

**Influence of Dimensions of Strategic Orientation (SO) on the Growth of Small Firms
& Resources as Moderating Variable: A Study of Indian Small & Medium
Enterprises (SMEs)**

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Abstract

Strategy-firm growth relationship has remained an important issue for researchers, despite considerable theoretical advances made in this area, little consensus has emerged on the key dimensions of strategy construct -- termed as Strategic Orientation (SO). As conceptualized by Venkatraman (1989), the six dimensions of SO construct are analysis, pro-activeness, riskiness, aggressiveness, futurity, and defensiveness. The need to integrate SO and Resource Based View (RBV) has seen increasing emphasis by researchers since the choice of resources constitutes an important precondition for firm growth. SO framework applies to all firms but being a resource consuming orientation, it poses challenges for small firms since they are resource constrained, so this study focuses on the influence of SO on small and medium enterprises (SMEs).

Key-Words: Strategic Orientation; Firm Growth; Resources; Small Firms.

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1. Introduction

The issue of firm growth has captured significant scholarly attention over the last couple of decades. Despite the growing body of work in this area, researchers have not been certain as to why some firms are more successful than others even when they originate from similar circumstances with similar access to resources (Tuck and Hamilton (1993). Strategy research has tried to address this question from the perspective of contribution of strategy to superior and differential firm performance, but still no clear consensus has emerged on this issue (Parnell, 1997). Most studies have adopted either Porter's (1980), low cost, differentiation or focus typology or the Miles & Snow (1978) prospector, analyzer, reactor or defender typology. The limitation of adopting these strategic approaches is the assumption of mutual exclusivity of one or the other form of strategy whereas the strategy-firm performance relationship may require a broader, more sophisticated and inclusive form involving its different strands simultaneously that may contribute to firm performance. Further, research in the field of resource base theory (RBV) suggests that firm resources are the primary source of performance differences among the firms. The resource-based view maintains that competitive advantage is a condition of organizational resource capabilities (Barney, 1995; Petaraf, 1993) and resource heterogeneity is necessary but not sufficient condition for firm performance; so resources rather than having a direct influence on firm performance can provide firms' strategies the cushion that may result in their growth. Penrose (1959) argued that firm growth is a function of the way in which resources of a firm are employed. According to her, whether a firm experiences growth or not is not merely dependent upon the

possession of valuable resources, but also the strategic decisions it makes regarding how these resources may be productively employed. This means that value is created only when resources are deployed appropriately within the firm (Sirmon, Hitt, and Ireland 2007) through the adoption of different aspects of strategies. Different management of resources may therefore produce different outcomes in firms even when they possess similar resources – it is the firm's strategic behavior which results in different levels of firm growth.

Given that strategy has emerged as a focal point of both organizational purpose and decision-making, it has been viewed as having a strong influence on firm growth. Starting from this premise, some researchers have examined the relationship between different strategy-making aspects and firm growth mainly by exploring the effects of strategic orientation construct, i.e. pro-activeness, risk-taking, aggressiveness, futurity, analysis and defensiveness on firm growth. Further, the dimensions of SO involve both the entrepreneurial approach to strategy-making through the dimensions of pro-activeness, futurity, riskiness and aggressiveness as well as the conservative approach to strategy-making through the dimensions of analysis and defensiveness. Eisenhardt and Schoonhoven (1990) suggest that firm growth is a function of both strategy and resources though it may be constrained by various factors. Knight (2000) suggests that small and medium enterprises (SMEs) with their limited resources have to rely heavily on their strategies to survive or outperform their competitors and should be cautious about limited availability of resources.

