

# The Influence of Resources, Market Opportunities and Strategic Orientation towards Company Strategy and Its Impact on Performance

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**Abstract**—Digital transformation in industrial revolution 4.0 affects the dynamics of globalization process on many business sectors. Some of these companies had closed their operation down. The others have to survive due to the increased global competition. The competition is not only within industry but also among industries. The managers should have the strategic orientation in managing their resources and maximizing market opportunities to achieve better company performance through setting the proper strategy. The objective is to analyze the influence of resources, market opportunities and strategic orientation towards strategy and also to analyze the influence of strategy on company performance. It is a quantitative research which have the conceptual model consisted five constructs. These were resources, market opportunities, strategic orientation, strategy and performance. There are 4 hypotheses. The unit of analysis were the companies' managerial level. The data is collected through distributed questionnaires. The collected questionnaire is 47 out of 83 distributed questionnaires. The data set is analyzed by using the PSPP (Public/social/private partnership) statistical software for reliability test, validity test, normality test and hypothesis tests. The result is all hypothesis supported by the data. The contribution on theoretical manner is the empirical evident of the influence of resources, market opportunities and strategic orientation towards strategy and also the influence of strategy on company performance. The managerial implication of this research is the managers of companies should have the proper strategic orientation in managing resources and market opportunities to set strategy in order to achieve the better company performance.

**Keywords**—resources; market opportunities; strategic orientation; strategy; performance

## I. INTRODUCTION

At recent time, all companies around the world face a transformation of digital, physical, and technologies. It affects the way companies to run their businesses in term of seeking the opportunities, measuring the business' size, launching the new products speediness, and covering the business' scope. Companies have to compete not only with among existing players within industry but also the players from the other industries. The competition tension is becoming higher than before.

Managers of the companies have to manage their limited resources both tangible and intangible to achieve the best market position or competitive advantage. While market opportunities have to be identified and chased due to the company's needs. They have a proper strategic orientation for managing resources and chasing market opportunities. These are the market orientation and the entrepreneurial orientation.

Companies have to formulate, to implement and to evaluate their competitive strategy to win competition by achieving superior performance in term of finance and marketing. This study has objectives to analyze the influence of resources, market opportunities and strategic orientation towards strategy and also to analyze the influence of strategy on company performance.

## A. Literature Review

The future of resource-based theory (RBT) by relating with other perspectives, discussing the processes of resource acquisition and development, the micro-foundations of RBT, and also the correlation between RBT and sustainability [1]. They concluded that in discovering how and to what extent RBT explains important relationships among organizational phenomena need to be mindful of the need to further innovate and to ensure that RBT achieves revitalization and avoids decline.

Study of the strategic orientation of the companies, which consist market orientation, entrepreneurial orientation and technology orientation, towards market performance through innovation capability as the strategy. The three constructs (marketing orientation, product orientation and process orientation) considered in the model to explain the innovation capabilities of the firms and also the market performance [2].

Some sources of inter firm profit differentials. There are four causal mechanisms which company's profit can be generated [3]. These are competitive advantage which is RBT's focus, rivalry restraint, information asymmetry, and commitment timing.

All the strategic management process activities will end by the company's performance [4]. Company's performance

distinguish between organizational effectiveness and organizational performance. Organizational performance includes three specific parts of company results: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc.). Organizational effectiveness is wide-ranging and captures organizational performance plus the excess of internal performance endings normally related with more efficient or effective processes and other external measures that relate to concerns that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility [5].

## II. METHOD

The main objectives of this study is to analyze the influence of resources, market opportunities and strategic orientation towards strategy and also to analyze the influence of strategy on company performance. This study proposed the conceptual model that consist five variables. These are resources, market opportunities, strategic orientation, strategy and performance.

### A. Conceptual Model of the Study and Hypothesis

This study propose the conceptual model that consist three constructs. These are resources (SD), market opportunities (PP) and strategic orientation (OS) as independent variable, company performance (KP) as dependent variable and strategy (SP) as mediating variable.

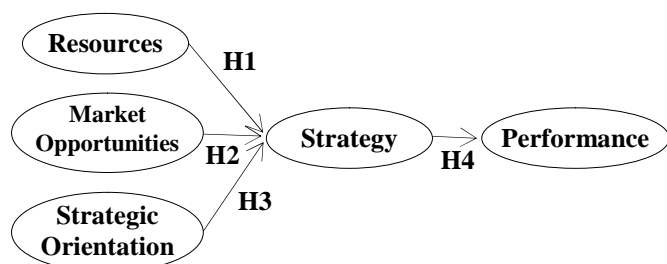


Fig. 1. The conceptual model.

