple but common traits or dimensions. Thus, this approach overcomes the drawbacks of the classificatory approach by concentrating on the collectivity of these traits or dimensions that characterize the strategy construct and not on the classification into one certain cell of the typology (Venkatraman, 1989). In spite of the fact that most studies at the beginning typically have measured strategy constructs using nominal or single-item scales, multi-item scales have been recently used but with concerns for validity assessments (Venkatraman and Grant, 1986). Venkatraman (1989) developed an operational scale for the dimensions of Strategic Orientation of Business Enterprises (STROBE), Thus, the six theoretical dimensions that are proposed and conceptualized a priori: aggressiveness, analysis, defensiveness, futurity, pro-activeness and riskiness, subsequently validated and confirmed or rejected.

The aggressiveness trait represents an important aspect of the strategic posture. It refers to the adopted posture of a company for achieving innovation and capturing market share (Miles and Cameron, 1982) through elevated investment to promote market position (Venkatraman, 1989) in order to counter its rivals intensely and directly in their selected market. In respect to analysis, within strategic decision making it is considered to exemplify an approach of the overall problem-solving, targeting to ensure obtaining an advantage through establishing comprehensive understanding of issues in both organizations' internal and external environment (Morgan and Strong, 1998). This dimension is believed to be best representation of defensive behavior (Miles and Snow, 1978), and refers to high degree of strategic specialization (Child, 1974). Concerning the Futurity trait, it is clear that undoubtedly most of decisions within strategic management is dealing with uncertainty that accompanies the future and secure competitive position of the firm in that future (Hitt et al., 2011). When it comes to Pro-activeness, this dimension refers to the adoption of a forward-looking perspective which reflects the vision of a marketplace leader for shaping the environment and to act in intuition of future requirements (Lumpkin and Dess, 2001). This trait

indicates the level of riskiness for taking decisions based on the calculation of costs and benefits (Clark and Montgomery, 1998).

Inspired by the lack of evidence and limited direct empirical studies on which to formulate working hypotheses for the relationship between strategic orientation and market orientation (Morgan and Slater, 1998; Slater and Narver, 1993), we intend to expand this field through hypothesized our first hypothesis concerning this relationship. Whilst, in regards to our third hypothesis, despite evidence of a positive relationship between strategic orientation and firm performance (Morgan and Strong, 2003; Hamşıoğlu, 2018; Zahra, 1991; Covin, 1991), results still vary across firms and performance measures.

1.2. Market Orientation

Considered as a fundamental doctrine in the marketing literatures, market orientation is a crucial element for a firm long-term successful. Two comprehensive studies that explain the nature and consequences of a market orientation, inspected the link between market orientation and performance during the last two decades pioneered the thinking around market orientation, serving as the benchmarks for subsequent research in this field. The first study (Kohli and Jaworski, 1990) defined market orientation as *"the organization-wide generation, dissemination, and responsiveness to market intelligence"*. Market orientation is described as assortment of information-based activities and linked behaviors such as innovativeness (Morgan and Strong, 1998; Deshpandé, et al., 1993), While in the second study, Narver and Slater conceptualized it from cultural perspective, defined market orientation as *"the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business"* (1990). Although, looking at market orientation from behavioral perspective instead of cultural view point may have some benefits, still within the system of an organization in any modern economy the market oriented culture is decisive in achieving goals of business strategy (Hurley and Hult, 1998; Javalgi et al, 2005). In order to maintain a competitive advantage, firms should enhance their capacity to respond rapidly and efficiently to fast-changing market conditions (Dong et al., 2013). And, competitive advantage is all what it is about (Porter, 1985). A market orientation that provides for market-focused firms strategic options to sustain competitive advantage is a strategic solution (Javalgi et al., 2005).

Research in the field of market orientation depending on the analytical focus can be classified into two streams (Pulendran et al, 2000). The first stream suggests that firms possessing comprehensive understanding in this field and conducting effectively market oriented activities and behaviors must be able to lever all relevant measures of firm performance (Morgan and Strong, 1998; Pulendran et al., 2003; Han et al., 1998). Whilst the second stream was a more selective set of studies that tests the link between market orientation and firm performance so as to recognize the organizational characteristics which might affect this relationship. Although the notion of *"the effects of marketing orientation on business performance"* had been debated for a longtime (Greenley, 1995; Dawes, 2000; Hilman and Kaliappen, 2014; Langerak, 2003; Kirca et al., 2005), a considerable number of studies reported a positive effect of market orientation on business performance (Jaworski and Kohli, 1993; Narver and Slater, 1990; Deshpandé et al., 1993; Ruekert, 1992). Accordingly, we assumed a positive relationship between market orientation and hotel performance in our second hypothesis.