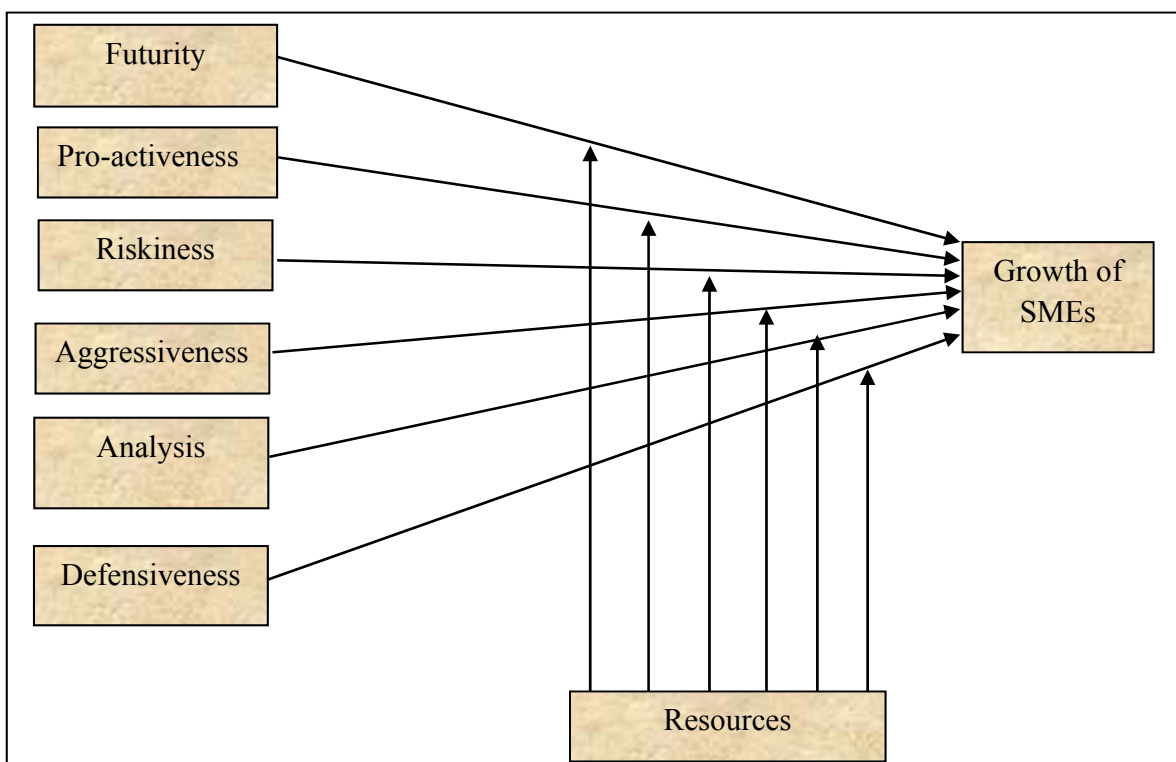
2. Conceptual Framework & Hypotheses Development

Literature has tended to look at strategic orientation from three approaches: narrative, classificatory and comparative approaches. The narrative approach comprehends strategy as a holistic phenomenon that is peculiar to the event, situation and organization (Czarniawska, 1998).

The difficulty in using narratives is that it doesn't lend itself to provide active measures of variables that can be evaluated through calibrated scales (Ginsberg & Venkatraman, 1985). The classificatory paradigm seeks to classify firms according to certain typologies (Miles & Snow, 1978; Porter, 1980; Wright et al., 1995). Venkatraman's (1989) work on six dimensions of strategic orientation which can be defined through the dimensions of strategic aggressiveness, analysis, defensiveness, futurity, pro-activeness and riskiness has rendered very crucial grounding not only to the comparative approach, but also to the SO construct. Gatingnon and Xuereb (1997) in their study defined strategic orientation as strategic direction implemented by a firm to create the proper behavior for achieving continuous superior performance of the business. Grinstein's (2008) articulated the importance of SO as a combination of dimensions impacting firm growth. Interestingly, despite the meaningful theoretical explorations of SO in literature, the challenge still hovers around how to establish the linkage between strategic orientation and firm resource factors? Questions remain on whether it is strategy that creates the advantage or is it the quality of resources that does it for the firm? The significance of the RBV emerges from its urge to trace and theorize the potential of a firm to generate and extract more value than the competition. Research in the field of resource-based-view (RBV) believes that critical elements of strategic change and creation of long-term value for a firm are its resources (Rumelt 1987). Barney's (1991) work is a major contribution in this regard where he explains that a firm can be said to have a competitive advantage when it implements a value creating strategy that is not being implemented by its current and potential competitors. The questions on SO, resources and firm growth assume a far more complex dimension in the context of emerging economies, where the transition from centrally planned to a market driven economy is fraught with challenges like limited capital markets, inefficient labor market and limited resource endowments. Most firms in these economies face resource constraints

and compete to acquire them to gain and sustain competitive advantage. Very few researchers have empirically tested the SO dimensions on firm growth and the study conducted by Morgan and Strong (2004) on all the dimensions proposed by Venkatraman (1989) is an important one in this regard. Keeping in mind the importance of dimensions of strategy and their role in the growth of firms and the contribution of resources in encouraging these strategy dimensions and their respective influence on firm growth, this study proposes the following model that can better explain the role of different strategies and availability of resources and their effective utilization leading to firm growth. The argument here is that while SO framework applies to all firms, small firms may not have the requisite resources to allocate on all the strategic options equally and may like to focus on specific strategic dimensions to maximize the value of limited resources.

