

STRATEGIC AND MARKET ORIENTED BEHAVIOURS IN TURKISH PLASTICS INDUSTRY

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—Abstract—

In the management, strategy and marketing literature related with Resource Based Theory, strategic orientation and market orientation are being considered as business orientations. As an essential business orientation, strategic orientation is shown firm's behaviors in a competitive environment. As a culture or behavior, market orientation exists to create more customer value. Both orientations are important to get upper firm performance.

In this research using Triangulation Method Turkish Plastics Industry is examined as being strategic and market oriented. The sample universe is composed of firms being in Turkish Plastics Industry. In this context, Association of Aegean Plastics Producers (EgePlasDer) is used. Qualitative and quantitative techniques are used to understand deeply how firms act strategically and be more market oriented to be more competitive.

Key Words: *Strategic orientation, Market orientation, Plastics Industry, Turkey*
JEL Classification: L25, M10

1. BUSINESS ORIENTATIONS

A variety of strategies aimed at gaining a competitive advantage are discussed in the literature. In his study Barney (1991) was argued that sustained competitive advantage derives from the resources and capabilities a firm controls that are valuable, rare, imperfectly imitable and not sustainable (Barney et al., 2001). This approach depends on the Resource Based View/Theory in common and dealt with in strategy paradigm. Resource Based View/Theory is the resource endowment of a firm is an important consideration in formulating strategies.

Business orientation is in several ways fundamental to business success. In much of management literature, especially the literature on strategic management, the concept of business is intertwined with that of strategic direction (Pearson, 1993). In the literature we see different types of business orientations such as strategic orientation, market orientation, learning orientation, innovation orientation, entrepreneurial orientation, quality orientation and so on (Venkatraman, 1989; Kohli and Jaworski, 1990; Narver and Slater; 1990; Gatignon and Xuereb, 1997; Hurley and Hult, 1998; Voss and Voss, 2000, Zhou et al., 2005). Studies shows relationships between those orientations. As Johnson et al. (2011) stressed out market orientation is determined of strategic orientation and it is vital for strategic balance (Lukas, 1999). Strategic orientations are the guiding principles that influence a firm's marketing and strategy-making activities (Noble et al. 2002). Also marketing has a contribution to the implementation of business strategies (Slater and Olson, 2001). This paper presents a research on the two essential business orientation types, strategic orientation and market orientation in the Turkish Plastics Industry.

1.1. Strategic Orientation

Business strategy has been characterized as the manner in which a firm decides to compete (Walker and Ruekert, 1987). In the literature strategic orientation seems as a determinant of competitive sustainability (Kerin et. al., 1992). Strategic orientation is the business direction and objectives that a firm wants to achieve. It represents how aggressive a firm wishes to compete in the market and the willingness to explore and develop competencies, products or markets. Being

strategic orientated is especially critical for firms in transitional economies where the resources are limited (Lau, 2011).

In the literature Venkatraman (1989)'s study and later like Morgan & Strong (2003)'s study has made a framework for strategic orientation with six dimensions which are aggressiveness, analysis, defensiveness, futurity, proactiveness and, riskiness.

1.2. Market Orientation

Market orientation is related with adaptation of marketing concept. While Marketing concept, its organization, products and customers are way of thinking, marketing orientation is a concept that changes fact from philosophical dimension to application (Wrenn, 1997) and it is related with culture and behavior models which take place in management science (Avlonitis and Gounaris, 1999). In short, marketing is a basic enterprise philosophy, on the other hand market/marketing orientation can be defined as behavior of changing philosophy to application (Kohli and Jaworski, 1990)

Market orientation definitions starting before 1990's and measurement attempts has taken place extensively in literature after 1990's and especially by 2000's this concept has been accepted as market orientation and has been used in this form. While the first thesis is introduced by Drucker, conceptual frame has been formed in 90's it has been taken ethnographically and its different components have started to be examined in 2000's (e.g. Narver and Slater, 1990; Arnould and Wallendorf, 1994; Cano et al., 2004; Liao et al., 2011).

Market orientation is analyzed in terms of different aspects, such as a source (Hunt and Morgan, 1995), a decision-making instrument (Shapiro, 1988), a behavior and actions (Kohli and Jaworski, 1990), an organization culture variable (Day, 1994a; Deshpande et al., 1993; Narver and Slater, 1990; Slater and Narver, 1995a,b). The concept, as discussed by Kohli and Jaworski (1990), becomes prominent on the basis of behavior (creating market information and the spreading of this information within the organization) and processes (formation of the marketing plan to satisfy customer wishes), and in terms of cultural orientations (competitor orientation and customer orientation as well as interfunctional coordination) as discussed again by Narver and Slater (1990).