Figure 1 explain the relation form among the variables. Three independent variables; resources, market opportunities and strategic orientation; affect a mediating variable. Variable strategy as variable influence the dependent variable; performance. By using the strategic orientation, companies manage their resources and market opportunities to formulate, to implement, and to evaluate its strategy for achieving the superior performance.

Therefore, the study propose four main hypothesis. These are:

H1: Resources have a significant influence on company's strategy.

H2: Market opportunities have a significant influence on company strategy

H3: Strategic orientation has a significant influence on company strategy

H4: Strategy have a significant influence on company's performance

### B. Measure

This study has to test the hypothesis of the influence of resources, market opportunities and strategic orientation towards strategy and also the influence of strategy on company performance. A field survey using questionnaires was conducted to collect data. This research developed the constructs by using measurement scales which is adopted from prior research. All constructs are measured using five-point Likert scales ranging from 1=strongly disagree to 5=strongly agree.

The first variable is resources (SD) that has five dimensions. The items for measuring resources are namely human resources (SDM), financial resources (SDK), infrastructure (SDI), business network (SDJ), and company reputation (SDC).

There are 10 items for measuring resources as the independent variable. These are:

1. SDM1: Human skills and capabilities
2. SDM2: Team works
3. SDK1: Financing operation activities
4. SDK2: Financing business expansion
5. SDI1: Building for production and warehouse
6. SDI2: Machineries for production
7. SDJ1: Networks related with customers and suppliers
8. SDJ2: Networks related with government and society
9. SDC1: Customers trust of product and services quality
10. SDC2: Suppliers trust of on time and full payment

The second variable is market opportunities (PP) that has four dimensions. The Items for measuring market opportunities are namely external factors (PPE), customers (PPP), competitors (PPS) and collaborators (PPK).

There are 10 items for measuring market opportunities as the independent variable. These are:

1. PLE1: Government policy support business
2. PLE2: Positive economic condition for business
3. PLE3: Law enforcement support business
4. PPP1: Increase product and/or service demand
5. PPP2: Customers perceived value
6. PPP3: Customers trust
7. PPS1: Company's products and services are better than competitors
8. PPS2: Company's competencies are better than competitors
9. PKP1: Collaborate with suppliers and customers for developing new products
10. PKP2: Collaborate with banks for funding new businesses

The third variable is strategic orientation (OS) that has two dimensions. The items for measuring strategic orientation (OS) are namely market orientation (OSP) and entrepreneurial orientation (OSK).

There are 10 items for measuring strategic orientation as the independent variable. These are:

1. OSP1: Considering customers' needs and wants
2. OSP2: Considering customers' responses of existing products and services
3. OSP3: Considering customers' responses of new products and services
4. OSP4: Considering competitors' strategy for serving customers
5. OSP5: Considering competitors' strategy of new products launching
6. OSK1: Be proactive
7. OSK2: Be innovative
8. OSK3: Be achieving orientation
9. OSK4: Be calculated risk taker
10. OSK5: Be opportunities seeker

The forth variable is strategy (SP) that has three dimensions. The items for measuring strategy (SP) are namely strategy formulation (SPF), strategy implementation (SPI) and strategy evaluation (SPE) as figure 5.

There are 10 items for measuring strategy as the mediating variable. These are:

1. SPF1: Formulating strategy by considering company's resources
2. SPF2: Formulating strategy by considering company's business opportunities
3. SPF3: Formulating strategy by working together among all related functions of the company organization
4. SPI1: Implementing strategy on all related functions in the company organization
5. SPI2: Implementing strategy by doing the tactical working programs
6. SPI3: Implementing strategy by controlling and synchronizing works through regular meeting with all related functions in the company organization
7. SPI4: Implementing strategy by using allocated resources
8. SPE1: Evaluating strategy through regular reports of all related functions in the company organization
9. SPE2: Evaluating strategy through conducting internal audit for all related functions in the company organization
10. SPE3: Evaluating strategy through periodic meetings of the leaders of related functions in the company organization

The fifth variable is performance (KP) that has two dimensions. The items for measuring performance (KP) are namely marketing performance (KPP) and financial performance (KPK) as figure 6. There are 10 items for measuring performance as the mediating variable. These are:

1. KPK1: Market share increase compare similar period on last year
2. KPK2: Customers' loyalty tend to increase compare similar period on last year
3. KPK3: Number of new product launching increase compare similar period on last year
4. KPK4: Market coverage tend to increase compare similar period on last year

5. KPK5: Products availability tend to increase compare similar period on last year
6. KPP1: Sales revenue increase significantly
7. KPP2: Salary payment always be on time
8. KPP3: there were reasonable bonus for employees
9. KPP4: There was no suppliers' complain about their payment
10. KPP5: Company invested on new machines and building for increasing production.