2.1 Proposed Model



2.2 Hypotheses Development

Based on above mentioned conceptual model, the following hypotheses have been framed:

Dimensions of Strategic Orientation (SO) & Firm Growth

Futurity: It is undeniable that the whole concept of strategy is firmly grounded in the notion of reaching an envisioned future state through desired firm growth (Andrews, 1971; Ansoff, 1975; Steiner, 1979). This reflects the extent of importance of futurity as the key dimension of strategic orientation construct. In the context of dynamic environment involving rapid change, this trait can enable a firm to acquire competitive edge in the market. This aspect closely recalls Boyd's observation (1991) on long-term planning that enables firms to perform better than those in the field who do not manifest this behavior. Futurity exhibits itself particularly in areas pertaining to forecasting sales, customer preferences and environmental trends. Based on these arguments it is expected to be significantly related with SMEs growth.

Hypothesis 1: Futurity in firms' strategic orientation is significantly related to SMEs growth.

Proactiveness: Proactiveness is central to strategic behavior and reflects a firm's keenness for exploiting emerging opportunities, experimenting with change, and mobilizing first-mover actions (Dess et al., 1997; Lynn et al., 1996). Grounded in action, pro-activeness is associated with competitive superiority due to the 'step-ahead' tactics pursued by firms with this strategic behavior (Gatignon and Xuereb, 1997). Pro-activeness figures strongly in articulating a firm's initiative in seeking new opportunities whether it is within or outside their present line of operations. It explains the readiness exhibited by a firm in entering new markets, introducing new products, brands before competition arrives and the readiness in eliminating operations that have reached the optimum

level or on the verge of decline in their life cycle. As an action-oriented approach, proactiveness has been associated with market leadership exhibited by firms with this strategic orientation (Gatingnon and Xuereb, 1997). Firms showing anticipatory and keen response to market indications and a high sense of involvement in bringing about improvements in business are able to secure high returns (Day and Wensley, 1988). Based on these arguments it is expected to be significantly related with SMEs growth.

Hypothesis 2: Proactiveness in firms' strategic orientation is significantly related to SMEs growth.

Riskiness: This trait explains decisions taken by firms that could lead to possible losses or gains for them (Clark and Montgomery, 1996a). This becomes significant in decisions on resource allocation and product and market choices a firm makes. Increasingly risk taking is depicted as an organization-level approach, as highlighted by Miller and Friesen (1982). This is a calculated behavior based on analysis and risk-taking appetite of firms in their quest for growth that calls for decisions involving substantial financial and human resource investment. Firm behavior in this particular instance, reflects a combination of entrepreneurial approach towards risk-taking while looking out for opportunistic ventures (Baird and Thomas, 1990). It is through pushing the boundaries of risk and unfreezing time-honored rules can a firm engage in a sense of exploration and generative learning (March, 1991) resulting in superior firm growth. By displaying a spirit of creativity and traditional rule breaking through riskiness can provide firm with potential improvements in business growth. Thus, where traits of riskiness are evident within a firm's strategic orientation, firm growth level may be notably high (Bettis and Hall, 1982; Bromiley, 1991). Based on these arguments it is expected to be significantly related with SMEs growth.

Hypothesis 3: Riskiness in firms' strategic orientation is significantly related to SMEs growth.

Aggressiveness – This posture is adopted by a firm while allocating its resources meant for aggressive strategies in response to their rivals to generate firm growth (Covin and Slevin, 1991; Zahra, 1993). These may be based on product innovations and/ or market development to capture market share or to take it away from competitors (Miles and Cameron, 1982) and may involve substantial investments to improve competitive position and market share. This aspect of strategic orientation emphasizes exploiting and developing resources in a quicker manner ahead of competitors or in response to their strategies (Clark and Montgomery, 1996a). Aggressiveness involves a clear mindset, which is oriented towards market share development through fighting competition aggressively resulting in improved firm growth. Based on these arguments it is expected to be significantly related with SMEs growth.

Hypothesis 4: Aggressiveness in firms' strategic orientation is significantly related to SMEs growth.

