

**STRATEGIC ORIENTATION AND ITS IMPACT ON THE
IMPROVEMENT OF SERVICE INNOVATION**

Adam Yagoub Abker¹

.Assistant professor of Business Administration, Faculty of Economic & Commercial Studies
Department of Business Administration -University of Kordofan, Elobeid, Sudan
Tel +249918914127

Mustafa Adam Mohammed²

Assistant professor of Business Administration, Faculty of Economic & Commercial Studies
Department of Business Administration -University of Kordofan, Elobeid, Sudan
Tel +249122217831

Anwar Tebein Mohamed³

Department of Business Administration, College of commercial studies, Sudan University of
Science & Technology
Tel +249911071902

Manal Gafar Mohamed⁴

Department of Business Administration, College of commercial studies, Sudan University of
Science & Technology
Tel +249968083317

ABSTRACT

This study aimed to examine the relationship between strategic orientations constructs (market, service, and learning) and service innovation dimensions (incremental and radical) in the service sector in Sudan. The study employed the quantitative method and deduction approach via convenience sampling; the population was the 160 managers of the service firm response rate of 94%. The result of this study show that a positive relationship between strategic orientations components (market, service, and learning), and incremental innovation, the result also indicate that a positive relationship between market orientation and radical innovation. In addition to that the result demonstrates that not significant relationship between strategic orientations constructs (service orientation and learning orientation) with the radical innovation. The study recommended that future research should test in other settings (e.g. manufacturing) could expand the scope of strategic orientation.

KEYWORDS: Strategic Orientation, Market Orientation, Service Orientation, Learning Orientation, Incremental Innovation, Radical innovation.

1. INTRODUCTION

Studies of service innovation have increased along with the growth of the service sector, and they have emerged from being marginal and neglected to achieve recognition as an important field to study (Marit & Elisabeth, 2014). The service sector in Sudan consists of health, education, freight, transport, roads and bridges, buildings and construction, communications, and other services. Business organizations in Sudan are faced with intensity competition thereby making their surviving and growth of any organization dependent on their ability to offer greater value to customers (Ibrahim, Abker and Eltayeb, 2018). Strategic orientation is distinct yet highly related domains of research in the modern management science; however, concerned with the service innovation of the firm. Thus, it deals with issues ranging from long-term planning to competitiveness and profitability (A ghajari & Senin, 2014).

Previous studies regarding strategic orientation and service innovation have focused mainly on a specific sector, such as banking (Cheng and Krumwiede 2012), hotel (Zhou *et al.*, 2009), or insurance sectors (Lado & Maydeu Olivares, 2001). This study covers multiple service sectors including hotel, post, banking, education, communication and insurance.

Most of the studies that addressed the strategic orientation often focuses on traditional dimensions customer orientation, technology orientation, brand orientation and competitor orientation (Laukkanen *et al.* 2013 ; Tutar *et al.*, 2015; Amirkhani & Reza, 2015; Ho *et al.*, 2016 ; Deutscher *et al.*, 2016) this study focus on three types of strategic orientation; market orientation, service orientation, and learning orientation as dimension of strategic orientation.

The objective of this study is to examine the relationship between strategic orientation and service innovation and is to provide specific answers about the research questions. The main question of this research is what extends strategic orientation can contribute to service innovation? This question generated six research questions to attain the aims of the study as follows:

1. *To what extend market orientation can contribute on incremental innovation?*
2. *What is the relationship between market orientation and radical innovation?*
3. *What is impact of service orientation on incremental innovation?*
4. *What is the relationship between service orientation and radical innovation?*
5. *What is the relationship between learning orientation and incremental innovation?*
6. *To what extend learning orientation can contributes on radical innovation?*

The answer to these questions will contribute to supplement previous studies by explaining some mechanisms through which strategic orientation promotes service innovation.