2. PLASTICS INDUSTRY

Plastic is the general common term for a wide range of synthetic or semi-synthetic materials used in a huge, and growing, range of applications from packaging to buildings; from cars to medical devices, toys, clothes etc. □□ The term plastic is derived from the Greek word "plastikos" meaning fit for moulding, and "plastos" meaning moulded. It refers to the material's malleability, or plasticity during manufacture, that allows it to be cast, pressed, or extruded into a variety of shapes - such as films, fibres, plates, tubes, bottles, boxes, and much more. Plastics are organic, the same as wood, paper or wool (www.plasticseurope.org). Today we surrounded plastics and the plastics industry is continuously grows day-by-day.

2.1. The Strategic Importance of Plastics Industry

We use plastics everywhere in our life specifically for building and packaging. Today plastics make our lives more comfortable, flexible, artistic and economical. With the growing of population, plastic usage is also grows. This situation and easy usage of plastics may be having some harmful effects for the nature. But nowadays companies are working on eco-friendly plastics, reusing and recycling systems like reverse logistics and green logistics to handle these problems. The raw materials for plastics production are natural products such as cellulose, coal, natural gas, salt and, of course, crude oil. Plastics are today's and tomorrow's materials of choice because they make it possible to balance modern day needs with environmental concerns (www.plasticseurope.org).

2.2. Turkish Plastics Industry

Plastics Industry regarded as an important industry of Turkish Economy and has experienced growth performance since 1990's. The producers in Turkey have a very competitive position in the plastics market worldwide with their quality and prices. In a report prepared, the Turkish Plastic Industrialists Research, Development and Education Foundation (PAGEV) has said that the plastic sector in Turkey grew 10% in 2011 when compared to the previous year. According to the report, Turkey left behind countries like France and Spain and became Europe's third biggest producer of plastic items in 2011. Turkey ranked as fourth biggest producer of plastic goods in Europe in 2010. In 2011, a total of 6.7 million tones of plastic were produced in Turkey. Direct and indirect exports from the Turkish plastics sector were recorded as 9.2 billion USD in 2011 (www.pagev.org.tr).

3. METHODOLOGY

3.1. Design

This research was designed a type of longitudinal study with the method and data triangulation. Triangulation is used for overcoming the difficulties experienced in expressing and concept developing of the management studies (Jack and Raturi, 2006). According to the Denzin's (1978) identification, triangulation is using the methods related with the same phenomenon together in the study. On the other hand longitudinal research is defined as a subtype of replication.

While method triangulation involves using more than one method to gather data, such as interviews, observations, questionnaires, and documents, data triangulation involves time, space, and persons.

As a longitudinal study this research contains two steps. The two steps and contents are as following;

- Step 1:
 - o Year 2009
 - o Primary Data
 - o Quantitative Method & Qualitative Method
 - o Survey and Focus Group
 - o Correlation Analysis and Content Analysis
- Step 2:
 - o Year 2012
 - o Secondary Data
 - o Qualitative Methods
 - o Reports and Web sites
 - o Content Analysis

The data triangulation is covered time differences of the data and method triangulation covers the differences of data collection techniques.

3.2. Variables and Measure

In the literature there are different approaches and variables to measure strategic orientation and market orientation. The literature has considered strategic orientation from three viewpoints: narrative approach, classificatory approach and comparative approach.

Narrative approach describes holistic nature of strategy and provides limited theory testing. Classificatory approach is for defining business strategies as typologies and taxonomies. Comparative approach overcomes the empirical limitations of the classificatory method. Venkatraman (1989)'s classification, which is very appropriate for comparison is used in this approach (Morgan and Strong, 1993).

In this research comparative approach is selected with the six sub dimensions aggressiveness, analysis, defensiveness, futurity, proactiveness, and riskiness. These dimensions are the guiding principles of managers in developing appropriate strategies when managers are facing opportunities in their market and organizational environment (Lau and Bruton, 2011). Venkatraman (1989) defines these dimensions as:

- Aggressiveness: Refers to the posture adopted by a business in its allocation of resources for improving market positions at a relatively faster rate than the competitors in its chosen market.
- Analysis: Refers to the extent of internal consistency achieved in the overall resource allocation for the achievement of chosen objectives.
- Defensiveness: Refers a defensive behaviour for products, markets and technologies.
- Futurity: Reflects temporal considerations reflected in key strategic decisions, in terms of effectiveness (longer-term) and efficiency (shorter-term).
- Proactiveness: Reflects proactive behaviour in relation to participation in emerging industries, continuous search for market opportunities and experimentation with potential responses to changing environmental trends.
- Riskiness: Reflects in various resource allocation decisions as well as choice of products and markets.