### C. Sample and Data Collection

The hypothesized relationships were tested with the data collected through structured questionnaires distributed to managers of companies located in Java Island. Data were collected through face-to-face interviews with managerial level of the manufacture companies. Sample size of this research is 47.

## III. RESULTS AND DISCUSSION

### A. Validity and Reliability Test

All constructs, resources, market opportunities, strategic orientation, strategy and performance have tested validity and reliability. By using PSPP (Public/social/private partnership), the reliability test is conducted.

TABLE I. VALIDITY AND RELIABILITY TEST

Items No.	SD		PP	OS	SP	KP
1.	0.79		0.76	0.69	0.76	0.71
2.	0.81		0.75	0.69	0.64	0.70
3.	0.82		0.86	0.84	0.73	0.60
4.	0.60		0.69	0.75	0.74	0.72
5.	0.74		0.82	0.74	0.57	0.69
6.	0.72		0.78	0.71	0.69	0.69
7.	0.69		0.76	0.78	0.61	0.67
8.	0.73		0.71	0.80	0.75	0.71
9.	0.55		0.66	0.71	0.66	0.77
10.	0.70		0.81	0.71	0.75	0.62
No of items	10		10	10	10	10
Cronbach's Alpha	0.90		0.92	0.91	0.88	0.87

Table 1 shows the validity test that have an output of correlation value between the items with a total score for a significant level of 5%, while N is the total of survey respondents which is 47 people. The validity test is to identify whether an item questionnaire was valid or not.

The first row explain item number of each variable and five variables: SD (resources), PP (market opportunities), OS (strategic orientation), SP (strategy), and KP (performance). The second row describe the validity test result of each item of each variable. Item number one of SD (resources) variable is SDM1 (human skills and capabilities) that has count r value as 0.79. It is higher than 0.28 for the sig. (2-tailed) of  $0.000 < 0.05$ ,  $N = 47$  and error 5%. So all items are valid. The forth row mention the reliability test that the Cronbach's alpha of each variable is more than 0.6. It means all the variables are reliable.

### B. Normality Test

Normality test use the one sample Kolmogorov-Smirnov test. It is used to test whether a sample comes from a specific distribution to determine whether a sample comes from a population which is normally distributed.

TABLE II. ONE-SAMPLE KOLMOGOROV-SMIRNOV TEST

		RES1	RES2
N		47	47
Normal Parameters	Mean	.00	.00
	Std.		
Most Extreme Difference	Deviation	2.03	5.15
	Absolute	.09	.08
	Positive	.07	.08
	Negative	-.09	-.05
Kolmogorov-Smirnov Z		.63	.55
Asymp. Sig. (2-tailed)		.815	.919

If the value Asymp. Sig. > 0.05, then the data is normally distributed. There are two data set (RES1 and RES2). Data set RES1 is the residual of sub-model 1. While data set RES2 is the residual of sub-model 2. Table 2 provides the result of normality test using one sample Kolmogorov-Smirnov test which data set of RES1 has the value Asymp. Sig. of 0.815. While data set of RES2 has the value Asymp. Sig. of 0.919. Since both of data set RES1 and RES2 are higher than 0.05, so both of data set are normally distributed.

### C. Hypothesis Test

In testing research hypothesis, the conceptual model is divided into two sub-model.

#### D. The First Sub-Model

There are three hypothesis that are tested on the first sub-model. These are the H1, H2 and H3 hypothesis.

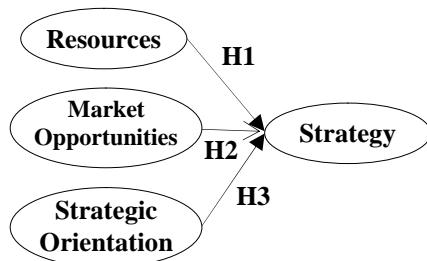


Fig. 2. The first sub-model.