Customer orientation is defined by Deshpandé et al. (1993) as "the set of beliefs that puts the customer's interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise". Competitor Orientation, for the strategic planning process, a key issue such as competition, tends to be a business strategy priority. In todays' competition environment, it is imperative to be competitor-oriented as customer-oriented. As Porter stated (1985): *"Competition is at the core of the success or failure*

of firms. Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation." Inter-functional coordination's crucial role has increasingly been recognized, due to the fact that changing environment is increasing the turbulence simultaneously and needs for more information, raising the necessity for inter-functional coordination between multi-various functions and for flexible prompt responding to fit with changing environment (Auh and Menguc, 2005a; Bansal et al., 2009). Inter-functional coordination is defined as "the coordinated utilization of company resources in creating superior value for target customers" (Narver and Slater, 1990).

1.3 Hotel Performance – Measurement Using the Balanced Scorecard

Being successful in business continuously requires gauging firm performance and performing efficient strategies consistently. Change and the hostile nature of competitiveness of hotel business environment push the hoteliers to rely more on performance measurement. Phillips (1999) argued that the problem of performance measurement systems is inherent in the hoteliers' ability to grasp issues pertinent for firm performance substantial in the current business environment. The traditional usage of profit-based performance indicators alone did not come without criticisms, for example, their "relative incompleteness" and lack of "accuracy" and "neutrality", their "encouragement of short-termism", and their lack of "balance" (Brown and McDonnell, 1995). In addition, some conventional accounting and financial measures like return on investment (ROI) and earnings per share (EPS) do not meet today's competitive environment demands by giving misleading signals for continuous improvement and innovation—activities (Kaplan and Norton, 2005). Furthermore, used measures to evaluate performance should consider the uniqueness of hotel industry which has specific features relevant to the presentation of the "hotel product", through showing the particular of each multi-diverse activities and available products and services (Harris and Mongiello, 2001).

Consequently, in such competitive environment, a single performance indicator seems to be helpless to satisfy the requirements of management. Hence, Hilman and Kaliappen (2014) recommended hoteliers of using non-financial measurements besides financial measurements. Accordingly, numerous frameworks have been developed in the last decades in order to provide a way of grasping financial and non-financial performance measures for managers such as, performance pyramids and hierarchies, intangible asset scoreboard, SMART, performance prism, success dimensions and balanced scorecard (Sainaghi et al., 2013).

Evans (2005) stated that the Balanced Scorecard basically was established on the fact that no performance measure could handle all issues relevant to performance of an organization. Although it is believed that the combination of traditional financial measures with non-financial measures will create a Balanced Scorecard, Kaplan and Norton asserted the shortcomings of non-financial measures whichare, "first, they are lagging measures, reporting how well the organization's strategy worked in the past period but providing little guidance on how to navigate to the future. Second, the non-financial measures they use are generic and are not related to specific strategic objectives that will provide sustainable competitive advantage". And they expatiated, *"that Scorecards built upon lagging, non-strategic indicators represent only a limited application of the full power of the Balanced Scorecard"* (1996a, p. 55).

According to (Doran et al., 2002; Evans, 2005) a distinctive advantage of the Balanced Scorecard is the overcoming of lack of a dependency on financial indicators "lag indicators" by balancing between them and the nonfinancial indicators, namely "lead indicators". Kaplan and Norton (1996b) highlighted the advantage of the Balanced Scorecard to identify linkages among measures in the different perspectives from one side and these measures and shareholders value from another side by using cause and effect model. Speckbacher et al. (2003) noted that "three types of BSC can be derived from literature on the BSC, Type I BSC: a specific multidimensional

framework for strategic performance measurement that combines financial and non-financial strategic measures. Type II BSC: A Type I BSC that additionally describes strategy by using cause-and-effect relationships. Type III BSC: A Type II BSC that also implements strategy by defining objectives, action plans, results and connecting incentives with BSC". Hence, these types can be interpreted as evolutionary steps in the BSC implementation process in firms. Accordingly, the BSC can be used at different stages throughout the improvement of performance measurement process and at different scales, beginning from the total organization and ending at the individual level (Sainaghi et al., 2013; Evans, 2005).