Analysis: This refers to a firm's knowledge building capacity (Bourgeois, 1980) and ability to enhance organizational learning (Cohen and Sproull, 1996). This orientation refers to firm's problem-solving approach arrived at from an understanding of both external and internal environment (Miller and Friesen, 1984). It reflects a firm's tendency to locate the deeper root of problems to generate the best possible alternatives and is considered to be an important characteristic of the organizational decision-making (Miller and Friesen, 1982). Furthermore, this particular dimension of SO indicates that the extent of internal consistency is achieved in overall resource allocation for achieving target objectives for the firm (Grant and King, 1982). The whole aspect of this orientation bears close conformity to the idea of rational comprehensive processes (Frederickson and Mitchell, 1984), wherein the observed phenomenon is that of analytical

activities and systems relating positively with firm performance (Eisenhardt, 1989b). Based on these arguments it is expected to be significantly related with SMEs growth.

Hypotheses 5: Analysis in firms' strategic orientation is significantly related to SMEs growth.

Defensiveness: This is a trait reflecting defensive behavior on the part of firms (Miles and Snow, 1978), and becomes manifest through cost reduction and efficiency seeking approaches. In this orientation, a firm pays scant attention to development beyond defense of its domain (Miles and Cameron, 1982) or core technology (Thompson, 1967). This trait reflects high degree of strategy specialization (Child, 1974) and works on the express belief that expertise in a specialized area leads to higher performance (Venkatraman, 1989). Firms exhibiting this orientation can secure capabilities and skills that develop comprehensive strategies which give them advantage over firms that are less specialized or domain-focused (Hart and Banbury, 1994). Based on these arguments it is expected to be significantly related with SMEs growth.

Hypotheses 6: Defensiveness in firms' strategic orientation is significantly related to SMEs growth.

Resources, Dimensions of Strategic Orientation (SO) & SMEs Growth (Contingency Approach)

Many Researchers (Grant, 1996; Mahoney and Pandian, 1992) state that resources by themselves are insufficient for firm growth. According to them, this is possible only if firms are able to transform these resources in capabilities through the use of appropriate strategies. Brown draws on Penrose's (1959) work on firm growth which serves as the backbone of resource based view. In her view, management was the key limited resource and the managerial constraint on firm growth has been

dubbed as “Penrose effect”. Eisenhardt and Martin (2000) mentioned that organizational and strategic processes of firms are important because they facilitate exploitation of resources into value-creating strategies. Eisenhardt and Schoonhoven (1990) suggested that small firm growth is a function of its strategy and resources. According to Lumpkin and Dess (1996), firms with strategic orientation are willing to act proactively relative to environmental opportunities, be aggressive toward competitors, take risks and utilize their limited resources better. Wiklund and Shepherd (2005), note that availability of resources allows firms to experiment with proactive, risky and aggressive strategies that might not be approved in a resource-constrained environment. Garrett and Covin (2007) suggest a positive relationship between resources and strategic behavior among firms, positing that resources encourage exploitation of entrepreneurial strategies with higher degree of rewards. For SME’s growth it would be central and decisive for the way they are able to exploit and combine all productive resources through their strategies. Qing Liu *et al.* (2009) argued that availability of resources is likely to influence firm’s decision to enter and compete in a new business to exploit an opportunity. An opportunity, per se, has little or no intrinsic value, it is only through the process of exploitation of resources through appropriate strategy that brings opportunity to fruition through its introduction in the marketplace—is the firm able to capture the opportunity’s potential contribution to firm’s growth (Alvarez & Barney, 2005). Based on these arguments it is expected that resources would significantly moderate the relationship between individual dimensions of SO and SMEs growth, so the following hypotheses have been framed:

Hypotheses 7a: Resources would significantly moderate the relationship between futurity and SMEs growth.

Hypotheses 7b: Resources would significantly moderate the relationship between pro-activeness and SMEs growth.

Hypotheses 7c: Resources would significantly moderate the relationship between riskiness and SMEs growth.

Hypotheses 7d: Resources would significantly moderate the relationship between aggressiveness and SMEs growth.

Hypotheses 7e: Resources would significantly moderate the relationship between analysis and SMEs growth.

Hypotheses 7f: Resources would significantly moderate the relationship between defensiveness and SMEs growth.

3. Research Design

3.1 Sample

The research design for this study was field study and a cross-sectional approach was used. A research focused on SMEs in India limits sampling to firms who have made capital investment within the threshold defined by Micro Small & Medium Enterprises (MSME), 2006 Act to be categorized as SMEs. The sampling frame was the database published by Small Industries Research Institute (SIRI), Delhi. From the sampling frame, a random sample of 2200 SMEs spread across Delhi and National Capital Region (NCR) was shortlisted for data collection purposes. Prior appointments were taken through phone/mail and out of a total of 2,200 SMEs approached for personal appointments in Delhi-NCR, a total of 270 firms responded with appointments. Before approaching these firms personally, appointments were reconfirmed and in the end, data was collected from 242 senior level management functionaries of the level of General Manager and above representing 242 firms as a single respondent was selected from each firm. Responses were received from 242 firms out of which 19 responses were rejected on the ground of incomplete information, and therefore, a final data of 223 firms was considered for data analysis.