Figure 2 describe three independent variables (resources, market opportunities and strategic orientation affect strategy. By using statistical software PSPP 1.0.1, regression analysis was run. The outputs are drawn as table 7

TABLE III. MODEL SUMMARY OF THE FIRST SUB-MODEL (STRATEGY)

R	R Square	Adjusted R Square	Std. Error of the Estimate
.97	0.93	0.93	2.10

Table 3 provides the R and R Square values. The R value represents the simple correlation and is 0.97 (the "R" Column), which indicates a high degree of correlation. The R Square value (the "R Square" column) is 0.93 which indicates how much of the total variation. This means that the multiple linear regression explains 93% of the variance in the data.

TABLE IV. ANOVA OF THE FIRST SUB-MODEL (STRATEGY)

	Sum of Square	df	Mean Square	F	Sig.
Regression	2607.24	3	869.08	<b>197.75</b>	<b>.000</b>
Residual	188.98	43	4.39		
Total	2796.21	46			

Table 4 is the F-test result for the first sub-model with strategy as dependent variable. The multiple linear regression's F-test has the null hypothesis that the model explains zero variance in the dependent variable. The F-test is highly significant, it can be assumed that the model explains a significant amount of the variance in strategy.

TABLE V. COEFFICIENTS OF THE FIRST SUB-MODEL (STRATEGY)

	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	4.26	1.17	3.63	.001
Resources (SD)	.23	.10	2.37	.022
Market Opportunities (PP)	.33	.10	3.39	.002
Strategic Orientation (OS)	.34	.10	3.43	.001

Table 5 show the multiple linear regression output for coefficient. The result of hypothesis test for H1, H2 and H3 are supported by data set. All of three variables (resources, market opportunities and strategic orientation) are significant predictors. Strategic orientation has a highest impact than the others by comparing the unstandardized coefficients (beta = .34 versus beta = .33 and .23).

The multiple linear regression equation of the first sub-model is as follows:

$$\text{Strategy (SP)} = 4.26 + 0.23 \text{ SD} + 0.33 \text{ PP} + 0.34 \text{ OS}$$

Equation one notice that the influence of resources (SD) towards strategy (SP) is 0.23. While the effect of market opportunities (PP) and strategic orientation (OS) on strategy are 0.33 and 0.34; which both of them have relatively higher effect than resources (SD).

A one unit increase in resources (SD) is associated with a 0.23 unit increase in strategy (SP) by holding market opportunities (PP) and strategic orientation (OS) constant. Each additional market opportunities (PP) is associated with a 0.33 unit increase in strategy (SP), holding resources (SD) and strategic orientation (OS) constant. While Each additional strategic orientation (OS) is associated with a 0.34 unit increase in strategy (SP), holding resources (SD) and market opportunities (PP) constant.

#### E. The Second Sub-Model

There is one hypothesis that is tested on the second sub-model. These is the H4 hypothesis.



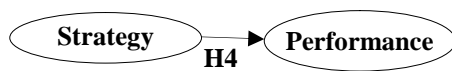


Fig. 3. The second sub-model.

Figure 3 describe strategy affect performance. The outputs are drawn as table 10.

TABLE VI. MODEL SUMMARY OF THE SECOND SUB-MODEL (PERFORMANCE)

R	R Square	Adjusted R Square	Std. Error of the Estimate
.74	0.55	0.54	5.21

Table 6 provides the R and R Square values. The R value represents the simple correlation and is 0.74 (the "R" Column), which indicates a high degree of correlation. The R Square value (the "R Square" column) is 0.54 which indicates how much of the total variation. This means that the multiple linear regression explains 54% of the variance in the data.

TABLE VII. ANOVA OF THE SECOND SUB-MODEL (PERFORMANCE)

	Sum of Square	df	Mean Square	F	Sig.
Regression	1464.46	1	1464.46	<b>54.02</b>	<b>.000</b>
Residual	1220.01	45	27.11		
Total	2684.47	46			

Table 7 is the F-test result for the second sub-model with performance as dependent variable. The multiple linear regression's F-test has the null hypothesis that the model explains zero variance in the dependent variable. The F-test is highly significant, it can be assumed that the model explains a significant amount of the variance in performance.

TABLE VIII. COEFFICIENTS OF THE SECOND SUB-MODEL

	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	7.95	3.08	2.58	.013
Strategy (SP)	.72	.10	7.35	.000

Table 8 show the multiple linear regression output for coefficient. The result of hypothesis test for H4 is supported by data set. The variable of strategy is significant predictor. Strategy has an impact on performance due to the unstandardized coefficients (beta = .72). Every 1-unit increase in strategy would affect .72 additional performance.

The regression equation of the second sub-model is:

$$\text{Performance (KP)} = 7.95 + 0.72$$

Equation two notice that the influence of company's strategy (SP) towards company's performance (KP) is 0.72. A one unit increase in strategy (SP) is associated with a 0.72 unit increase in company's performance (KP).