Therefore, the theoretical significance of this study is trying to fill the gap through the process of the relationship between strategic orientation and service innovation and then attempt to build a conceptual framework that will contribute to theories and practice in the field of strategic management also the study will provide scientific guidelines and advice through which the

services firms operating in Sudan to achieve the efficiency and the effectiveness. While the practical significance of this study; will make the managers aware about the change and complexity of the business environment, managers can emphasize the importance of intangible resources in enhancing service innovation.

The organization of this study started with the introduction of the term strategic orientation, and service innovation in the Sudanese service firms relying on the works of past researchers, followed by the research methodology, data analyses and hypotheses testing, discussion and conclusion.

2. LITERATURE REVIEW

This paper is based on the assumption that there is a causal effect between strategic orientation constructs (MO, SO, LO) and service innovation (incremental and radical). In this sense it is convenient to present the theoretical concepts that support the formation of these latent variables:

2.1. Strategic orientation (SO) is the principles underlying the activities, processes, and strategic trends that a firm affirms to create behaviours necessary for achieving superior performance (Ho *et al.*, 2016). There are many definitions for strategic orientation concept depends on different views. Deutscher *et al.*, (2016) defined strategic orientation is the strategic trends applied by a firm to create the proper behaviours for the continuous superior performance of the business. (Kirov, 2015) refers to the processes, practices, principles, and decision making diction that guides firms' activities, particularly in the context of the external environment and firm development to elementally influence competitive advantage and competitive advantage of enterprises. Market orientation is deemed because it is important and includes obtaining and using market information, thus, should be important for service innovation (Cheng & Sheu, 2017) Service orientation is regarded because of it viable in service-related business activities and focus on the synergistic impact that is important in service innovation (Ibrahim, Abker and Eltayeb, 2018). Learning orientation deserves reputing because it attempts to create and use new knowledge to develop new products/services, which should also be critical for service innovation (Melton & Hartline, 2013).

2.1.1. Market orientation (MO) can be defined as the organizational culture that most effectively and efficiently creates the necessary behavior for the creation of superior value for buyers and thus, continuous superior performance for the business (Cheng & Sheu, 2017) while, Laukkanen *et al.* (2013) also defined market orientation as a culture that first, vanguard top priority on the lucratively creation and maintenance of superior customer value while being punctual of the interests of other key stakeholders; and second, provides norms for behavior regarding the organizational development of and responsiveness to market information.

2.1.2. Services orientation (SO) is an organization-wide embrace of a basic set of relatively lasting organizational policies, practices, and procedures intended to support and reward service-giving behaviors that create and deliver service excellence, (Cheng & Sheu, 2017). Oliveira & Roth, (2012) has envisioned service orientation as employees' positions and actions that greatly value the creation and delivery of excellent services.

2.1.3. Learning orientation (LO) refers to the organization-wide activity of creating and using knowledge to enhance competitive advantage (Cheng & Sheu, 2017). Learning orientation is the creation and wielding of knowledge and adaptation of enterprises for learning processes, One of the most important features of learning-oriented firms is their ability to predict environmental and market changes and perform the necessary changes if required (Ejdys, 2015).

2.2. Service innovation is the successful implementation of creative ideas within the company. It is a mechanism to adapt the company in a dynamic environment (Cheng & Krumwiede, 2012). Therefore the firms are required to create the assessment as well as new ideas and offer innovative services.

2.2.1. Incremental innovation is basically a modification in service which also called line extension or market pull innovation (Cheng & Krumwiede, 2012). Incremental innovation does not need to significantly diversify from current business. That is why this type of innovation enhances the skills and competencies of the organizational employees. Exploitative innovations are based on the existing companies' resources and are represented by small improvements in methods, technologies or products. This type feed on best practices and routines generated in the past. This type of innovation is called incremental innovation which is designed for existing customers or markets (Huhtala *et al.*, (2014).

