THE ROLE OF COMPETITIVE STRATEGY AND MARKET ORIENTATION: THE EFFECT OF INNOVATION AND SUSTAINABILITY

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Abstract :–
Purpose -The purpose of this study is to examine how innovation and CSR can influence public housing companies'competitive strategies and strategic performance relationship.
Design/methodology/approach – The quantitative method is applied to data from a survey sent to 289 public housing companies in Sweden.
Findings – The results show that innovation and CSR affect competitive strategies in public housing market orientation and strategic performance relationship. The companies have taken several initiatives to improve their knowledge of customer's needs and spread it within the company, but companies neglected to be used competitive advantages in the municipalities, which impact on the market orientation and strategic performance relationship.
Research limitations/implications – The limitation of this study is paying attention to the public housing companies, a sector that differs radically from open market sector situations. The studyintends only to highlight the effects innovation and CSR dimensions that are important for companies'strategic performance and long-term construction strategies. However, the study could also allow researchers to use the results to compare both similar and different market situations.
Practical implications – The study aims to increase the understanding of innovation and CSR effects on the market orientation and strategic performance relationship in public housing companies. This information could be useful for companies facing a similar market situation. The result might be used in future research related to the focused area.
Originality – This paper describes the impact of the different CSR dimension and innovation on the market orientation and strategic performance relationship in public housing companies which adds knowledge by including the impact ofCSR dimension, whichprovides insight into how to develop and use market knowledge in the markets.

Keywords - Market Orientation, Competitive Strategy, Strategic Performance, Public Housing, Construction Strategies, CSR.

I. INTRODUCTION

Organizations commonlyneed to manage with different events in different condition, referred to as financial crisis that create high levels of uncertainty and are potential threats to the capability of an organization. The past five years, for example, has witnessed remarkable economic confusions that have manifested in financial crises, in the public housing companies in Sweden. Organizational crises have been extensively researched from economic, social, and technological structure which ignores competitive strategy to improve different strategies to achieve superior performance. This study combines the relevance of market orientation (MO) and competitive strategy determining firm performance in developing economies in declining market; we investigate these relationships in the context of the recent housing companies' financial crises. In general, the need to "better manage" but does not underscore the specifics of this better management. I adopt a resource-based perspective to identify organizational capabilities that would help firms manage their way out of afinancial crisis. Grewal and Tansuhaj (2001) state that market orientation is damaging companies performance after financial crisis, which they emphasize the lack of predication of market-oriented firms.

Competitiveness has been extensively focused in research studies. Different strategies have been examined how firms can deal with the competitors in national and international markets. Markets can be further divided from other perspectives such as size, growth, industry and volume. This study focuses on the growth and distinguishes three types markets: declining, stable and growing. Stable market offers less opportunity for growth and mainly concentrates on the existing customers. Growing market signifies increased population and expansion of business in terms of volume and number of customers. I argue that firms meet different challenges in these markets to reach and satisfy customers. One of the rising challenges is how to deal with CSR issues which is considered by many firms as an important part of competitiveness. The aim of this study is to explore what business strategies firms use to compete in these markets. Two research questions are addressed: (1) What challenges firms face to become competitive in the different markets, (2) what role CSR implementation plays in developing competitiveness and (3) innovation impact on competitive strategies.By applying quantitative method, a survey has been conducted on 289 public housing companies in Sweden. Based on growth three market types have been identified to test a number of hypotheses. The result shows that firms in growing markets meet

tough competition and apply an offensive strategy to attract more tenants. Firms which offer a broader category of services, enjoy more confidence in the market. In stable market it is more important that firms defend their own market position and try to develop long term relationship with customers. Firms in the declining market have less motivation to upgrade their services as return on investment is low. As expected, CSR emerges as a significant component of the competitive strategy of the firms. In the growing market, customers are found to be more environmentally conscious and put emphasis on how firms deal with safety, waste management, comfort and effective use of the resources.

This study is limited to public housing companies which makes it difficult to know how private companies manage competition. A comparison between public and private companies can provide new insight on competitive strategies and the role of CSR in competition.

II. LITERATURE REVIEW

The MO impact on business performance (Kirca et al., 2005) has been investigated from several different perspectives, but most studies concentrate on its impact on the company's financial value (Liu et al., 2013). Measurements have been designed to calculate the MO impact either on growth or on economic activities (Liu et al., 2013).

