Strategic Orientation and Innovation of Telecommunication Firms in Rivers State

1Olusanmi Dipo Olatunbosun; 2Benedict Chima Onuoha
1University of Port Harcourt Business School, Nigeria
2Faculty of Management Sciences, University of Port Harcourt, P. O. Box 419, Choba, Nigeria

ABSTRACT
This study empirically investigates the nexus between strategic orientation and innovation of telecommunication firms in Rivers State. Data were collected through cross-sectional survey on five (5) major telecommunication firms. Data retrieved from 120 representatives was analyzed via Spearman Rank Order Correlation Coefficient, with the aid of Statistical Package for Social Science (SPSS) version 27. The findings revealed that strategic orientation is significantly related to innovation. It was concluded that, all dimensions of the exogenous variable should be encouraged. All of which is to achieve high level of innovation. Thus, the study recommends that:
Management should adopt the most modern technologies, use the technologies to have an edge over competitors and allocate resources for investment in latest technologies. Also, management should always dialogue and main a good relationship with customers, improve total quality customer service, attend promptly to customers, freely share market information and be vigilant with after sale service. Furthermore, Management should encourage employee learning and knowledge acquisition, frequently acquaint employees with the vision and mission of the organisation, as well as listen to opinions from employees.

KEYWORDS: Strategic Orientation, Technology Orientation, Market Orientation, Entrepreneurial Orientation, Innovation

Date of Submission: 20-06-2021 Date of Acceptance: 05-07-2021

I. INTRODUCTION
The service sector has become innovation intensive and one of the significant sectors is the telecommunications services (Howells, 2000). An avalanche of scholars (Kogut & Zander, 1992; Baker, 2002; Bessant & Tidd, 2007) has elucidated the concept and significance of innovation to organisations. Innovation is a transformation in the end of products and services (Newbert, 2008). According to Mothe and Nguyen-Van (2015), innovation is the use of new or improved goods, services, and processes. Firms benefit from innovation by gaining a competitive advantage (Afuah, 1998) and staying afloat in the marketplace (Hult, Harley, & Knight, 2004). Innovation endows organizations with exceptional fortunes and serves as a vehicle for economic growth (Corbett-Etchevers & Mounoud, 2011).

Strategic orientation is used by organisations to initiate and regulate organisational activities that have a strong association with resource allocation and business prospect encountered by the organization (Huang & Ngoc, 2019). Accordingly, strategic orientation guides the direction that a firm intends to pursue in order to observe its activities for better business performance (Gao, Zhou & Yim, 2007). For the purpose of this study, three types of strategic orientation will be looked into further: technology orientation, market orientation, and learning orientation (Al-Ansauri, Bederr & Chen, 2015; Do, Suk & Won, 2014).

Technological orientation helps the innovativeness of firms by bringing better designed products into the market (Jeong, Pae & Zhou, 2006). It also aids the proactiveness of firms in acquiring and applying the most recent technologies to enhance new products/services (Tsou, Chen & Liao, 2014). Accordingly, technology orientation contributes immensely to the enhancement of product and business performance (Saño, Sainio & Saarenketo, 2015).

Market orientation enables firms to get acquainted with the strengths and weaknesses of competitors, have superior marketing knowledge, and enhanced performance (Kirca, Jayachandran & Bearden, 2005; Ellis, 2006). Market orientation give firms competitive advantage (Liao, Chang, Wu, & Katrichis, 2011).

Learning orientation serves as a lens for an organisation to monitor its competitors’ performance in the market (Calantone, Cavusgil & Yushan, 2002). Learning orientation is a tool for the development of competitive advantage and superior financial performance (Kropp, Lindsay & Shoham, 2006). Additionally, learning orientation enables the firm to utilize information gathered from its customers to improve its products and services, increase knowledge capacity and sales, sustain its customer base, and utilize its resources more effectively (Nybak, 2012).
Various scholars have written on the innovation construct at the organisational and industry levels (e.g. Shihping & Yu-Lin, 2011; Nybak, 2012). Others investigated it under corporate social performance (Wagner, 2010), entrepreneurial- and learning orientation (Shihping & Yu-Lin, 2011), and organisational performance (Suhag, Solangi, Larik, Lakh & Tagar, 2017). Past research involving strategic orientation in the area of telecommunication has been scanty (Ogbu, Okechukwu & Ukpere, 2012). However, it appears there are not enough empirical studies on this construct in the telecommunication sector and in Nigerian context compared to other sectors such as manufacturing (e.g. Nybak, 2012) and small and medium enterprises (e.g. Shihping & Yu-Lin, 2011). Based on the above foundation, this study seeks to investigate the nexus between strategic orientation and innovation in telecommunication firms.