2.2.2. Radical innovation is a major change that represents a new technological paradigm (Engen & Holen, 2014). Radical innovation represents the development and implementation of new services or processes that lead to fundamental improvements in operational efficiencies, interactions with the market, and/or the fulfilment of new needs among stakeholders (Ringberg, Reihlen, & Rydén, 2018).

3. HYPOTHESES AND CONCEPTUAL MODEL DEVELOPMENT

3.1. Strategic orientation and service innovation.

The strategic orientation is playing important role in building and affecting the service innovation such as (incremental innovation and radical innovation) in the firms. In accordance with the findings in literature strategic orientation was posited to have significant and positive relationship with service innovation. (Tutar, Nart & Bingöl, 2015) indicates a positive relationship between strategic orientation and service innovation. (Obeidat, 2016) states that strong strategic orientation is a prerequisite towards achieving the highest innovativeness. While, (Ejdys, 2015) indicates a positive relationship between strategic orientation and Innovativeness. And (Cheng & Krumwiede, 2012) mentioned that the positively affect between market orientation and service innovation. In this context, the following hypothesis is generated:

H.1. Strategic orientation is positively related to service innovation.

H.1.1. there is a positive relationship between market orientation and incremental innovation.

H.1.2. there is a positive relationship between market orientation and radical innovation.

H.1.3. there is a positive relationship between service orientation and incremental innovation.

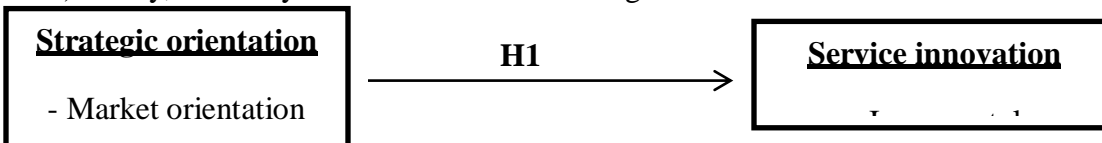
H.1.4. there is a positive relationship between service orientation and radical innovation.

H.1.5. there is a positive relationship between learning orientation and incremental innovation.

H.1.6. there is a positive relationship between learning orientation and radical innovation.

3.2. Resource Based View (RBV) Theory

The resource-based view provides the theoretical foundation for this study regarding the effect of strategic orientation on service innovation. The RBV suggests that firms deploy their physical, human, and organizational resources to gain an advantage in the marketplace. If these resources are valuable to customers, rare, and difficult to imitate, then these resources give rise to sustainable competitive advantage, enhancing firm performance, thus, the basic premise is that resources increase the efficiency and effectiveness of firms in general and the development of new services in particular in this context, (Cheng & Sheu, 2017). Based on the literature and (RBV) theory, the study framework is shown in figure.1



Figur.1: the study conceptual framework

4. METHODOLOGY

4.1. Sample and Data Collection

Consistent with the purpose of this study, the study relied on the Positivism philosophy, deduction approach to theory development, mono-method quantitative methodological choice, survey strategy and cross-sectional Time horizon. The data were collected through questionnaires sent to the service firm’s managers in 160 large service firms among Sudanese listed and registered corporations, and using personal administered questionnaire. A cross-sectional description survey research design was adopted for the purpose of this study. Cross-sectional is cost and time effective because data can be gathered just once perhaps over a period of days or weeks or months, in order to answer research questions (Sekaran, 2003). This design is enabling to describe the different dimensions of strategic orientation that affect the service innovation.

4.2. Response rate, measurement and questionnaire development

This subsection presents the response rate and the measures of questionnaires employed in the study, was used to distribute 170 questionnaires to the manager of service firms. The total numbers of questionnaires received back from respondents were 160 questionnaires with a response rate of 94 percent. The questionnaire for this study consisted of three main sections, namely the profile of the company secondly, specific questions designed to measure the strategic orientation thirdly, and specific questions designed to measure the service innovation, twenty-three questions were used to measure the model variables were subjected to exploratory factor

analysis using principal component, strategic orientation was measured by using three dimensions the items of strategic orientation (market orientation and learning orientation) are measured using six measurements adopted from (Cheng & Sheu, 2017). While, the service orientation is measured using five measurement were adopted from (Oliveira & Roth, 2012). And service innovation was measured using two dimensions the items of (incremental and radical) is measured using three measurement were adopted from (Cheng & Krumwiede, 2012) We used a five-point scale as a unit of measurement ranging from “strongly disagree” to “strongly agree.