3.2. Variables & Measures

Dimensions of Strategic Orientation (SO)

Venkatraman's (1989) work on strategic orientation designed to specifically capture the ingredients of competitive strategy, provided a comprehensive measure to suitably assess the question of firm's strategic orientation. The six dimensions of SO (aggressiveness, analysis, defensiveness, futurity, pro-activeness and riskiness) were measured by 22 items and tested for reliability. So, this study used the above mentioned twenty two items to measure the six dimensions of SO within the firm using semantic differential method on a 7 point Likert type scale.

Resources

Wiklund (1999) reported that availability of financial, knowledge and human resources was associated with firm growth, and found that resource availability was one of the predictor of firm growth. Resources provide the firm strategies the necessary cushion to exercise various aspects of their strategies and thus moderate the relationship between the individual dimensions of SO and firm growth. To operationalize this construct, this research has used nine items to measure the three types of resources, put forth by Wiklund, i.e. financial, knowledge, and human resources on a 7 point Likert scale wherein three items have been used to measure each type of resource.

Growth of Small & Medium Enterprises (SMEs)

With regard to SMEs, there is no agreement on the appropriate measure to determine small firm performance (Day & Wensley, 1988). Research on small firms predisposes a researcher to choose subjective measures since objective financial measures on SMEs performance are private matter of owners. Since most SMEs in India are privately held (Pandey, 2007), so choosing the right parameter to measure firm performance is of utmost importance to get the required information. Many researchers advocate growth as the most appropriate performance measure in small firms (Brown, 1996). Many

suggest that sales growth is the best growth measure since it reflects both short and long-term changes in the firm. Employment growth is another important aspect of growth reflected in large number of studies that focusing primarily on firm growth (Delmar, 1996). So the respondents were asked whether they were satisfied with the growth of their firm in the last three years on these two parameters on a 7-point Likert scale.

4. Data Analysis

4.1. Scale Reliability

The internal consistency or reliability of all the measurement scales was checked by calculating the Cronbach alpha, which is useful for investigating the reliability of multi-item interval level scales. As per Nunnally, (1978); Hair *et al.* (1995), a threshold Cronbach alpha value above 0.70 is considered reliable. Table-1 presents the results of reliability analysis of scales used & their Means & Standard Deviation. While looking at Cronbach Alphas, it was found that all the variables examined in this study had reliability values above 0.70, which is the threshold value (Nunnally, 1978).

Table-1

Reliability Coefficient, Mean & St. Deviation of Variables				
Variables	No. of Items	Cronbach Alpha	Mean	Std. Deviation
Futurity	4	.901	4.54	.90
Pro-activeness	3	.879	4.55	.91
Riskiness	5	.819	3.42	.68
Aggressiveness	3	.782	4.00	.82
Analysis	5	.756	5.12	.95
Defensiveness	2	.714	5.35	.58
Resources	9	.705	4.97	.63

N=223

4.2. Scale Validity- Factor Analysis

To examine whether the SO construct represents these six as independent dimensions an exploratory factor analysis using principal component method with varimax rotation was conducted on the 22 items used to measure the six dimensions of SO Construct. Before conducting factor analysis, Kaiser-Meyer-Olkin (KMO) was done to check the factorability and sample adequacy and the results found the value of KMO was .811, which is higher than 0.50, indicating that the data is very reliable and suitable for factor analysis. Further, Bartlett's test of Sphericity for testing the significance was highly significant corresponding to the chi-square statistic. Tabachnick and Fidell (2007) mentioned that the choice of cutoff for value of loadings is the preference of the researcher. For this research, the factor loading above .522 was considered significant. While examining the results of factor analysis, it was found that all items had values above .522, so all the twenty two items used to measure the six dimensions of SO were retained.

