Research on Strategic Orientation of Liaoning Small and Medium Enterprises

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Abstract: Since an enterprise's strategic network has the functions of acquiring information, resources, markets, technologies, and constructing and maintaining an outsourcing supply chain, the specific network to which the enterprise belongs can effectively reduce risks for the enterprise. This paper takes Liaoning small and medium-sized manufacturing enterprises as an example to analyze the impact of strategic orientation on business performance and to test the intermediary effect of strategic network. The analysis results show that only 3.5% of the enterprises are very familiar with Liaoning's regional development strategy-"five regional development strategies", and the strategic network of enterprises has no intermediary effect. Finally, in view of the analysis results, some feasible suggestions are put forward that are helpful to the development of small and medium-sized enterprises in Liaoning.

1. Introduction

The strategic network of enterprises mainly includes horizontal and vertical relationships with companies, relationships with other organizations including suppliers, customers, competitors and other entities, as well as cross-industry strategic alliances and countries. Since an enterprise's strategic network has the functions of acquiring information, resources, markets, technologies, and constructing and maintaining an outsourcing supply chain, the specific network to which the enterprise belongs can effectively reduce risks for the enterprise. Therefore, in the current business environment, the strategic network of enterprises has not only become a key issue affecting the strategic adjustment and performance of enterprises, but also has gradually become a hot issue in strategic management research at home and abroad.

It has been two years since Liaoning Province put forward the "Five Major Regional Development Strategies (2018-2020)". This paper builds a research model of the impact of enterprise strategic orientation on enterprise performance based on the enterprise strategic orientation and the advance research of enterprise strategic network. Taking small and medium-sized manufacturing enterprises in Liaoning Province as an example, it analyzes the current situation of strategic network construction of manufacturing enterprises in Liaoning Province and tests the intermediary effect of enterprise strategic network. Therefore, the analysis results of this study will have important reference value and significance for Liaoning to comprehensively promote the "five regional development strategies" and the development strategies of small and medium-sized enterprises in Liaoning province.

2. Literature Review

Although there have been many studies on strategic orientation in the world, the connotation of strategic orientation seems to be inconsistent. For different research purposes or based on different research perspectives, there are certain differences in the definition of strategic orientation.

For example, Venkatraman(1989) defined strategic orientation as the strategic structure constructed by various departments within an organization to achieve organizational goals. Nobeletal(2002) defines strategic orientation as an enterprise's operational policy applicable to the internal and external environment of the enterprise, which can lead to corresponding strategic actions and realize the sustained high performance of the enterprise. Garcia-pont and Nohria(1999) and Zaheer and Zheer(1999) pointed out that the strategic direction consists of the formation of the

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strategic direction and the implementation of the strategic direction.

Traditional competition models only focus on strategic variables such as scale, advertising intensity, product similarity and interdependence in the value chain to understand the differences in profitability between enterprises. However, the position of enterprises in the inter-enterprise network is another important factor in competition. If competitors are connected with each other, competition will be reduced. Wimalachandra and Frank (2014) used data collected from 10 countries/regions to study the role of external information obtained from B2B/B2C customers, competitors, technologies and manufacturing directions in meeting the quality and performance specifications of newly developed products. The results show that the use of various external information sources, especially frequent and informal communication with B2B customers and coordination with manufacturing departments, is indeed helpful for the company to improve the internal product quality control of new product development (NPD). Gatignon and Xuereb(1997) based on Narver and Slater(1990) theory of market orientation (customer orientation, competitor orientation, inter-department writing) and Kohli and Jaworski(1990) theory of market orientation, i.e. information collection Response Design and Response Implementation, summed up and summarized the concept of strategic orientation including customer orientation, competitor orientation and technology orientation.

3. Research Design

Strategic orientation means that all actions of an enterprise must be carried out under the guidance of the company's strategy, in other words, all business management activities of the enterprise must be consistent with the development strategy of the enterprise. Strategic orientation of enterprises usually includes customer orientation, competitor orientation and technology orientation. Customer orientation refers to the starting point of an enterprise's operation to meet customer needs and increase customer value. In the process of operation, the enterprise pays special attention to the investigation and analysis of customer's consumption ability, consumption preference and consumption behavior, and attaches importance to the innovation of new product development and marketing methods to dynamically adapt to customer needs (Narver and Slater 1990). Competitor orientation refers to the organizational orientation based on the enterprise's recognition of the advantages and disadvantages of the market environment and the construction of competitive advantages, so that the enterprise's products and services are continuously superior to those of competitors (Cooper, 1984). Technology orientation regards all enterprises that use the same technology and produce similar products as competitors. Cooper (1984) pointed out that Technological Orientation(TO)is the strength to ensure the technological competitive advantage needed for continuous development of new products. Gatignon and Xuereb(1997) pointed out that technology-oriented TO is a business activity that develops new technologies to meet the needs of customers and ensure superiority over competitors.