5. DATA ANALYSIS AND HYPOTHESES TESTING

5.1. Respondents characteristics

Based on the descriptive statistics using the frequency analysis this part investigates the profiles of firms that participated in the survey on the light of five characteristics, these are the property of firm, experience of firm, number of labourers, natural of work, and number of competitors. Table 5.3 show respondent's characteristics, in the property of firm, rate (90.1%) respondents were national, followed by (6.8%) respondent were foreign, while (3.1%) respondent were intermixed that represent the lower ratios.

Furthermore, the respondent's experience of firm, 20 and more are representing a rate (26.1%), from 11 to 15 representing a rate (25.5%), From 5 to 10 representing a rate (14.9%) while to less than 5 years representing a rate (21.7%) last in this group from 16 to 20 years are few number 19 frequencies and represented in (11.8%). The respondents number of labourers ,that fill up the questionnaires, majority of them were 200 and more are representing a rate (49.1 %) followed by from 101 to 150 and from 151 to 200 are representing a rate (13.7%), to less than 50 labourers are representing a rate (12.4%) and from 50 to 100 were representing a rate (11.2%) as lower ratios. Concerning the respondents natural of work majority of them were education which represent (44.1%), followed by banker were representing a rate (22.4%), then followed by hostelry were representing a rate (16.8%), insurance were representing a rate (8.7%) , mailers (5.6%) and communication were (2.5%) represent the lower ratios. Regarding the number of competitors, the majority of the respondents 20 and more (82.0%) followed by from 11 to 15 were rate (8.7%), to less than 5 competitor were rate (5.0%) and from 5 to 10 were rate (2.5%) represent the lower ratios.

5.2. Exploratory factor analysis The Exploratory factor analysis has been performed to extract the loadings of factors with promax rotation. In conducting factor analysis, this study followed assumptions that recommended by (Hair, Anderson, Black, 2010). Firstly, there must be a sufficient number of statistically significant correlations in the matrix. Secondly, Kaiser-Meyer-Olkin measure of sampling adequacy should be at least 0.6. Thirdly, Bartlett's test of sphericity should be significant at 0.05. Fourthly, communalities of items should be greater than 0.50 fifthly, the minimum requirement of factor loading 0.45. Also to provide a simple structure

column for interpretation, the factors were subjected to Promax rotation. Finally, eigenvalues should be more than 1 for factor analysis extraction. Factor analysis was done on the twenty-three items, which were used to measure study variables. Table 1 showed the summary of results of exploratory factor analysis on study variables.

Table: 1
Factorial loads of observed variables - Promax Rotation.