The remaining sections of the article follows this pattern: following this introduction is a section on theoretical background and hypotheses development. This is followed by the methodology, which shows data collection and methods of analysis. The final section of the paper contains the results, their interpretation, findings, and discussion, as well as the conclusion and recommendations.

II. THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

2.1 Theories

2.1.1 The Core Competence-Based View

The core competence-based view was pioneered by Hamel and Prahalad (1994). This view is related to Ceglinski's (2020) dynamic concept of strategic orientation. How a firm operates, as well as effectiveness in achieving its strategic objectives, is explained by its core competencies. A firm’s core competency is regarded as the channel for collective learning and long-term competitive advantage (Al-Ansari, Alalib, & Sardoh, 2013).

According to Hamel and Prahalad (1991), core competencies enable organisations to envisage the markets that are not in existence. Core competencies helps an organisation to know its strength in order to be above its competitors (Drucker, 1994). Core competence is also critical for sustainable competitive advantage that is impossible to replicate (Sinha, 1998). Furthermore, Eisenhardt and Martin (2000) submitted that the core competency theory, helps firms to responding quickly with innovations that meet specific market needs while simultaneously exploring basic research areas for potentially major innovations that more significantly alter the market landscape.

2.1.2 Dynamic Capabilities Theory

The dynamic capabilities theory was introduced by Teece, Pisano and Shuen (1997), which emphasized that in order for organisations to achieve their overall goals, they must partake in both internal and external systems to curb the competitive environment. Dynamic capability, as defined by Zahra, Sapienza and Davidsson (2006), is the ability of a firm's principal decision-makers to change or reconfigure existing substantive capabilities, routines, and resources to meet the demands of a dynamic business environment.

The essence of dynamic capability is to generate wealth for firms operating in environments of rapid technological change, with the goal of sustaining competitive advantage by changing the resource base. Examples of dynamic capability include “the recognition of technological innovations, changes in consumer tastes/preferences, and changes in government policy” (Sylvia, 2018, p. 38), as well as “competitors' tactical moves to satisfy demand conditions” (Sylvia & Ojiabo, 2018, p. 53). As a result, applying the dynamic capabilities approach to telecommunication firms in Nigeria, where business environments are uneven and chaotic, is critical for a broader context.

2.2 Innovation

Innovation is important to organisational development as well as affirming their existence (Drucker, 1985). Several scholars averred that innovation is the application of modern products, process, service, and organisation routine in order to gain competitive advantage (Makanyeza & Dzvuke, 2015). Similarly, Atuahene-Gima (2012) postulated that innovation within the African context to include adoption of modern products, processes and technologies developed or built beyond its shores and possible adjustments made on existing products (Egbetokun, Richmond, Oluseye & Edward, 2016). According to Mowery and Oxley (1995), innovation promotes economic growth and is a key player in the global development of countries. Innovation breeds, creates, and establishes new ideas, approaches, and products to work (Wang & Ahmed, 2004). Organizations that “acquire innovation are consistent with the responsibility of being new and develop the competence to stay afloat” (Esteve-Perez & Manez-Castillejo, 2008, p. 234). Furthermore, Crespi and Zuniga (2011) asserted that innovation boosts organizational competitiveness in both developing and developed countries.
2.3 Strategic Orientation

Liu & Revell (2009) view strategic orientation as a universal concept adopted in research on management of entrepreneurship, marketing and strategy. Hakala (2011) conceive strategic orientation as the “principles that direct and stimulate the activities of a firm and create the behaviours intended to certify its viability and performance” (p. 199). Strategic orientation refers to the guiding principles that constitute a firm's managerial decision-making, resource configuration, and interaction with its business environment (Chen, Chen & Zhou, 2014). Furthermore, strategic orientation is also seen as the rudder of an organisation that sets in motion its vision, mission, and explicit goals (Chahal, Dangwal & Raina, 2016).