The Balanced Scorecard provides us with a tool to measure our organizational performance and translating strategy into action by offering four diverse perspectives. Financial Perspective; which is essential for indicating whether an organization has the ability to repay creditors, and to adequately compensate management and employees (Jackson et al., 2009) and for determining future direction of the organization by either focusing on increasing revenues or on asset utilization (Pangarkar and Kirkwood, 2009). Customer Perspective; absolutely achieving financial goals needs considering customer perspective because the customer is the ultimately main partner in affording the costs and profits (Jackson et al., 2009). Measures of customer satisfaction, customer retention, market share, and share of the customer's business in a particular product or service are likely to be found under this perspective (Pangarkar and Kirkwood, 2009). Internal Business Perspective; identifying specific internal operations such as, improving the efficiency of manufacturing processes and improving processes and products to better meet customer needs that are linked to financial perspective and customer perspective accordingly, is the main task for managers in the internal business perspective (Jackson et al., 2009). Focusing on the core competencies, processes, decisions, and actions allows organizations to solve customer problems and achieve competitive advantages (Kaplan and Norton, 2005; Schmeisser et al., 2011). Learning and Growth Perspective; measures in this area are critical for indicating persistent developments either to products or processes and ability to introduce entirely new products with existing large capacities (Kaplan and Norton, 2005). These measures serve as the enablers for the other three perspectives and the foundation of on which the Balanced Scorecard structure is built (Niven, 2005). The research proposing relationships is presented in (figure 1). Accordingly, the following hypothesis is proposed:

H_1: There is a positive relationship between strategic orientation and market orientation.

H_2: There is a positive relationship between market orientation of a hotel and its performance.

H_3: There is a positive relationship between the competitive strategy of a hotel and its performance.

Figure 1. Research Proposed Model

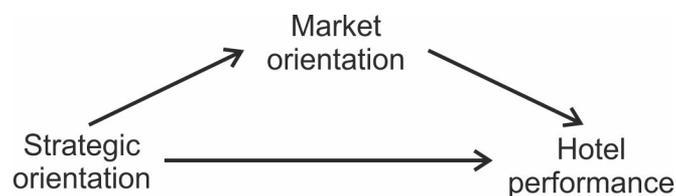## 2. RESEARCH METHODOLOGY

This study was conducted in 5 stars' hotels in Antalya in Turkey. A structured questionnaire was designed and distributed for the collection of the main data. Since the questionnaire were originally developed in English language, translation and back translation process was used as recommended by Brislin (1986). To minimize any nonequivalence in translation the original ques-

tionnaire was translated by Turkish-English bilingual, and this process was repeated by another translator to ensure convergence between the original questionnaire which was written in English and the back translated one.

All constructs were measured using multiple items and all items (totaling 56) were measured using a five-point Likert-type scale ranging from one (strongly disagree) to five (strongly agree) but for balanced scorecard measures, which are anchored with one (considerably below average) to five (considerably above average). The questionnaire is divided into four sections. The first section refers to the general characteristics of the respondents and the hotel size in terms of (revenue, rooms and number of employees). The second section contains the measures of strategic orientation which adapted from that employed by (Venkatraman, 1989). The measures are comprised of aggressiveness dimension (four items), analysis dimension (six items), defensiveness dimension (four items), futurity dimension (four items), pro-activeness dimension (four items), and riskiness dimension (five items). The third section contains the measures of market orientation that employed by (Narver and Slater, 1990), which includes customer orientation (six items), competitor orientation (four items), and inter-functional coordination (five items). While the last section contains the balanced scorecard measures of business performance, as is a widely adopted practice in research of hotel industry (Evans, 2005; Denton and White, 2000). Financial perspective measures consist of (four items) regarding the organization's financial performance. Customer perspective measures consist of (three items). Internal perspective includes (five items). Learning and growth perspective consists of (four items).