As a structural analysis method, strategic network orientation can be traced back to the research of human sociologists. The long-term survival rate of small and medium-sized enterprises is lower than that of large enterprises because they are limited by resources in finance, information, operation and management, etc. Therefore, the survival strategy for legal persons and operators of small and medium-sized enterprises is to strengthen the network of external forces, that is, the network that can effectively utilize external resources will become an effective tool for start-up enterprises to overcome their limitations (Lechner et al., 2006).

Network types can be divided into formal network and informal network according to attributes (Hansen, 2002 & Watson, 2007); According to network relations, it can be divided into social networks, manufacturing networks, strategic cooperation and cooperative investment networks, and industrial associations (Sherer, 2003); In the field of start-up enterprises, the network is divided into strategic network and social network (Boso, Story & Cadogan, 2013); Small and micro enterprises establish mutually beneficial relationships through external strategic cooperation to exchange information and explore market opportunities (Boso, Story & Cadogan, 2013). No matter what type of strategic network the enterprise has established, the impact of these strategic networks

on the enterprise's operating performance is beyond doubt.

Performance of Enterprise refers to the operating efficiency and performance of the operator during a certain period of operation. The operating efficiency level of an enterprise is usually reflected by financial indicators and whether or not it reaches the enterprise's objectives. It is mainly manifested in the profitability, asset operation level, debt paying ability, organizational satisfaction, job satisfaction and the subsequent development ability of the enterprise. Since the performance of the operators is mainly reflected by the achievements and contributions made by the operators to the operation, growth and development of the enterprise in the process of operating and managing the enterprise, although individual indicators may increase or decrease in the short term, most of the comments will take a long time to reflect.

This research is based on the previous research. The customer orientation, competitor orientation and technology orientation of strategy orientation are set as independent variables, the business performance of enterprise is dependent variable, and the strategic network is set as medium variable, so as to study its influence on the business performance. The research model and hypothesis of this study are as follows.

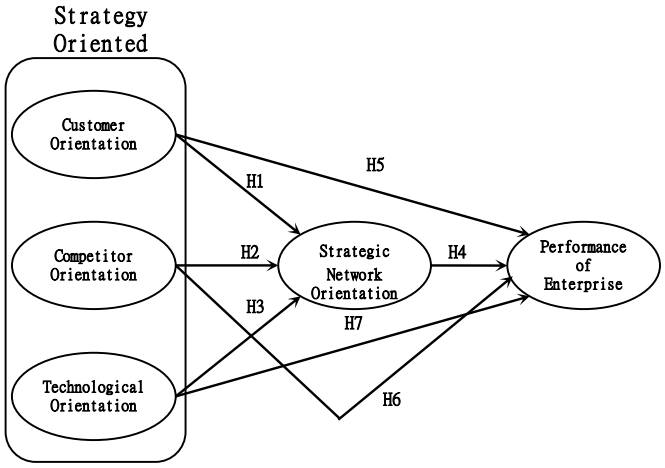

Fig.1 Research Model

H1: “Customer Orientation” has a positive (+) effect on “Strategic Network Orientation”.
H2: “Competitor Orientation” has a positive (+) effect on “Strategic Network Orientation”.
H3: “Technology Orientation” has a positive (+) effect on “Strategic Network Orientation”.
H4: “Strategic Network Orientation” has a positive (+) effect on “Operating Performance”.
H5: “Customer Orientation” has a positive (+) effect on “Operating Performance”.
H6: “Competitor Orientation” has a positive (+) effect on “Operating Performance”.
H7: “Technology Orientation” has a positive (+) effect on “Operating Performance”.

4. Empirical Analysis

4.1 Sample Distribution

The analysis results show that 64.9% of the total male sample and 35.1% of the total female sample. According to the annual age distribution, there are 4 people under 30 years old, 40 people between 30 and 39 years old, 50 people between 40 and 49 years old, 19 people between 50 and 59 years old and 1 person over 60 years old, accounting for 3.5%, 35.1%, 43.9%, 16.7%, 0.9% and 30.7% of the total sample respectively. According to the length of service distribution, there are 13 people in 0-4 years, 55 people in 5-9 years, 39 people in 10-14 years and 7 people over 15 years, each accounting for 11.4%, 48.2%, 34.2% and 6.1% of the total sample. Judging from the five regional development strategies, there are 26 people who do not know, 84 people who know, and 4 people who know very well, accounting for 22.8% and 73.7% of the total sample respectively. 3.5%.

4.2 Factor Analysis

KMO test coefficient is 0.776, which is greater than the minimum test coefficient standard of 0.5 and close to 1. Bartlett's spherical test value is approximately 1548.182 with P value less than 0.001. Therefore, the structural validity of the questionnaire is relatively high, which indicates that there are common factors among the questionnaire items and is suitable for factor analysis.

In order to test the structural validity of the scale, principal component analysis and maximum variance rotation method were used to conduct Exploratory Factor Analysis on the obtained data. This investigation report refers to the previous research on factor load coefficient and factor variance extraction value in the field of marketing(Bagozzietal., 1988; Challaglla & Shervani, 1996; Hairetal., 1998; Singhetal., 1991),The evaluation criteria of factor load coefficient greater than 0.3 and factor variance extraction value greater than 0.5 were adopted. Through factor analysis, five factor eigenvalues are extracted.