Strategic orientation is used by organisations to attend deficiency of resources and overcome challenges and difficulties by using innovative activities to augment its innovation process specifically in an unstable environment (Day, 1997). Strategic orientation is significant in attaining competitive advantage (Hong & Yoo, 2013). Also, strategic orientation is a determinant of how knowledge is utilized for creation of new products (Nasir, Al-Mamun & Breen, 2017).

2.3.1 Dimensions of Strategic Orientation

Technological Orientation and Innovation

Gatignon and Xuereb (1997) averred that technology orientation is an organisation’s tendency to be acquainted with modern innovations, products or services. Technology orientation is the application of an organisation’s technical expertise to a superior technical solution to attend to the needs of its clients (Do, Suk & Won, 2014). Technological orientation is a firm’s ability to establish a formidable technological structure and utilize it to create new products/services (Tutar, Nart & Bingöl, 2015). According to Uzagalieva, Kocenda and Menezes (2012), technology orientation is a critical component that enhances organisational growth and innovation. Technology orientation keeps organisations abreast with the most recent technologies and have an edge over its competitor (Al-Ansauri, Bederr & Chen, 2015).

Myriad of scholars (e.g. Rogers, 1983; Hamel & Prahalad, 1994; Uzagalieva et al., 2012) have argued that technological oriented organisations quickly to embrace and make use of innovative ideas and technologies as compared to their competitors. It is pertinent to note that, the more an organization displays its technology orientation, the more its innovativeness (Voss & Voss 2000; Do et al., 2014).

Thus, we hypothesize the following:

**H01:** There is no significant relationship between technological orientation and innovation.

Market Orientation and Innovation

Market orientation is a firm’s ability to comprehend with the needs of customers as well as satisfy them (Do, Suk & Won, 2014). Likewise, Zayed and Alawad (2017) opine that market orientation is the extent to which the firm’s policies, operations and strategies are all set to retort to any fluctuation and demands in the market. Na, Kang and Jeong (2019) defined market orientation as the technique, method or ability to unearth and understand the needs of both existing and potential customers. According to Hurley and Hult (1998), market orientation acts as a booster that stimulates innovation. Baker and Sinkula (2009) find that market orientation is the foundation on which new products are developed. Market orientation enable firms exchange ideas with customers as well as enhancing both relationship (Al-Ansauri, Bederr & Chen, 2015).

There is also agreement in literature that firms with high market orientation are likely to be at advantage when it comes to development of modern resources (Wit & Meyer, 2010), which may lead to innovation (Rhee, Park & Lee, 2010).

Following the above foundation, we hypothesize as follows:

**H02:** There is no significant relationship between market orientation and innovation.

Learning Orientation and Innovation

Learning orientation is the creation of modern expertise that can influence strategic behavior as well as the values and beliefs of an organisation (Huber, 1991). It is “an organisation’s inclination to develop and utilize knowledge as a means to assess competitive advantage over its competitors” (Hakala, 2010, p. 4). Holt, Love and Li (2000) posit that learning orientation is vital facet of firm innovation. Similarly, Rhee, Park and Lee (2010) argued that certain features of learning orientation are harmonious with a firm’s innovation, which is based on innovative behaviors and their consequences. Tidd (1997) argued that learning orientation equip organisations with a better understanding of those factors that influence the acquisition of up to date knowledge linked to technology and the market. Wang (2008) submitted that learning orientation helps organisations to procure and distribute information. Learning orientation creates the awareness that learning is a vital component
for competitive advantage, as well as help to formulate vision and mission of the organisation to employees (Do et al., 2014).

Studies have recognized that learning orientation enhances innovation (Hurley & Hult, 1998). They argued that it is important for organisational innovation because it is a stimulant to innovation activities (Calantone, Cavusgil & Zhao, 2002). Others also argued that learning orientation activities enhances organisational innovation (Liu, Luo & Shi, 2002).

