

Impact of Strategic and Entrepreneurial Orientations on New Product Development

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Introduction

In current business scenario, success of the business does not only rely upon the profit of the organization. It depends on how much the company is capable for capturing the need of the customer. For catering to the need of the customer is directly dealing with providing new products which have the capability of providing benefits to the end users. It is an inter-linked sequence of information processing tasks where knowledge of customer needs is translated into final product design (Meybodi, 2003). New product development is one of the most powerful but difficult activities in business (Clark and Wheelwright, 1995). The new product development also can be identified as a key indicator of the success of the business organization. Therefore, each and every business firm should have to concentrate highly on the new product development process as it becomes a strategic weapon of the success of the organization. Business managers and marketing academics alike agree that an essential element of an organization's long-term survival is success in new product development. Therefore, scholars have devoted their required attention to identify the factors affecting new product development and to bring out several factors in their several investigations.

Furthermore, it is widely known that strategic orientation is important as one of determinants to improve company performance. Several studies have been conducted to find the relationship between strategic orientation and the firm performance. However, very little of study consider this factor as one of the contributing factors in improving new product development process.

Entrepreneurial orientation is defined as a firm's processes, practices and decision-making activities, by which the firm embarks on proactive and aggressive initiatives to alter the competitive scene to its advantage (Atuahene-Gima and Ko, 2001; Zhou et al., 2005). It is clear that entrepreneurial firms are engaging the continuous innovation of new product. As proposed by Lumpkin and Dess (1996), firms adhering to an entrepreneurial orientation focus on grasping new market opportunities and proactively competing with their rivals, thus undertaking greater risks. Entrepreneurial orientation can be considered as one of driving factors in new product development.

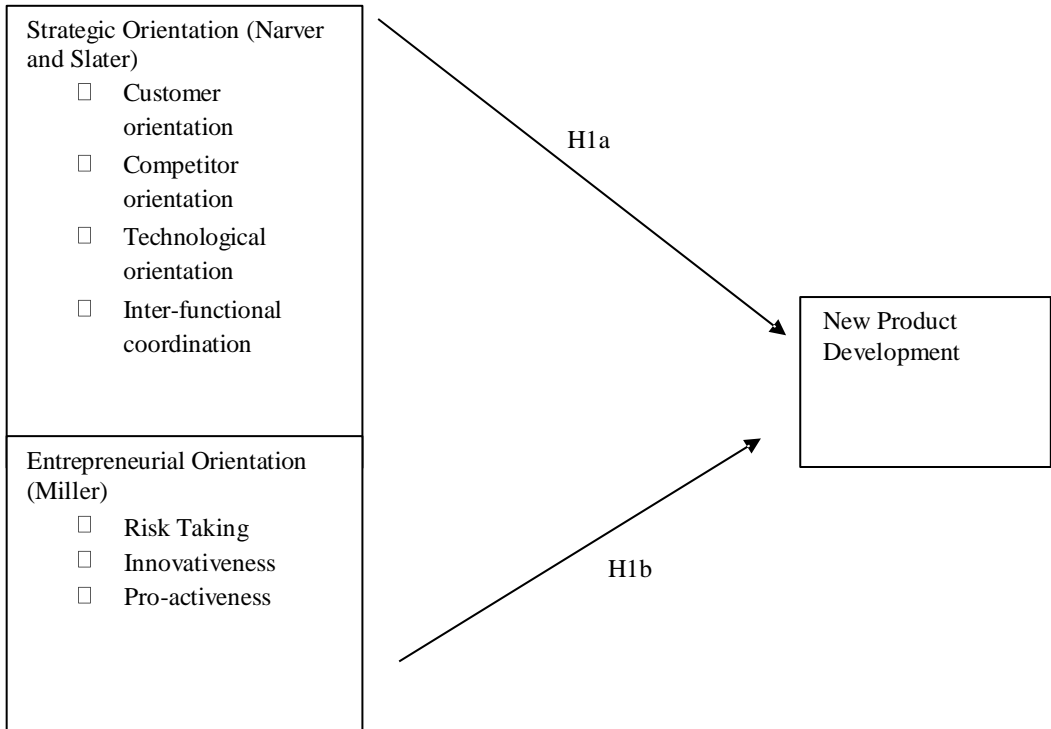
Thus this research has to be conducted to find out the effect of strategic orientation and entrepreneurial orientation on new product development in food and beverage sector in Western province. The relationship between strategic orientation and entrepreneurial orientation on new product development will be identified.