Table-2

	Factors					
	1	2	3	4	5	6
Q1- Our information systems provide support to decision making	.868					
Q2- When confronted with major decision, we arrive through analysis	.805					
Q3- We plan effective coordination among functional areas	.768					
Q4- We use several planning techniques	.858					
Q5- We use output systems of management information and control systems	.803					
Q14-Fights competition intensely		.766				
Q15-Establish competitive position to exploit opportunities		.820				
Q16-Employ aggressive market strategies		.528				

Q6- Typically initiates action			.856			
Q7- First to introduce new products and processes			.734			
Q8- Quick to seize opportunities			.905			
Q9- Takes bold and wide ranging actions				.544		
Q10- Strong proclivity for high risk projects				.764		
Q11- Quick to spend resources on potential solutions				.721		
Q12- Encourages people to take calculated risks				.537		
Q13- Typically takes bold risk to exploit opportunity				.741		
Q17- Emphasize research to provide future competitive edge					.540	
Q18- Forecast key indicators of operations					.865	
Q19- Formal Tracking of significant trends is done					.822	
Q20- Often conduct 'what if' analysis of key issues					.591	
Q21- Often use cost control measures						.637
Q22- Occasionally conduct modifications to manufacturing technology						.598
Eigen Value	3.8	2.6	2.5	2.4	2.1	1.8
Variance Explained (%)	19%	13%	12.7%	12.5%	10.7%	9.4
Cumulative Variance Explained (%)	19%	32%	44.7%	56.9%	67.6%	77%
Extraction Method: Principal Component Analysis						
Rotation Method: Varimax with Kaiser Normalization						

All the six factors combined together explained 77.0% of variance. Since the data used in this research contain self reported measures, this raises a concern about problem of Common Method Bias, which can result in inflated or deflated observed relationships. To overcome this problem, Harman One Factor Test was done as suggested by Podsakoff & Organ (1986) to overcome the potential threat to validity. All variables were entered into factor analysis and results of un-rotated factor analysis were examined, which yielded six factors with Eigen values greater than one with no particular variable explaining substantial variance suggesting that common method bias was not a problem in this study.

4.3 Correlation Analysis

The results of correlation analysis i.e. Pearson Product Moment Correlation Coefficient, indicates the magnitude and direction of linear relationships among the variables. A careful examination of the correlation matrix indicated that though many variables were correlated but there was no significant degree of overlap among the independent variables indicating no issue of multicollinearity, so all the independent variables examined were retained. Examination of correlation matrix of variables indicates that correlations among the variables were well below 0.70, and the highest degree of correlation between two variables was .541. The results of Correlation matrix provide a strong indication about the distinct relationship between individual dimensions of SO and firm growth. These findings signal that for SMEs growth not all SO Dimensions are equally important, further their degree of association varies with growth parameter.

Table-3 Results of Correlation Analysis

	Futurity	Pro-Active	Risk	Agg.	Def.	Analysis	Sales Growth	E. Growth	Res.
Futurity	1								
Pro-activeness	.541**	1							
Riskiness	.189*	-.230**	1						
Aggressiveness	-.176*	-.108	.269**	1					
Defensiveness	-.184*	-.029	-.110	.090	1				
Analysis	.233*	.412**	-.105	-.038	-.180*	1			
Sales Growth	.395**	.451**	-.165*	-.112	-.093	.107	1		
Emp. Growth	.259**	.316**	.015	-.010	-.065	.096	.581**	1	
Resources	.185**	.325**	.129*	-.042	-.080	.103	.060	.022	1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

5. Hypotheses Testing

Hierarchical linear regression analysis was done to test the hypotheses; first the six independent variables were entered along with the main effect of the moderating variables resources in the universal model. Then the interaction term was entered and the results of two-way interaction involving resources are shown in Contingency Model. Checks for multicollinearity were done by calculating the tolerance values and variance inflation factor (VIF) for independent variables. Tolerance values for the variables ranged between .63 and .87 and VIF values were less than 1.47, indicating no issues of multicollinearity. Further mean centering was done to overcome the problem of multicollinearity while testing the moderating variable.

Table-4 Results of Hierarchical Regression with Sales Growth as Dependent Variable

Variable	Universal Model	Contingency Model
	β	β
Futurity	.222**	.210**
Pro-active	.314**	.300**
Riskiness	-.147*	-.097
Agg.	-.087	-.105
Analysis	-.015	-.022
Defensiveness	-.018	-.034
Resources	.245**	.203**
Fut.*Res.		.295**
Pro.*Res.		.169*
Risk*Res.		.102
Agg.*Res.		.163*
Anal.*Res.		-.037
Def.*Res.		.098
R²	.289	.351
Adj. R²	.266	.334
▲ R²	.289	.062
F-Value	12.435	14.215