Market orientation is evaluating with three different perspectives like behavioural, cultural and systems-based perspectives. While behavioural perspective depends on Kohli and Jaworski (1990)'s study, cultural perspective depends on Narver and Slater (1990)'s study. Systems-based perspective depends on Becker and Homburg (1999)'s study. In the literature to measure market orientation mostly

first and the second perspectives are used. With respect to psychometric properties and superiorities as also Farrel and Oczkowski (2002) mentioned Narver and Slater (1990)'s perspective and the three market orientation dimensions customer orientation, competitor orientation, and inter-functional coordination were used in this study. Narver and Slater (1990) defines these dimensions as:

- Customer Orientation: The sufficient understanding of one's target buyers to be able to create superior value for them continuously.
- Competitor Orientation: The understanding of short-term strengths and weaknesses and long-term capabilities and strategies of both the key current and the key potential competitors.
- Inter-functional Coordination: The coordinated utilization of company resources in creating superior value for target customers.

3.3. Data, Analysis and Findings

Data are collected at year 2009 (Step 1) and year 2012 (Step 2).

Step 1: 2009 - Quantitative

Table 1 shows the questionnaires that are used in the research. Strategic Orientation is measured by Venkatraman (1989)'s questionnaire, which includes 6 dimensions and 29 items. Market Orientation is measured by Narver & Slater (1990)'s questionnaire, which contains 3 dimensions and 14 items.

Table1: Questionnaires

Variables	Sub-Dimensions	Items		Authors	Cronbach α	
SO	Aggressiveness	4	29	Venkatraman (1989)	.63	.90
	Analysis	6			.87	
	Defensiveness	4			.60	
	Futurity	5			.80	
	Proactiveness	5			.64	
	Riskiness	5			.68	
MO	Customer Orientation	6	14	Narver & Slater (1990)	.73	.82
	Competitor Orientation	4			.81	
	Inter-functional Coordination	4			.70	

The population is with 153 members Aegean Plastics Industry Association and return rate is 31% (face-to-face, online, e-mail). Table 2 shows the number of questionnaires, means and standard deviation.

Table 2: Number of Questionnaires, Means and Standard Deviation

Variables	N	X	S
Strategic Orientation	47	5,46	,542
Market Orientation	47	5,67	,547

Table 3 shows the correlations of the variables and sub-dimensions. As it is seen strategic orientation and market orientation are correlated. Strategic orientation is highly correlated with competitor orientation sub-dimension, and market orientation is highly correlated with analysis sub-dimension. Also riskiness sub-dimension is the most important in strategic orientation and inter-functional sub-dimension is the most important in market orientation.

Table 3: Correlations of the Variables and Sub-dimensions

	SO	MO	SO1	SO2	SO3	SO4	SO5	SO6	MO1	MO2	MO3
SO	1										
MO	.806**	1									
SO1	.647**	.400**	1								
SO2	.693**	.925**	.321**	1							
SO3	.583**	.652**	.424**	.685**	1						
SO4	.824**	.499**	.428**	.327*	.318**	1					
SO5	.839**	.477**	.600**	.359*	.318*	.707**	1				
SO6	.932**	.696**	.552**	.526**	.356*	.839**	.806**	1			
MO1	.432**	.761**	.326**	.687**	.351*	.420**	.358**	.350*	1		
MO2	.848**	.723**	.545**	.633**	.616**	.696**	.575**	.795**	.295**	1	
MO3	.747**	.882**	.488**	.872**	.665**	.454**	.354*	.624**	.407**	.831**	1
SO: Strategic Orientation			SO1: Aggressiveness SO2: Analysis SO3: Defensiveness SO4: Futurity SO5: Proactiveness SO6: Riskiness			MO: Market Orientation			MO1: Customer Orientation MO2: Competitor Orientation MO3: Inter-functional Coordination		

** Correlation is meaningful .at 01 level.

Step 1: 2009 - Qualitative

In the focus group semi structured 5 explorative questions is asked to 9 members of Aegean Plastics Industry Association Board.