Methodology

For the purpose of this study, the listed food and beverage companies have been selected as the population out of twenty listed companies', tobacco sector has been disregarded because of limitation to collect data. Except tobacco sector, all other nineteen (19) companies have been selected for the data collection process.

Set of questionnaires and telephone conversations have been utilized as the data collection methods. In order to have a better understanding the data have been collected from marketing managers, operation managers and those who have been involving greatly in new product development process. Questionnaires have consisted with five point Likert scale, open ended and close ended questions and it has designed as self-administered questionnaire.

Customer orientation, competitor orientation, technological orientation and inter-functional coordination have been selected as the strategic orientation dimensions and innovativeness, pro-activeness and risk taking were the entrepreneurial orientation dimensions. Hypotheses have been built in order to achieve the established objectives as well. Data analyzing has been done in order to achieve the research objectives and Statistical Package for Social Science (SPSS 16) and Microsoft Office Excel (MS Excel) packages have been used to analyze and interpret the research findings.



Source: Miller (1990); Narver and Slater (1996)

Figure 1. Conceptual framework.

This research included independent and dependent variables. The existing situation of those variables was analyzed by using descriptive analysis. The strength of relationship between independent and dependent variable was analyzed by Spearman rank correlation. Kruskal Wallis test was used to find out the differences between variables. Moreover, graphs, charts, tables and other statistical tools are used for analytical and interpretation purposes.

Result and Discussion

Descriptive analysis reveals that all the strategic orientation and entrepreneurial orientation practices have practiced in an agreeable manner within companies and all are satisfied in the descriptive rule ($3.5 < X < 5$) and it achieves one of the research objective which is identifying the degree of strategic orientation and entrepreneurial orientation in listed food and beverage companies in Western province.

In order to find out the relationship between strategic orientation and entrepreneurial orientation on new product development, Spearman rank correlation has been used and each and every

variables and dimensions have positive relationship. Except inter-functional coordination, all other variables have strong positive relationship with new product development and inter-functional coordination having the weak positive relationship with the new product development process.

Kruskalwallis test has been used to find out whether there is a difference between the business type and the strategic orientation and entrepreneurial orientation. Following tables show the result of that test (Table1 and 2). The test is not significant at 0.05 level. Therefore, there is no such evidence to reject null hypothesis. Therefore, it is difficult to identify the differences between the strategic orientation practices in those of different business types in the sample.

Table1. Difference between businesses types and Strategic orientation.

	Types of the business	Total	Mean rank
Strategic orientation	Food companies	9	11.28
	Beverage companies	8	9.19
	Both food and beverage companies	2	7.50

P- Value 0.595

Source: Field Survey 2012

Table 2. Difference between business type and entrepreneurial orientation.

Entrepreneurial orientation	Types of business	Total	Mean rank
	Food companies	9	11.72
	Beverage companies	8	7.69
	Both food and beverage	2	11.50

P- Value 0.309

Source: Field Survey 2012

One of the objectives of this research is to identify the difference between the entrepreneurial orientation and business types. In order to identify whether there is a difference between these variables Kruskal Wallis test has been run. Test is not significance at 0.309 of P-value. Therefore there is no such evidence to reject null hypothesis. Therefore, it is difficult to identify the differences in between the entrepreneurial orientation practices in those of different business types in the sample.

Conclusions

Result of the study confirmed that there is a positive relationship between strategic orientation and entrepreneurial orientation with new product development in listed food and beverage companies in Western province. Findings revealed that, food and beverage companies in Western province have practiced in an agreeable manner. Further it revealed that there is no such difference between the strategic orientation and entrepreneurial orientation practices with the different types of the business in the sample.

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