In order to assess validity and reliability of the instrument, the research plan involves a field test and a pilot study. In the field test, the survey is pre-tested in two stages. In the first stage, five experienced academicians were selected to ensure the clarity and validity of the items, and worded appropriately for the audience. A second pre-test stage was administrated included ten hotel executives selected to assess the preliminary reliability of the instrument, and to ensure proper wording for the respondents. In response to the results, a few changes were made and included in the revised questionnaire. A sampling frame was compiled from updated list of certified tourism facilities on 30 of September 2015 by Turkish Culture and Tourism Minister, 5 star hotels sample of 261 hotels was contacted. Given the nature of this study and the data generation requirements, single-informant approach is used. Hence, responses should be elicited from a source knowledgeable in the hotel's marketing and strategic activities so as to limit measurement error (Bowman and Ambrosini, 1997). In this regard, the head of marketing in each sampling unit was treated as the key informant. A total for 189 participants responded to the study, and 183 of them completely filled up the questionnaire, which represents a 70% response rate, in addition to 6 inapplicable questionnaires due to their imperfection. Questionnaire were distributed and returned between January and March 2015. Table 1 presents the profile of the research participants.

Analysis of the structural relationship was conducted to examine the simultaneous relationship between strategic orientation and market orientation, market turbulence, and hotel performance. We used two-stage structural equation modeling (SEM), to validate the measurement model and test the relationships between the observables. In the first phase, we performed confirmatory factor analysis with SAS/STAT software version 9.3 (SAS Institute Inc, 2013). to validate the scales. In the second phase of analysis, we used SAS 9.3 to estimate the relationships between the constructs. The data analysis for testing the hypotheses 1 through 3 in this study using a SAS 9.3 adapted a structural equation modeling (SEM) process. Concerning the sensitivity of the model to sample size (Gefen et al., 2000) reported that average sample size for SAS is (minimum 41, maximum 451). Data analysis includes the ratio of the $\chi 2$ statistic to its degrees of freedom, with values of less than 3 indicating acceptable fit, root mean squared error of approximation (RMSEA), with values below .08 representing acceptable fit, goodness of fit index (GFI), with values exceeding .9 indicating good fit, adjusted GFI (AGFI), with values exceeding .8 indicating accepta-

ble fit, non-normed fit index (NNFI), with values of 0.9 or larger representing acceptable fit, and comparative fit index (CFI), with values exceeding 0.9 indicating acceptable fit.

Employing structural equation modeling technique in psychology and the social sciences becomes imperative issue because of its advantages over the traditional statistical techniques such as principal components analysis, factor analysis, linear and multiple regression. For example, structural equation models known for: (a) its ability to provide comprehensive means which allow comparing between deferent theoretical models, (b) its generalizability and extensions of first-generation procedures (i.e., confirmatory analysis) through testing a prior theoretical assumption, (c) and its flexibility to comprise multiple predictors, variables, and mediators (Anderson and Gerbing, 1988; Chin, 1998; Raoprasert and Islam, 2010).

Table 1. Descriptive Statistics

Gender	f	%	Position	f	%
Female	55	69.9	Chief-Level	0	0
Male	128	30.1	Executive Vice President/Senior Vice President	1	0.5
Total	183	100	Vice President	0	0
			Director	116	63.4
Age	f	%	Owner	0	0
21-30	32	17.5	Other	66	36.1
31-40	96	52.5	Total	183	100
41-50	49	26.8			
51-60	6	3.3	Number of Employee	f	%
Over 61	0	0	149 and below	10	5.5
Total	183	100	150-299	34	18.6
			300-449	35	19.1
Education	f	%	450-599	24	13.1
High School	24	13.1	600-749	19	10.4
College/Associate's Degree	41	22.4	750-899	28	15.3
Bachelor's Degree	98	53.6	900 and above	33	18.0
Master's Degree	20	10.9	Total	183	100
Doctor's Degree	0	0			
Total	183	100	Number of Rooms	f	%
			249 and below	14	7.7
Function Area	f	%	250-299	39	21.3
Accounting/Finance	29	15.8	300-349	43	23.5
Administration	25	13.7	350-399	29	15.8
Human Resource	68	37.2	400-449	24	13.1
Sales/Marketing	37	20.2	450- and above	34	18.6
Information Technology	5	2.7	Total	183	100
Research and Development	4	2.2			
Operations/Production	9	4.9	Revenue	f	%
Other	6	3.3	Lower	4	2.2
Total	183	100	Average	123	67.2
			Upper	56	30.6
Hotel Experience	f	%	Total	183	100
1-9	80	43.71			
10-18	66	36.07			
19-35	37	20.24			
Total	183	100			