Step 2: 2012 - Qualitative

Web sites and reports of Plastics Europe, Turkish Plastic Industrialists Research Development & Education Foundation and Aegean Plastics Industry Association were analysed.

The reasons why in plastics industry companies have to be strategic orientated are as follows:

- Being related with many industries,
- Working with high-tech industries,

- Plastics is a scarce source,
- Plastic is substitution of many materials but doesn't have any substitution,
- Recycling rate is high and easy.

On the other hand reasons why companies, which are in plastics industry has to be market oriented are as follows:

- Changing demands,
- Competitors new products,
- Legal issues especially European Union regulations.

In content analysis if the construct is validated themes can be arranged from the variables sub-dimensions. In this research both for strategic orientation and market orientation, themes are the sub-dimensions. Concepts are comes from the focus group, web contents and reports. Table 4 shows the themes and concepts for the content analysis of strategic orientation and market orientation variables.

Table 4: Themes and Concepts for Strategic Orientation and Market Orientation

Variable	Themes	Concepts
Strategic Orientation	Aggressiveness	Price Leadership Market Share Strengths
	Analysis	Internal factors External factors Planning
	Defensiveness	Price Market Share Weaknesses Increasing Quality
	Futurity	Forecasting Planning Investment
	Proactiveness	Innovation Creating demand Opportunities
	Riskiness	Change Alternative Actions
Market Orientation	Customer Orientation	Foreign Competitors Imitation Research & Development
	Competitor Orientation	Current Needs Creating Demands Current Customers Potential Customers
	Inter-functional Coordination	Top Management Control

In the Turkish Plastics Industry it is seen that imitating the competitor's products and also trying to be first in the market is important for being aggressive. Also with low price strategy and in crises period detriment to sales is very common as an aggressive strategy.

Analysis strategy is focus on environmental analysis especially for the nature. Technological environment analysis mostly ends up with imitation. For market analysis cultural factors are important and competitor's analysis is be for the foreigner competitors. Companies in the plastics industry don't have powerful defensiveness strategies. The main strategy is selling current products to current customers. They also give some compliments especially for the loyal customers. Futurity seems very low in the industry. Forecasting and plans are for short terms and even the large companies choose palliative solutions. Because forecasting is short, instead of proactive strategies reactive ones are seen in the industry. Some innovative actions were prevented in the early 2000' but recently this situation is changed. Customers of the plastics industry are conservative that's why innovative actions can't be seen much only some innovative company's takes high risks and shows riskiness behaviour.

Market oriented behaviour is seems quite conservative in Turkish Plastics Industry. As the customer orientation profile, main focus is on price and strategies depend on the customer profile. Because customers do not accept new products easily, companies have a slow action profile in research and development. For being competitor oriented, companies follow the foreigner companies without having cooperation with the local companies. As a common fact most of the companies are family business in the Turkish Plastics Industry. This situation shows some negative affects for inter-functional coordination strategy. Institutionalisation is very low and departments are not clearly identified. Centralized management style with top managements power is also seen.

5. CONCLUSION

As it is understood from the focus group and reports, the Turkish Plastics Industry has made continuous progress since late 90's and achieved world quality standards. The industry fulfils the domestic demand in Turkey and also has fulfilled expectations for the export performance. In the industry the quality centred production philosophy, has resulted in a distinctive export increase in the global marketplace especially in Europe. The industry has become one of the most important sub-sectors of the Turkish chemical industry.

Quantitative findings demonstrate that strategic orientation and market orientation are correlated, the sub-dimensions analysis, riskiness, competitor orientation and inter-functional coordination are highly important in being strategic and market oriented.

In this industry companies are not much aggressive because they don't make innovation but imitate the competitors. With cost effectiveness strategy they try to be competitive in the market with the lowest price. To take proactive actions to exploit new market opportunities, especially high-tech firms should focus on aggressiveness, analysis and riskiness for being strategic oriented.

As the qualitative findings shows following the competitors, especially foreigners are the main focus on being market oriented. And even quantitative findings show high correlation between inter-functional sub-dimension and market orientation, the companies in the industry are not institutionalized because almost all companies are family business.

For being more strategic and market oriented, companies have to be rapidly institutionalized and should change their cost-effectiveness strategy to aggressive strategy with research and development investments. Further studies must have done with a wider scope to generalize the results and to detailed the road map for the industry to be more competitive.

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