Standardized Regression Coefficients are displayed

* $p < .05$, ** $p < .01$

In table-4 where the dependent variable was sales growth the results of Model 1 indicate that out of the six independent variables three were significantly related with sales growth, the two variables of futurity and pro-activeness were significantly and positively related with sales growth whereas riskiness was significantly but negatively related with sales growth as indicated by the respective beta and p-values. The six independent variables and the main effect of resources accounted for a variance of 28.9% in sales growth as indicated by ΔR^2 . The results support first three hypotheses and reject fourth, fifth and sixth hypothesis. While examining the moderating influence of resources on the relationship between each of the six independent variables with sales growth, it was clear that the moderating influence varies with individual EO dimensions as indicated in Model 2. The moderating influence of resources was significant and positive with futurity, pro-activeness and aggressiveness as indicated by beta and p-values whereas the influence was insignificant with the other three variables. The moderating influence of resources explained an additional variance of 6.2% in sales growth as indicated by ΔR^2 .

Table-5 Results of Hierarchical Regression with Emp. Growth as Dependent Variable

Variable	Universal Model	Contingency Model
	β	β
Futurity	.154*	.197*
Pro-active	.170*	.123*
Riskiness	-.087	-.120
Agg.	-.062	.049
Analysis	-.045	.017
Defensiveness	.066	.088
Resources	.102	.198*
Fut.*Res.		.173*
Pro.*Res.		.109
Risk*Res.		.096
Agg.*Res.		.148*

Anal.*Res.		.077
Def.*Res.		.089
R²	.106	.146
Adj. R²	.098	.137
▲ R²	.106	.040
F-Value	4.080	6.221

Standardized Regression Coefficients are displayed *p<.05, **p<.01

In table-5 where the dependent variable was employment growth the results of Model 1 indicate that out of the six independent variables two variables namely futurity and pro-activeness were significantly and positively related with employment growth while the other four independent variables were not significantly related with employment growth as indicated by respective beta and p-values. The six independent variables and the main effect of resources accounted for a variance of 10.6% in employment growth as indicated by ▲ R². While examining the moderating influence of resources on the relationship between each of the six independent variables with employment growth, it was clear that the moderating influence varies with individual EO dimensions as indicated in Model 2. In this case the moderating influence of resources was significant and positive with pro-activeness and aggressiveness as indicated by respective beta value and p-value whereas the influence was insignificant with the other four variables. The moderating influence of resources explained an additional variance of 4.0% in employment growth as indicated by ▲ R².

So Hypotheses 1 & 2 were fully accepted, whereas hypotheses 3 & 4 were partially accepted and hypotheses 5 & 6 were fully rejected. In case of moderating influence of resources, hypotheses 7a & 7d were fully accepted, whereas hypotheses 7b was partially accepted and the hypotheses 7c, 7e & 7f were fully rejected.

6. Discussion

The findings from this study imply that entrepreneurial strategies such as futurity, pro-activeness and riskiness have strong place in the complement of strategic orientation construct and the relative rewards available appear obvious (Dess et al., 1997; Hart, 1992). This can be further substantiated by the Miles & Snow (1978) framework which makes the suggestion that prospector firms exhibit entrepreneurial characteristics, and this is in line with the findings of this study. This research has empirically examined SO as a multidimensional construct comprising six independent dimensions and found that it is not necessary that all SO dimensions contribute to firm growth. The results of exploratory factor analysis indicate that the dimensions of SO Construct load on to six different factors, confirming SO Construct is best represented by six dimensions. A careful examination of correlation matrix and the results of hypotheses testing (hypotheses 1 through 6) provide strong support that individual dimensions of SO construct have a unique, distinct and independent relationship with SMEs growth. The results found that the dimensions of futurity, pro-activeness and riskiness were significantly related with firm growth whereas the dimensions of analysis and defensiveness were found to be insignificant. The traits of futurity, pro-activeness and riskiness are typically the aspects of entrepreneurial strategy whereas aspects of analysis and defensiveness are of conservative strategic approach. The results from this study are notable and different from other studies in a way that firms who emphasize the traits of defensiveness and analysis in their strategic orientation typically exhibit lower levels of business growth. These strategy dimensions are conservative in nature, relative to the futurity, pro-activeness, riskiness, and aggressiveness, which are entrepreneurial in nature and reveal that fast growing small firms adopt entrepreneurial strategies. So the intuitively appealing notion that entrepreneurial strategies positively affect small

firm growth in emerging economies is validated. Though neither entrepreneurial or conservative strategies are inherently ‘good’ or ‘bad’, but the findings of this study indicate that for small firms in emerging economies, it is better to adopt entrepreneurial strategies or the prospector strategies rather than adopting analyzer or defender strategies.