3. DATA ANALYSIS AND RESULTS

3.1. The Measurement Model

3.1.1. Assessing Reliability of the Scales

Although using multiple-item scales ensure high levels of construct validity and reliability, but before proceeding with data analysis, assessing reliability, unidimensionality, and validity is recommended (Szulanski, 2003). To obtain unidimensionality inter-item correlations and the corrected item-to-total correlations are calculated for each item, items for which these correlations were not significant ($p<0.05$) will be eliminated. Reliability is explored by computing Cronbach Alpha on each unidimensional scale. A loading of 0.70 is considered to be desirable for a reliable measure ((Nunnally and Bernstein, 1994). The reliabilities of the sub-scales were assessed by computing the reliability coefficient for each construct. For constructs in which the reliability coefficient was smaller than 0.70, the item with the lowest corrected item-to-total correlation was removed until the reliability coefficient exceeded the 0.70 threshold (Nunnally and Bernstein, 1994). Table II shows that Risk dimension was the only subscales with a reliability coefficient size that is less than adequate (i.e., $\alpha=0.668$).

3.1.2. Assessing Validity of the Scales

Confirmatory Factor Analysis.nConfirmatory Factor Analyses (CFA) were performed to determine the best model fit with the data. The first CFA of the proposed measurement model was conducted for the strategic orientation model against the sample data collected from the survey and the fit between the model and the data was assessed by reviewing goodness of fit indexes to assess the general model and more detailed measures such as significance tests for factor loadings, R^2 values, and areas of poor modification indexes can be identified by examination of modification indexes and localized areas of strain such as residuals (Harrington, 2009). Five goodness of fit measures are reported: chi-square, chi-square/df ratio, the Comparative Fit Index (CFI), Non-Normed Fit Index (NNFI), and the Root Mean Square Error of Approximation (RMSEA) with its upper and lower bounds. Marsh, Balla, and McDonald suggested that *"for a true model the expected value of χ^2 is equal to the df and does not vary with sample size"* (1988). It was indicated that the lower the chi-square value the closer the model to a perfect fit (Schatschneider and Petscher, 2011). Furthermore, it has been argued that a chi-square two or three times as large as the degrees of freedom is acceptable (McIver and Carmines, 1981). Regarding the modifications of the measurement models, Hatcher (1994) suggested, that because of normality assumption, we need to normalize some of the scale uncorrectable skewness items with logarithmic transformations, and exclude items with frequencies of normalized residual greater than 2.00 (Hopko, 2003; Hopko et al., 2005; Vytlacil, 2010)

Due to the relatively small sample size, (Bearden, Sharma and Teel, 1982) advised to use Non-Normed Fit Index (NNFI) over Normed Fit Index (NFI), because of its major advantage of reflecting model fit very well at all sample sizes. The (CFI) or what known as Bentler Comparative Fit Index, is among the indexes least affected by sample size (Fan et al., 1999), Common for both NNFI and CFI is that a value closer to 1 reflects good fit (Hu & Bentler, 1999). Finally, McDonald and Ho (2002) for those who relying on the RMSEA suggested values of less than 0.05 that support good fit, and an RMSEA less than 0.08 that support acceptable fit. PCLOSE tests the null hypothesis that RMSEA is indeed ≤ 0.05 and thus should result in an error probability PCLOSE which is not significant.

Table 2. Means, Standard Deviations, Reliability Coefficients, and Inter-Construct Correlations