However, the balancing of short- and long-term strategies, financial and nonfinancial indicators, and external and internal factors is complex when managing and measuring the outcome of a company (Srivastava and Sushil, 2013;Kaplan, 2001). The dynamic of market competition forces companies to go beyond pure financial measures and instead to include factors related to resource distribution, core activities and organizational structure when measuring SP (Kaplan, 2001).

This study focuses on how companies' MO- strategic performance (SP) relationship is influenced by innovation and CSR dimensions, which means that the study centers on how external factors influence internal strategies. Measurements have been developed to calculate how external moderators influence the MO and nonfinancial SP relationship (see Chung, 2012; Kaplan 2001; Gatignon and Xuereb, 1997), related to different construction strategies in PHCs. The study examines how the PHCs adapt MO related to new construction, reconstruction, renovation, vacancy, demolition, and the sale and purchase of housing. The strategic directions companies implement can facilitate the development of organizational behavior that supports SP (Gatignon and Xuereb, 1997).

III. METHOD

3.1. Questionnaire development

Data was collected via a questionnaire with questions based on previous MO research (Kohli and Jaworski, 1990). A modified scale from Kohli et al. (1993) was applied, linked to the specific conditions of the public housing context in Sweden. The survey was divided into 5 sections, with questions about: (1) demographics; (2) the companies' gathering and dissemination of information, as well as responsiveness; (3) innovation factors; (4) CSR dimensions and (5) the respondent'sSP for the past five years, today, and planned for the coming five years, where SP includes new construction, reconstruction, renovation, demolition of dwellings, vacancy, selling and buying of housing. New construction and reconstruction require more investment strategies and depreciation decisions,whereas renovations are done gradually and depreciated directly. Vacancies and demolitions show the leasing level and attractiveness to customers. Selling and buying of housing shows the strategies of new investment. The answers in sections 2, 3, 4 and 5are all measured on a Likert scale from 7 to 1 ("strongly agree," to "strongly disagree") Other answers were on a Likert scale ranging from "More than 500 houses" to "none."

The MO variables included in the survey were controlled several times to increase the significance of the study (Hair et al., 2013). The 43 questions in the survey are based on MARKOR but modified to the specific PHC context, both a potential strength and a limitation that lowers comparability to other studies. To reduce response bias, the survey avoided difficult words that could cause confusion. The survey was double-checked by an expert to remove items least related to the constructs, suggest additional items, and improve wording.

3.2. Sampling and data collection

Following a strategic selection approach, all 289 PHCs in Sweden were included. The respondents have leading positions with impact on business SP, such as CEO. The choice of these PHCs related to membership in the PHC association of Sweden. Before designing the survey, researchers conducted four interviews with the PHC and tenant associations to learn about the companies and encourage the respondents to answer the survey.

The PHCs have a unique situation in Sweden due to an especially regular and legislated rental market.Before 2011, the PHCs were governed by the municipalities to provide good living conditions for all people in society but without input from the customers. The PHCs have about 60-70% of the real estate rental market.But this was seen as causing unfair competition on the market. According to a

2011 law required by the EU Commission (Public Municipal Housing Companies, 2010:879), companies in the real estate sector must compete on equal terms. For the PHCs this meant following the principle of return on investment, requiring them to work with MO. MO differs from one market to another depending on external and internal conditions in companies and municipalities to help figure out what the customers want. For instance, in the big municipalities with good economic condition there are good opportunities to work with MO and know what the customer needs (Granovetter, 1985; Sundström et al., 2016).

Secondary data from the website and annual reports of the each company was collected.The Swedish Association of Public Housing Companies (SABO, 2016) classifies PHCs into two main groups—declining and growing—depending on market size, population, and yearly turnover. According to this classification, the selected companies are in both declining and growing markets. The classification implies that there are great differences in SP of PHCs depending on market condition and need for MO. The companies are divided into three groups in this study: declining, medium, and growing (Armstrong and Overton, 1977).

The survey data was collected via a multistep approach. The digital survey was first sent by email to 289 PHCs. After 90 days, 32 responses were received. After four follow-up reminders to increase response rate, an additional 133 responses were submitted, in total 165 responses.

The top managers of each company that initially did not respond were contacted to offerhelp in answering the survey (Kumar et al., 2011). All 165 PHCs responses are valid, since they represent a 57% response rate. The response rate is comparable to studies investigating similar organizational phenomena. In comparison, Hult et al. (2004) had a 19% response rate; Grewal and Tansuhaj(2001) obtained a 14% response rate.

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