This study focused on the aspect that availability of resources improves firm growth through the adoption of strategies that contribute to firm growth. For this purpose, this study explored the moderating influence of resources on the relationship between the individual dimensions of SO and SMEs growth. The findings provide strong empirical support for this assumption that resources encourage the adoption of strategies that lead to firm growth. The results indicate that moderating influence of resources on the relationship between individual dimensions of SO and SMEs growth varies in strength, direction and significance. The evidence of this is provided by the finding that indicated that resources encourage the firms to adopt an aggressive approach that lead to firm growth whereas in the absence of resource availability the relationship between aggressiveness and firm growth was insignificant. So adopting a uniform approach to the moderating influence of resources on all SO dimensions equally can lead to simplistic assessment that resources have a universal and positive moderating influence resulting in the wastage of limited resources especially in case of small firms in emerging economies. Further, the two-way interaction using contingency approach throws better insights rather than considering only the main-effect model.

7. Managerial and Policy Implications

In the light of these findings the existing approach towards the uniform adoption of SO as a wholesale construct contributing to the growth of SMEs should be reviewed. A dogged pursuit of

uniform focus on all SO dimensions is not the most effective way for firms to grow. The findings provide finer grained analysis of SO construct and how various dimensions in different combinations lead to firm growth rather than mutually exclusive modes of strategies. The independent nature of dimensions will encourage the owners/managers and policy makers to re-examine their understanding about their strategic choices. Firms should focus only on those aspects of strategy or the combinations that add significant value, whether entrepreneurial or conservative mode, as focusing on all SO dimensions can overstretch them and this may not be necessary beneficial. It is also possible that different aspects of entrepreneurial and conservative mode may simultaneously influence firm growth. If the owners/managers of these firms know that it is the specific sub-set of SO dimensions, which contribute positively in their firm's growth rather than all dimensions, then they can focus their energies only on those dimensions rather than putting their efforts on the entire SO Construct. This will, in addition, save the limited resources at their disposal and will help them focus in a better manner on the sub-set of relevant SO dimensions. The findings also reveal that firms should put a premium on entrepreneurial strategies rather than analyzer and defensive strategies, as the rewards of entrepreneurial strategies are better than other options in terms of firm growth. Conversely, firms adopting cautious or defensive strategies should be careful of the fact that it may not lead to growth especially in emerging economies. Similarly, firms should not spread their limited resources on all SO dimensions equally as the moderating influence of resources is neither uniform nor significant on all SO dimensions.

8. Conclusions, Limitations & Implications for Future Research

An important conclusion emerging here is that priorities need to be established to appreciate the benefits of entrepreneurial strategies that lead to small firm growth especially in emerging

economies. Consequently, emphasizing these dimensions of strategic orientation in emerging economies is much about ‘managing on the front foot’ rather than following a ‘wait or watch’ approach. Firms emphasizing futurity, pro-activeness, and riskiness in strategic orientation need to examine the benefits of maintaining competitive advantage whereas the ones focusing on analysis and defensiveness should examine the tradeoffs in long-term performance attributes or in other economies. An interesting framework for interpretation of these findings is offered by theories of competitive analysis as significant resources are needed to sustain entrepreneurial energies of small firms. These efforts can result in first-mover advantage leading to better firm growth. Population ecology theory has also been allied to this debate by researchers investigating pioneers/ entrepreneurial firms, followers, or conservative firms (Lambkin, 1988). The results of this study indicate that small firms in emerging economies are better placed if they focus their energies on entrepreneurial strategies rather than focusing on conservative aspects and playing on the front foot offer them more rewards and may help them in overcoming the liability of newness. The research has some limitations, first of all the sample for this study was drawn from Delhi and National Capital Region in India, so one should be careful in generalizing the results to other regions/countries and emerging markets. Another limitation of this study is its cross-sectional design since the data was collected at one point of time and does not record changes over a period of time. A longitudinal study might have validated the notion that at different times and stages of firm growth, different aspects of strategy contribute towards firm growth as over the life-cycle of a firm or the nature of competitive intensity, it is quite possible that firms may move away from entrepreneurial strategies to conservative strategies and this may result in firm growth. This study has examined the role of ‘context’ by studying the moderating influence of resources whereas there

can be many other 'contextual' variables that can moderate this relationship. The important aspect of the study has been how this study can help firms identify the selective triggers of strategy to grow. An important area for future research can be to examine the various combinations of SO among its dimensions suited for firm growth and whether the inequality of importance of these SO dimensions requires that these dimensions should be assigned differential weights as per their level of importance. Future research can examine whether some of these dimensions are always present whereas some dimensions may vary depending upon the context of the firms.

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