Following the above foundation, we hypothesize as follows:

**H0:** There is no significant relationship between learning orientation and innovation.

**Conceptual framework of the study**

Based on the foregoing, a conceptual framework is developed as shown below:

![Conceptual Framework of the study](image)

**Figure 1.1:** Conceptual Framework of the study.

*Strategic Orientation adapted from Al-Ansaaari, Bederr and Chen (2015) and Do, Suk and Won (2014). Innovation adapted from Wang and Ahmed (2004).*

### III. METHODOLOGY

This study adopts the cross sectional survey design which is an aspect of quasi-experimental research design to examine the nexus between strategic orientation and innovation of telecommunication firms. The cross-sectional survey design is appropriate given that the total population cannot be studied.

The target population for the study consists of all the major telecommunication firms (MTN, AIRTEL, GLOBACOM and 9MOBILE) in Rivers State. From the records of the Human Resource Department of these companies, there are one hundred and twenty (120) representatives in these firms. However, this study did not undertake sampling, as all the target respondents in Port Harcourt were involved in the study. This is because the researcher considers the entire one hundred and twenty (120) representatives (Source: Regional Headquarters of the telecommunication firms in Rivers State) of the four firms as manageable with respect to questionnaire administration, while observing validity and reliability. The hypotheses are tested, using the Spearman Rank Order Correlation Coefficient. This technique was adopted due to the need to establish a linear relationship between the exogenous and endogenous variables with the aid of the questionnaire items and the ordinal nature of the responses required. Additionally, the Statistical Package for Social Sciences (SPSS) version 27 was used in analyzing the research data. The formula is stated thus:

\[
\text{Rho} = \frac{6 \sum d_i^2}{n(n^2 - 1)}
\]

Where:
- \(d = \) Difference between the two ranks of each observation
- \(n = \) Number of observations.
IV. DATA ANALYSIS

Bivariate Data Analysis

This section examines the association between the dimensions of strategic orientation and innovation which constitutes the objective of the study. Hypotheses for this study were formulated and tested using the Spearman Rank Order Correlation Coefficient statistical technique at a 95% confidence interval. The decision rule is set at a critical region of $p > 0.05$ for acceptance of the null hypothesis and $p < 0.05$ for rejection of the null hypothesis. Although, one hundred and twenty (120) copies of the questionnaire were administered, only ninety eight (98) were retrieved and analyzed.

**H01:** There is no significant relationship between technological orientation and innovation.

![Correlation Table](image)

**H02:** There is no significant relationship between market orientation and innovation.

![Correlation Table](image)

**H03:** There is no significant relationship between learning orientation and innovation.

![Correlation Table](image)
**Correlation is significant at the 0.05 level (2-tailed).**

**H0:** There is no significant relationship between learning orientation and innovation. The table above reveals that there is a strong, positive and significant relationship between learning orientation and innovation (where rho = 0.886 and p = 0.000) and based on the decision rule of p < 0.05 for null rejection. Hence, there is a significant relationship between learning orientation and innovation.

V. DISCUSSION ON FINDINGS

Results from hypothesis one to three reveal that strategic orientation magnifies innovation of telecommunication firms. This is evident because similar studies conducted in this regard came out pointing to these facts. The outcome of this study aligns with the studies of Voss and Voss (2000), Rhee, et al (2010) and Liu, et al (2002) which all demonstrated a significant positive relationship between strategic orientation (technological orientation, market orientation and learning orientation) and innovation.

VI. CONCLUSION AND RECOMMENDATIONS

This study concludes that there is a high level of relationship between strategic orientation (technological orientation, market orientation and learning orientation) and innovation. Consequently, all dimensions of the exogenous variable should be encouraged. All of which is to achieve higher level of innovation.

Based on the foregoing, the study recommends that:

(i) Management should adopt the most modern technologies, use the technologies to have an edge over competitors and allocate resources for investment in latest technologies.

(ii) Management should always dialogue and main a good relationship with customers, improve total quality customer service, attend promptly to customers, freely share market information and be vigilant with after sale service.

(iii) Management should encourage employee learning and knowledge acquisition, frequently acquaint employees with the vision and mission of the organisation, as well as give listening ears to opinions from employees.

REFERENCES


Strategic Orientation and Innovation of Telecommunication Firms in Rivers State

<table>
<thead>
<tr>
<th>Page</th>
<th>DOI: 10.35629/8028-1007012330</th>
<th><a href="http://www.ijbmi.org">www.ijbmi.org</a></th>
<th>29</th>
<th>Page</th>
</tr>
</thead>
</table>


