

Chapter 15

The Impact of Strategic Orientation and Reverse Logistics Capabilities on Organizational Performance

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ABSTRACT

Organizations continuously look for ways to improve their performances in order to survive. This is why they generate strategies and try to strengthen their resources and capabilities. In this chapter, the effects of strategic orientation and reverse logistics capabilities on the organizational performance are aimed to reveal on a literature review basis. According to the evidence from literature, it is revealed that the more an organization is strategically oriented, the higher its economic, social, and environmental performance. Similarly, it is revealed in this chapter that gaining reverse logistics capabilities have positive effects on organizational performance by decreasing costs, increasing quality and customer satisfaction.

INTRODUCTION

Creating competitive advantage is vital for an organization's survival and its degree of attaining goals and objectives. In order to understand competitive advantage, basically an organization's internal strengths and weakness must be taken into consideration (Barney, 1995; Peteraf, 1993). This approach is based on the resource-based view (Wernerfelt, 1984; Barney, 1991). Providing an important basis for strategic management (Barney, Wright and Ketchen, 2001), resource-based view proposes that in order to gain sustainable competitive advantage, organizations must have *valuable, rare, imperfectly imitable and not substitutable* resources, capabilities and assets (Barney, 1991).

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In this chapter it is primarily aimed to present the effects of strategic orientation and reverse logistics capabilities on organizational performance based on the resource-based view. Strategic orientation has been realized to have vital impacts on generating competitive advantage (Wright, Kroll, Pray and Lado, 1995) and increasing organizational performance (Kasemsap, 2017). When organizations adopt strategic approaches and conduct both internal and external environmental scanning they are more likely to reinforce their resources to catch the opportunities and avoid from threats in the market. This process will help them both generate competitive advantages (Kraja and Osmani, 2015) and increase organizational performance (George, Walker and Monster, 2019). For this reason, as a valuable resource to obtain the sustainable competitive advantage, one of the vital factors in logistics management which is reverse logistics capability has been included also in the scope of this chapter.

Although there is an increasing interest on reverse logistics, there is a need for examining the concept of reverse logistics capability from a strategic perspective. Moreover, reverse logistics has been mostly linked to innovation (e.g. De Paula, De Campos, Pagani, Guarnieri and Kaviani, 2019; Richey, Chen, Genchev and Daugherty, 2005) and sustainability (e.g. Lee and Lam, 2012; Narayana, Pati and Padhi, 2019) but its effects on organizational performance has been underemphasized so far. Hence in this chapter after giving brief explanations of the concepts of strategic orientation, reverse logistics capability and organizational performance; the relationships among these constructs will be put forward. This will be achieved by a literature scanning and from a conceptual perspective.

BACKGROUND

The Strategic Orientation of an Organization

In the beginnings of 1980s, a new concept of strategic orientation was introduced to strategic management literature and this concept attracted many scholars (e.g. Acquaah, 2007; Day, 1990; Narver and Slater, 1990; Slater, Olson and Hult, 2006). Strategic orientation can be defined as an attitude and behavior demonstrating the strategic directions executed by an organization using its valuable resources to create sustainable competitive advantage (Narver and Slater, 1990; Wright et al., 2005).

Some scholars examined strategic orientation concept as a multi-dimensional construct. For example, with the contributions of Cooper (1984), Narver and Slater, (1990), Jaworski and Kohli (1993) strategic orientation was divided into three dimensions which are *customer orientation*, *competitive orientation* and *technological orientation* (Gatignon and Xuereb, 1997). Moreover Chan, Huff, Barclay and Copeland (1997) divided strategic orientation into two dimensions as *business strategic orientation* and *information systems strategic orientation*. Also Liu and Fu (2011) classified strategic orientation as *entrepreneurial orientation*, *marketing orientation* and *learning orientation*. Each of the dimensions have sub-dimensions which are *autonomy*, *proactiveness*, *aggressiveness*, *risk taking*, *innovativeness* for *entrepreneurial orientation* (Lumpkin and Dess, 1996), *customer*, *competition* and *technological orientation* (Narver and Slater, 1990) and *commitment to learning*, *shared vision* and *open mindedness* for *learning orientation* (Baker and Sinkula, 1999).

There are various studies analyzing the concept of strategic orientation and its applications in strategic management, marketing and supply chain management in the literature. Selected papers are given in Table 1.

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