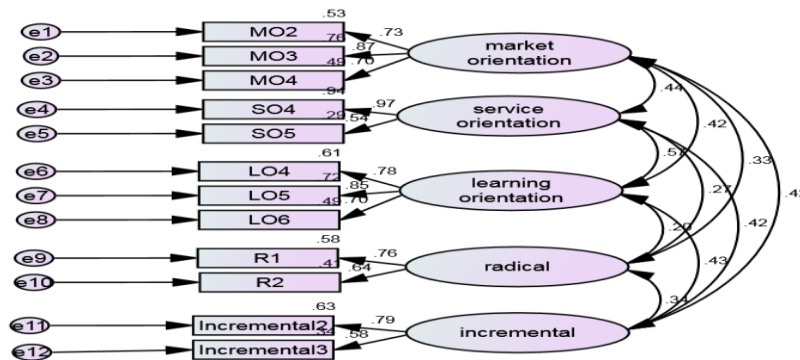
| Observable variables | Factorial load | Code |
|--|----------------|--------------|
| Market orientation (MO) | | |
| We constantly monitor our level of commitment and orientation toward customers. | .639 | MO2 |
| We measure customer satisfaction systematically and frequently. | .848 | MO3 |
| We give close attention to after-sales service. | .613 | MO4 |
| Service orientation (SO) | | |
| Our company has established service standards based on researched customer needs. | 1.022 | SO4 |
| Service standards are visible to both employees and customers. | .458 | SO5 |
| Learning orientation (LO) | | |
| An emphasis on constant innovation is a part of our firm culture. | .614 | LO4 |
| We basically agree that our firm's ability to learn is the key to our competitive advantage. | .809 | LO5 |
| Learning in our firm is seen as a key commodity necessary to guarantee firm survival. | .695 | LO6 |
| KMO, .736; Bartlett's Test of Sphericity, 319.261; Total Variance Explained, 54.404. | | |
| Incremental innovation | | |
| The services were a modification of an existing company service. | .457 | Incremental1 |
| The services were a revision of an existing company service. | .844 | Incremental2 |
| The services were repositioning of an existing company service. | .553 | Incremental3 |
| Radical innovation (RI) | | |
| The services were totally new to the market. | .954 | R1 |
| The services offered new features versus competitive services. | .508 | R2 |
| KMO, .674; Bartlett's Test of Sphericity, 154.091; Total Variance Explained, 50.854. | | |

Source: prepared by the researchers from data (2019).

5.3. Confirmatory factor analysis:

The statistical analysis software package was used AMOS (Analysis of Moments of Structure) to perform the process of confirmatory factor analysis for the model, as this package is used to test the hypotheses relating to the existence or non- existence of a relationship between the variables and underlying factors. The confirmatory factor analysis is also used to assess the ability of the factor model to change from the actual dataset and also to compare several models of factors in this area. Figur.2: below show the Confirmatory Factor Analysis for study variables.

Figure 2: Confirmatory Factor Analysis for study variables



Source: prepared by the researchers from data (2019).

Confirmatory factor analysis fit indices show that the measurements model fits the data well: Chi-square/degree of freedom (cmin/df) = 16.578; incremental fit index (IFI) = .569; comparative fit index (CFI) = .566; goodness of fit index (GFI) = .745; adjusted goodness of fit index (AGFI) = .645; root mean of residual (RMR) = .063; root mean square error of approximation (RMSEA) = .312; and P Close = .000. All items loaded on their respective constructs, and each had large coefficients and significance at the 0.001 level.

5.4. Descriptive, Reliability and Correlation Analysis:

The correlation analysis was used between the study variables with aim of identifying the correlative relationship between the independent and dependent variables; the correlation was

conducted for all dimensions of the constructs operationalized in this study using bivariate correlations. These bivariate correlations allow for preliminary inspection of hypothesized relationships. Thus whenever the closer the degree of correlation to the integer one, the stronger the correlation between the two variables, whenever the less the degree of correlation than the integer one, the weaker the relationship between the two variables, and the relationship may be direct or inverse. In general, the relationship is weak if the value of the correlation coefficient is less than (0.30), and it can be considered medium if the correlation coefficient value ranges between (0.30-0.70), yet if the value of the correlation is more than (0.70) the relationship is considered strong between variables, and the correlation is considered positive if its value is negative. The standard deviation, mean and Cronbach's alpha along with person correlation, for strategic orientation and service innovation constructs, has been shown in Table 2.