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
AGGRE	3.693	0.807	*0.741*												
ANALY	4.218	0.584	0.140	*0.822*											
DEFENS	4.029	0.594	0.031	0.573**	*0.712*										
FUTUR	4.190	0.643	0.108	0.566**	0.449**	*0.791*									
PROAC	3.831	0.753	0.055	0.441**	0.415**	0.603**	*0.769*								
RISKI	3.714	0.673	0.254**	0.283**	0.388**	0.318**	0.399**	*0.668*							
CUSOR	4.474	0.570	0.136	0.522**	0.279**	0.476**	0.416**	0.075	*0.867*						
COMOR	3.984	0.728	0.248**	0.403**	0.351**	0.308**	0.371**	0.237**	0.474**	*0.833*					
INTFA	4.034	0.690	0.167*	0.368**	0.401**	0.387**	0.475**	0.363**	0.475**	0.576**	*0.811*				
FINPE	3.654	0.749	0.175*	0.172*	0.202**	0.234**	0.236**	0.182*	0.223**	0.286**	0.249**	*0.857*			
CUSPE	4.131	0.682	0.170*	0.262**	0.196**	0.228**	0.184*	0.106	0.359**	0.276**	0.264**	0.629**	*0.806*		
IBUPE	3.530	0.673	0.191**	0.196**	0.244**	0.231**	0.181*	0.293**	0.152*	0.268**	0.215**	0.551**	0.500**	*0.717*	
LGRPE	3.694	0.693	0.164*	0.333**	0.292**	0.303**	0.330**	0.272**	0.319**	0.366**	0.431**	0.495**	0.510**	0.497**	*0.815*

Note: Reliability coefficients are shown in *italics* bold on the diagonal
** Significant at the 0.01 level.
* Significant at the 0.05 level.

Strategic orientation: In regard with the five constructs of strategic orientation included in the analysis, the results as shown in table (3) indicates that the modified model fits the data adequately after removing six of the most problematic factors due to its weak and problematic residuals. The χ^2/df ratio of 1.53 is acceptable. CFI and NNFI at 0.94 and 0.92, respectively, are above 0.9. RMSEA value of 0.054 is less than 0.06 that support good fit, and PCLOSE value of 0.34 is greater than 0.05.

Market orientation: Because the proposed model did not fit the data, and a revised measurement model is proposed after removing three of the most problematic factors. Results for the goodness of fit measures found in Table 3 indicate that the modified model fits the data adequately. The χ^2/df ratio of 1.73 is acceptable. CFI and NNFI at 0.95 and 0.94, respectively, are above 0.9. RMSEA value of 0.063 is acceptable, and PCLOSE value of 0.15 is greater than 0.05.

Hotel Performance: For this construct the proposed model did not fit the data, and a revised measurement model is proposed. This modified measurement model by removing seven of the most problematic items. Results for the goodness of fit measures found in Table 3 indicate that the modified model fits the data adequately. The χ^2/df ratio of 2.01 is not acceptable. CFI and NNFI at 0.97 and 0.94, respectively, are above 0.9. RMSEA value of 0.075 is above 0.06, but less than 0.08, and PCLOSE value of 0.457 is greater than 0.05.

Assessment of Convergent and Discriminant Validity: "Convergent validity was assessed by examining the average variance extracted (AVE) for each construct. The AVE for a construct reflects the ratio of the construct's variance to the total variances among the items of the construct" (Thompson et al., 2009). As shown in Table 4, the average extracted variances for all constructs are not above the recommended 0.50 level (Fornell and Larcker, 1981), the defensiveness dimension and the pro-active dimension have a problematic values concerning the average extracted variance, which indicates a problem regarding method that used to measure the latent variables, rather than to any "true" relationship between them (Fiske, 1982).

Table 3. Second-order CFA for the SO, MO and Business Performance Hyper-Constructs

Hyper condtruct	Construct	Item(s) excluded	χ^2	Df	χ^2/df	CFI	NNFI	RMSEA	AGFI	GFI	PCLOSE
SO	Aggressiveness	1	463.40	199	2.32	0.83	0.81	0.085	0.76	0.81	0.00
	Analysis	2									
	Defensiveness	1									
	Futurity	1									
	Proactiveness	1									

MO	Customer orienta-tion	1	88.42	51	1.73	0.95	0.91	0.063	0.88	0.92	0.15
	Competitor orien-tatio	1									
	Inter-Functional Coordination	1									
BP	Financial Perspec-tive	1	48.36	24	2.01	0.97	0.94	0.075	0.90	0.95	0.08
	Internal Business Perspective	5									
	Learning and Growth Perspec-tive	1									

Table 4. Correlations between Constructs (bold diagonal elements are square root of average extracted variance*)*