## IV. CONCLUSION

This study integrated the literature on the effect of resources, market opportunities and strategic orientation towards strategy and its impact on company performance. The finding of this study shows that resources (SD), market opportunities (PP) and strategic orientation (OS) have significant effect on strategy (SP). Strategic orientation (SO) has highest influence on strategy (SP) than resources (SD) and market opportunities (PP). While resources (SD) has lowest influence on strategy (SP) than strategic orientation (SO) and market opportunities (PP).

Strategy (SP) has a significant and positive affect on company performance (KP). These finding verify the previous study of Davcik & Sharma (2016), which mentioned resources as crucial drivers in the process by which firms develop their competitive advantages and achieve higher levels of performance. While Abbas & Muhammad (2016) concluded that strategic orientation contribute to achieve the competitive advantage and the better company performance.

The other discussion topic is about the mean value of each variable's items. Table 9 shows that the mean value of each item of each variable included in this study.

TABLE IX. MEAN OF VARIABLE'S ITEM

Items No.	SD	PP	OS	SP	KP
1.	2.91	3.23	2.81	3.19	3.11
2.	3.06	2.85	2.94	3.11	2.98
3.	2.89	3.04	2.94	2.74	3.00
4.	3.06	2.66	2.60	3.19	2.98
5.	2.91	2.96	2.57	2.94	2.91
6.	3.13	3.00	3.19	2.98	2.96
7.	3.13	2.91	2.79	3.04	2.87
8.	2.60	3.04	2.96	3.23	3.02
9.	3.21	3.02	2.83	3.02	3.02
10.	2.51	2.89	3.04	2.87	3.04

Resources (SD) item number ten is the lowest mean (2.51). The statement of the item is "suppliers' trust of on time and full payment." Average respondents answer does not agree for these statement. It has to be improved by company's management to pay supplier on time and with full payment. The other resources (SD) item number nine is the highest mean (3.21). The statement of the item is "customers' trust of product and services quality." Average respondents answer is neutral and tend to slightly agree for these statement. Although respondents quite agree, company has to improve continuously the quality of products and services.

Market opportunities (PP) item number four is the lowest mean (2.66). The statement of the item is "increase product and/or service demand." Average respondents answer does not agree for these statement. Although economy condition is uncertain, it has to be improved by company's management to diversify the market by looking for another prospective customers and not depend only on existing customers. The other Market opportunities (PP) item number one is the highest mean (3.23). The statement of the item is "government policy support business." Average respondents answer is neutral and tend to slightly agree for these statement. Although respondents quite agree, company has to intensify

the positive communication with industrial association and government to create incremental business opportunities.

Strategic orientation (OS) item number five is the lowest mean (2.57). The statement of the item is "considering competitors' strategy of new products launching." Average respondents answer does not agree for these statement. C p t n & Dr ghescu (2015) conclude the success of launching new products by considering customers and company factors. It is an important and critical company's action to implement its strategy. The managers have to take into account about what competitors doing for launching new products by learning their competitors' new product launching process and performance. The other strategic orientation (OS) item number six is the highest mean (3.19). The statement of the item is "be proactive." Average respondents answer is neutral and tend to slightly agree for these statement. Although respondents quite agree, company has to intensify the positive attitude for being proactive on anytime of business activities.

Strategy (SP) item number three is the lowest mean (2.74). The statement of the item is "formulating strategy by working together among all related functions of the company organization." Average respondents answer does not agree and tend to neutral for these statement. The managers have to coordinate among all related functions of the company in formulating strategy. It is important to set the strategy that is relatively ready to be implemented. The other strategy (SP) item number four is the highest mean (3.19). The statement of the item is "implementing strategy on all related functions in the company organization." Average respondents answer is neutral and tend to slightly agree for these statement. Although respondents quite agree, company has to intensify the positive behavior of all related functions in implementing the company's strategy.

Performance (KP) item number seven is the lowest mean (2.87). The statement of the item is "market share increase

compare similar period on last year." Average respondents answer does not agree and tend to neutral for these statement. The marketing managers have to inform and coordinate among all related functions of the company about this kind marketing performance. It is important to understand the implication of company's strategy that also affect on market share performance. The other performance (KP) item number one is the highest mean (3.11). The statement of the item is "salary payment always be on time." Average respondents answer is neutral and tend to slightly agree for these statement. Although respondents quite agree, company has to make the salary payment always be on time. It will affect the employees' motivation to work well.

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