Table: 2
Descriptive, Reliability and Correlation Analysis for study variables

| <i>Variables</i> | <i>Cronbach's alpha</i> | <i>mean</i> | <i>Standard Deviation</i> | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
|------------------------|-------------------------|-------------|---------------------------|----------|----------|----------|----------|----------|
| 1 market orientation | .742 | 3.7896 | .67558 | 1 | | | | |
| 2 service orientation | .650 | 3.0972 | .51144 | .441** | 1 | | | |
| 3 learning orientation | .755 | 3.4771 | .57511 | .419** | .569** | 1 | | |
| 4 incremental | .659 | 2.6259 | .43749 | .434** | .440** | .436** | 1 | |
| 5 radical | .647 | 3.0916 | .57081 | .400** | .310** | .271** | .394** | 1 |

Source: prepared by the researchers from data (2019).

As shown in the table, 2 above the correlation analysis provides medium indicators of associations, thus for more examination of the proposed relationships path analysis through structural equation model (SEM) was conducted to gives the best predictive model of the relationship present among the variables. In the following are hypotheses testing the last part of the data analysis and results

5.5. Hypotheses Testing

After the preliminary analyses, this part discusses the hypotheses testing and findings of the study. The hypotheses were tested with the path analysis that discloses the effect of independent variables strategic orientation on dependent variables service innovation dimensions through the structural equation modeling (SEM) that grows out of and serves purposes similar to multiple regression, but in more powerful way which takes in account the modeling of interactions between variables, nonlinearities, correlated independents, measurement error, correlated error

terms, multiple latent independents each measured by multiple indicators, and one or more latent dependents also each with multiple indicators (Gaskin, 2016). In this study which assumes that the strategic orientation dimensions (market, service, and learning) have a partial positive relationship with the service innovation components (incremental and radical) as shown in fig.3 and table3 below. Based on the below figure six hypotheses were developed to be tested. Therefore, to test these hypotheses, a similar process of path analysis using (AMOS) was conducted to predict the impacts of strategic orientation dimensions on service innovation. The results of the study indicate that a positive relationship between strategic orientation dimensions (market service and learning orientations) respectively to incremental innovation, with values (estimates=.164, $p < 0.01$, estimate =.177, $p > .014$; estimate =.162, $p > .010$). In addition to that the results indicate a positive relationship between market orientation and radical innovation (estimates=.265, $p < 0.01$) and not significant effect between (service orientation and learning orientation) with radical innovation (estimates=.153, $p > .129$; estimates=.061, $p > .491$) Thus, the outcomes indicate a partially positive relationship between strategic orientation and service innovation. These results give support to hypotheses *H1.1* (market orientation and incremental) support to hypotheses *H1.2* (service orientation and incremental) support to hypotheses *H1.3* (learning orientation and incremental), support to hypotheses *H1.4* (market orientation and radical) not support to hypotheses *H1.5* (service orientation and radical) and not support to hypotheses *H1.6* (learning orientation and radical). Table 3 show path analysis for direct effects of study variables.

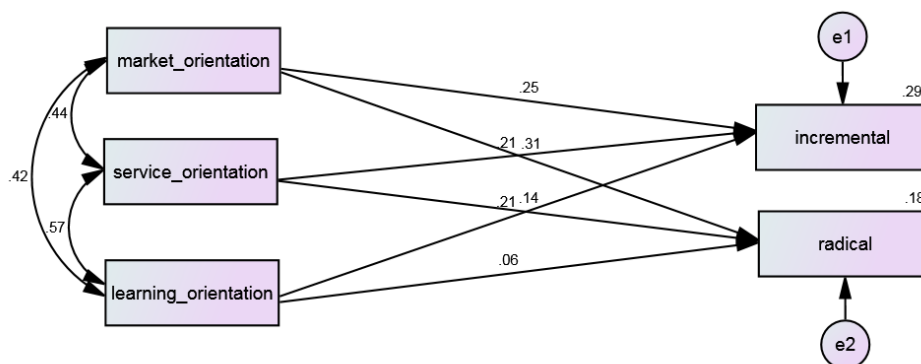
Table 3

Path analysis for direct effects

| Relationships | | | Estimate | S.E. | C.R. | <i>p-value</i> |
|---------------|------|----------------------|----------|------|-------|----------------|
| incremental | <--- | market orientation | .164 | .049 | 3.333 | *** |
| incremental | <--- | service orientation | .177 | .072 | 2.463 | .014 |
| incremental | <--- | learning orientation | .162 | .063 | 2.564 | .010 |
| radical | <--- | market orientation | .265 | .069 | 3.846 | *** |
| radical | <--- | service orientation | .153 | .101 | 1.518 | .129 |
| radical | <--- | learning orientation | .061 | .088 | .689 | .491 |

Source: prepared by the researchers from data (2019).