	1	2	3	4	5	6	7	8	9	10	11
AGGRE	*0.706*										
ANALY	0.140	*0.707*									
DEFEN	0.031	0.573	*0.673*								
FUTUR	0.108	0.566	0.449	*0.754*							
PROAC	0.055	0.441	0.415	0.603	*0.649*						
CUSOR	0.136	0.522	0.279	0.476	0.416	*0.726*					
COMOR	0.248	0.403	0.351	0.308	0.371	0.474	*0.786*				
INTFA	0.167	0.368	0.401	0.387	0.475	0.475	0.576	*0.721*			
FINPE	0.175	0.172	0.202	0.234	0.236	0.223	0.286	0.249	*0.801*		
CUSPE	0.170	0.262	0.196	0.228	0.184	0.359	0.276	0.264	0.629	*0.767*	
LGRPE	0.164	0.333	0.292	0.303	0.330	0.319	0.366	0.431	0.495	0.510	*0.741*

As shown in Table 5, all the inter-construct correlations are below the common cut-off threshold of 0.9. Also the estimated correlation between all construct pairs is below the suggested cutoff of 0.9 and this implies distinctness in construct content or discriminant validity (Gold et al., 2001). Table 4 indicates that the defensiveness dimension and the pro-active dimension have values less than the preferred cutoff of 0.7, but above the satisfied value of 0.6. Overall, the measures in this study are reliable and valid.

Table 5. Composite Reliability (CR), and Average Variance Extracted (AVE)

Construct	*Composite Reliability (CR)*	*Average Variance Extracted (AVE)*
Aggressiveness tomorrow	0.72	0.50
Analysis	0.79	0.50
Defensiveness	0.62	0.45
Futurity	0.79	0.56
Pro-Activeness	0.68	0.42
Customer Orientation	0.85	0.53
Competitor Orientation	0.83	0.62
Inter-functional Coordination	0.81	0.52
Financial Perspective	0.84	0.64
Customer Perspective	0.81	0.59
Learning and Growth Perspective	0.78	0.55

3.1.3. Testing The Hypothesis of the Relationships: The Structural Models

Building upon the final measurement model, the theoretical model tested in this study is depicted in Figure II, although with the correlations between the endogenous variables market orientation, hotel performance replaced with the causal path. Results for the goodness of fit measures in Table 6 indicate that the model provides an acceptable fit to the data. The χ^2/df ratio of 1.80 is below 2.0 and acceptable. CFI at 0.939 and it is above 0.90, NNFI at 0.876. RMSEA value of 0.067 is more than 0.06 but acceptable. The t-values for the estimates indicate that all factor loadings are significant at $p < 0.01$. The standardized loadings range from 0.40 to 0.82.
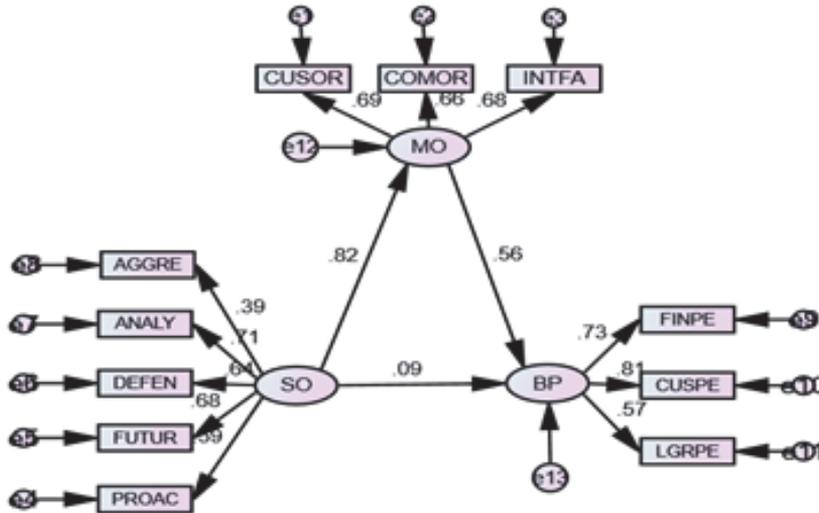

Figure 2. Structural Model

Table 6. Goodness of Fit Indexes for the Structural Model

Index	Value
Chi-Square	74.003
Df	41
Chi-Square/df	1.80
CFI	0.94
NNFI	0.88
RMSEA	0.067
AGFI	0.89
GFI	0.93
PCLOSE	0.12

Results are presented in Table 7. Strategic orientation ($\beta=0.72$) has a positive significant ($p<0.05$) effect on market orientation. Thus, the results provide support for H_1. The results further show that market orientation has a positive, significant ($\beta=0.82$) effect on hotel performance, thus providing support for H_2. Finally, results reveal that strategic orientation has no significant effect on hotel performance, thus there is no support for H_3.