4.3 Reliability Test

The results of reliability test show that the overall coefficient is 0.872, and the coefficient under the five dimensions is more than 0.643. The details are shown in Table 5 below. At the same time, the f-test was performed on the correlation of the data. The f-value was 26.03, and the significance was p <0.001, indicating that there was a good correlation between the questions. Once again proved that the questionnaire design is better, to sum up, the reliability and validity of the questionnaire are higher.

4.4 Structural Equation Model Test

The analysis results by structural equation software AMOS24.0 show that, except CMIN/DF (minimum sample difference divided by degree of freedom, which is called relative chi-square or canonical chi-square) and RMSEA (root mean square of approximate error), GFI (goodness of fit index), AGFI (adjusted goodness of fit index), IFI (value added goodness of fit index), CFI (comparative goodness of fit index) and other indexes all meet the recommended values. However, scholars are still divided on the suggested value of CMIN/DF. Usually the degree of freedom ratio is 2> CMIN / DF> 1 or 3> CMIN / DF> 1, which indicates that the degree of fit between the hypothetical model and the sample data is acceptable. However, Wheaton et al. (1977) suggested that the fit between the hypothetical model with CMIN / DF value less than 5 and the sample data is acceptable.

Table 1 Statistical Table Of Overall Fit Index of the Model

Fitting index	CMIN/DF	GFI	AGFI	IFI	CFI	RMSEA	P value
Recommended value	<2	>0.9	>0.9	>0.9	>0.9	<0.10	
Results	2.211	.916	0.928	0.900	.908	0.104	0.000

The analysis results show that “customer orientation” has a significant positive (+) effect on “strategic network orientation”, “strategic network orientation” on “competitor orientation”, “customer orientation” on “operation performance” and “operation performance” on “technology orientation” at a confidence level of 0.05. This shows that the enterprises implementing customer-oriented strategy attach importance to the construction of strategic network, and the better the business performance of the enterprises is. Enterprises that attach more importance to strategic networks attach more importance to competitors' enterprise development strategies. The better the performance of the enterprise, the more importance it attaches to the technology-oriented strategy.

At the same time, the analysis results show that “technology orientation” has no positive (+) effect on “strategic network orientation”, “strategic network orientation” on “operation performance” and “competitor orientation” on “operation performance”. This analysis result is quite different from that of foreign scholars. The main reason is that most of Liaoning's small and medium-sized enterprises have not built a strategic network, and their business models are still stagnant in the traditional technological improvement, product improvement, marketing model, etc., and lack of access to original or advanced technologies and human resources.

Table 2 Standardized Path Coefficient

Hypothesis	Path			Path coefficient	T value	P value	Hypothesis test
H1	Customer Orientation	→	Strategic Network Orientation	0.538	2.395	0.017	Via
H2	Competitor Orientation	→	Strategic Network Orientation	-0.312	-3.133	0.002	Via
H3	Technological Orientation	→	Strategic Network Orientation	0.212	0.766	0.444	Not through
H4	Strategic Network Orientation	→	Performance of Enterprise	-0.129	-1.089	0.276	Not through
H5	Customer Orientation	→	Performance of Enterprise	0.764	3.382	0.000	Via
H6	Competitor Orientation	→	Performance of Enterprise	-0.015	-0.186	0.853	Not through
H7	Technological Orientation	→	Performance of Enterprise	-0.503	-2.194	0.028	Via

5. Conclusion

In the past ten years, Strategic Network Orientation, as a new strategic management model for enterprises in the era of network economy, has been widely concerned by scholars in management circles and practitioners in business circles at home and abroad, and has gradually become one of the widely used strategic tools. The research on strategic orientation of small and medium-sized enterprises in Liaoning province draws the following conclusions.

First, nearly 22.8% of the small and medium-sized manufacturing enterprises in Liaoning do not know the Liaoning regional development strategy-"five regional development strategies", and only 3.5% of the enterprises that know the "five regional development strategies" very well.

Second, enterprises that implement customer-oriented strategies attach importance to the construction of strategic networks, and the better the business performance of enterprises; Enterprises that attach more importance to strategic networks attach more importance to competitors' enterprise development strategies. The better the performance of the enterprise, the more importance it attaches to the technology-oriented strategy.

Third, most of Liaoning's small and medium-sized enterprises have not built a strategic network, and their business models are still stagnant in the traditional technological improvement, product improvement, marketing model, etc., lacking access to original or advanced technologies and human resources.

In a word, the research results show that the strategic orientation of Liaoning SMEs has a significant positive (+) effect on business performance except that competitor orientation does not have a positive (+) effect on business performance. And the strategic network has no intermediary effect.

The further promotion and deepening of Liaoning's regional development strategy, especially the "Five Major Regional Development Strategies", cannot be separated from the strategic adjustment of small and medium-sized enterprises. However, the strategic adjustment of small and medium-sized enterprises in Liaoning needs the active guidance and supporting policies of relevant government departments. For example, build an information platform for small and medium-sized enterprises to share and complement advanced technology and human resources, and create conditions for enterprises to build strategic networks.

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