Figur3: the relationship between strategic orientation and service innovation.



Source: prepared by the researchers from data (2019).

The results of path analysis showing Model fit parameters consistent with recommendation as follow, CMIN=8.357, DF= 1, CMIN/DF= 8.357, RMSEA.315, GFI=.980, AGFI= .701, RMR=.011, NFI=.959, CFI=.962, and PCLOSE=.214.

6. DISCUSSION AND CONCLUSION

This study was to examine the direct effects of the three dimensions of strategic orientation namely; market, service, and learning are partial positively related to service innovation in Sudanese service firms.

The findings in this study shows statistical significant and positive relationship between market orientation and service innovation dimensions, incremental and radical. Thus market orientation indicates a positive link between two dimensions of innovation, incremental innovation and radical innovation. This finding reinforces the link between market orientation and innovation found by scholars in various contexts such as multiple service sector(Cheng &Krumwiede 2012), insurance sectors (Lado and Maydeu- Olivares, 2001) , hotel (Zhou *et al.*, 2009) and retailing (Chang & Chen, 1998) as well as extending this link to services firm. The strength relationship between market orientation and service innovation suggesting that market orientation is effective drivers of service innovation. Furthermore, prior studies suggest that

market orientation has a positively significant relationship with innovation.(Zhang ja Duan ,2010) who find that market orientation has a positive direct effect on innovation of manufacturing firms in mainland China. Huhtala *et al.*, (2014) show that market orientation has a positive impact on innovation capability in Finland. Tutar *et al.*, (2015)suggest that proactive market orientation is positively related in innovation capabilities. While (Mahmoud *et al.*, 2016) demonstrated that market orientation has significant association with innovation. Moreover, there were some previous findings in the literature like (Medina & Rufin, 2009) which argued, revealed that no relationship between market orientation and overall innovation in Spain, the difference between it and the current study in the culture and environmental factors.

Regarding the relationship between service orientation and service innovation the findings in this study show that a positive relationship between service orientation and incremental innovation and not positive relationship between service innovation and radical innovation ($p>0.05$). Thus the service orientation indicates partial support with the service innovation. These results are argued with previous studies such as (Cheng & Sheu, 2017)that have find that weakest effect of service orientation on collaborative service innovation performance. Furthermore, while the some prior studies suggested that service orientation has stronger impact on service innovation like (Oliveira & Roth, 2012) who has report that service orientation has a positive impact on an empirically develops its measurement in the context of business-to-business (B2B) e-commerce.

And also the results of this study show that a positive relationship between learning orientation and incremental innovation and not positive relationship between learning orientation and radical innovation ($p>0.05$). Thus the learning orientation indicates partial support to service innovation. Despite the scarcity of empirical evidence on the link between learning orientation and service innovation however, these results support the assertion of the (Ejdys, 2015) who found that relationship between learning orientation and innovativeness level of residential care services is statistically insignificant. Furthermore, there were some findings from the service sector literature as a contradiction to the results of this study (Mahmoud *et al.*, 2016) who report that learning orientation has significant impact on innovation, in the Ghanaian banking domain. However, given that (Mahmoud *et al.*, 2016) conduct their study in one service sector such as banking this study examined their findings in multiple service sector including, banking, insurance, hotel, communication, post and education.