Table 7. Results of the Path Analyses

Path from	To	Un-standardized	t-Value	R^2	Standardized estimate	Hypothesis	Expected sign	Support
SO ⟶	MO	0.719	6.03	0.67	0.819	H_1	Positive	Yes
MO ⟶	BP	0.823	2.27		0.559	H_2	Positive	Yes
SO ⟶	BP	0.091	0.30	0.30	0.112	H_3	Positive	No

CONCLUSIONS AND LIMITATIONS

Findings of this investigation reveal that, pro-activeness, analysis and aggressiveness in strategic orientation were all positive and significant in their association with market orientation. Thus, firms that emphasize the traits of aggressiveness, analysis, and pro-activeness in strategic orientation typically display high levels of market orientation. Typically, pro-activeness and aggressiveness are two key issues to corporate entrepreneurial initiatives within an organization. Pro-activeness is indicator for seeking new opportunities for business that can be acquired and are generally the first to introduce new products. Therefore, it is relating with innovation and responsiveness to market signals. In the context of global markets, this strategic orientation dimension has an influential role in promoting new ventures and, specifically, in identifying new market opportunities ahead of the competitors. While the aggressiveness dimension of business strategy is manifesting in such areas of marketing assertiveness, risk propensity, financial leverage, product innovation, and speed of decision making. Consequently, firms emphasizing aggressiveness and pro-activeness, in strategic orientation need to examine the costs of maintaining competitive strategy vis a` vis the payoff in short-term, intermediate, and long-term performance attributes. On the other hand, analysis dimension is conservative in nature and reveal that overall problem-solving, knowledge building capacity, and ability to enhance organizational learning help organizations in achieving "fit" between its strategy and environment.

The lack of evidence supporting the direct effect of strategic orientation on business performance is notable but not surprising, since the effect of strategic orientation on performance could be long term rather than short term or such as Zahra's (1993) suggest that firm strategic orientation does not always lead directly to improvements in growth and profitability.

Between the strategic orientation, market orientation, and hotel performance we find evidence supporting the positive relationships. The findings from this study have substantial implications. For example, priorities need to be established to understand that the effects of market orientation are manifest in the form of strategic orientation adopted by an organization. Therefore, executives should recognize the value of pursuing activities and behaviors proportional with a market orientation if they want to have a viable competitive strategy by having a novel imagination of risk and boost decision making process that is based on long term issues. Consequently, executives should not concentrate their efforts on strategy enforcement solely and take to their consideration the importance of market orientation in highlighting and determining the form of competitive strategy.

Limitations/Suggestions For Further Researches. Several limitations to this study exist. The first limitation is the scope of the study sample. While the current study explores simultaneously the relationship among market orientation, positional advantage, and business performance for manufacturers, it does not inform on these relationships among non-manufacturers – specifically in service sectors such as retail, hospitality, transportation, or financial services. Secondly, the study employed a single-informant approach to collecting data. While the study had strong representation from high-ranking informants who tend to be more reliable as sources of information than lower-level informants (Phillips, 1981), the use of single-informants nonetheless limits our ability to assess informant bias. Third, the study is limited in the cross-sectional nature of its design. While the respondents informed on their organization's market performance and financial

performance over a period of time (three years), this is not an adequate method to capture temporal effects. Thus, we are limited in our ability to make inferences about causality among the constructs. Finally, given the low reliability of the measure for competitive intensity, we are unable to test the moderating effects of this market characteristic.

Opportunities for future research should be conducted to address the limitations of the study. Regarding the sample limitation, a substantial body of literature has explored the market orientation–business performance link among manufacturers, and the need persists to expand knowledge of this link among service providers (Javalgi et al., 2005). Secondly, given the limitations of the single-informant design, future research exploring the simultaneous relationships among the components of market orientation, positional advantage, and business performance should employ a multi-informant approach. Thirdly, in order to make inferences about construct causality and to understand dynamics of relationships over time, future research should incorporate longitudinal designs. Finally, improvements in the measure of competitive intensity will enable future researchers to test for the moderating effects of this market characteristic.

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