This study has provided empirical justification for a framework that identifies three dimensions of strategic orientation and describes the relationship among strategic orientation and service innovation within the context of the service sector in Sudan. Previous studies supporting the importance of strategic orientation mostly used and relate strategic orientation to organizational innovation, the major contribution of this study is the development of a dimension of strategic orientation constructs through comprehensive combination perspective; based on a survey data of 160 service firms, this study carries more weight especially for generalization purpose due to the limited quantitative approach in the extant literature. As a whole, strategic orientation incremental has important implications for service innovation. This study offers a number of managerial implications. *First*, this study will help decision-makers in companies to know the importance of strategic orientation and how strategic orientation influence the service

innovation, Therefore, decision-makers should focus on improving their strategic orientation. *Second*, the study highlights the importance of managerial emphasis on the creation of a strategic oriented business environment and encouragement of innovative activities. Given that strategic orientation helps managers to be more connected to the business environment such as the dimension of strategic orientation appear to play an important role in allowing service firms to devise innovative solutions to business problems.

This study is subject to several limitations and leaves some areas in need of further research. *First*, this study tests the role of strategic orientation in a service context. Research in other settings (e.g. manufacturing) could expand the scope of strategic orientation. *Second*, this study use of only one respondent per company, which might be a cause of possible response bias. Thus, caution should be taken in results interpreting. Future research should end ever to collect data from multiple members. *Finally*, this study focuses on service firms in Sudan. Future research may include firms from other industries or regions to generalize the findings. It would provide valuable information for managers regarding the mapping of strategic orientation with the service innovation.

REFERENCES:

1. Aghajari, N. and Senin, A. A. (2014) ‘Strategic orientation and dual innovative operation strategies: Implications for performance of manufacturing SMEs’, *Asia-Pacific Journal of Business Administration*, 6(2), pp. 127–147. doi: 10.1108/APJBA-07-2013-0075.
2. Amirkhani, A. H. and Reza, A. M. (2015) ‘Investigating the Relationship between Strategic Orientation and Firm Performance Considering the Intermediary Role of Business Strategy’, 1(8), pp. 152–157.
3. Chang, T., Chen, S., 1998. Market orientation, service quality and business profit- ability: a conceptual model and empirical evidence. *Journal of Service Market- ing* 12 (4), 246–264.
4. Cheng, C. C. J. and Sheu, C. (2017) ‘When are strategic orientations beneficial for collaborative service innovation?’, *The Service Industries Journal*. Taylor & Francis, 2069(June), pp. 466–493. doi: 10.1080/02642069.2017.1335713.
5. Cheng, C. C. and Krumwiede, D. (2012) ‘The role of service innovation in the market orientation - New service performance linkage’, *Technovation*. Elsevier, 32(7–8), pp. 487–497. doi: 10.1016/j.technovation.2012.03.006.
6. Deutscher, F. *et al.* (2016) ‘Strategic orientations and performance: A configurational perspective’, *Journal of Business Research*, 69(2), pp. 849–861. doi: 10.1016/j.jbusres.2015.07.005.
7. Ejdyś, J. (2015) ‘Innovativeness of Residential Care Services in Poland in the Context of Strategic Orientation’, *Procedia - Social and Behavioral Sciences*. Elsevier B.V., 213, pp. 746–752. doi: 10.1016/j.sbspro.2015.11.461.
8. Engen, M. and Holen, I. E. (2014) ‘Radical Versus Incremental Innovation: The Importance of

Key Competences in Service Firms', *Technology Innovation Management Review*, 4(4), pp. 15–25. Available at: <https://proxy2.hec.ca:2379/docview/1614470791?pq-origsite=summon%0Ahttp://timreview.ca/article/781>.

9. Gaskin, J. (2016, January 1). *Gaskin's Stat Wiki*. Retrieved October 5, 2016, from Stat Wiki: <http://statwiki.kolobkroot.com>
10. Hair, J. F., Black, B., Babin, B., Anderson, R. E., & Tath, R. L. (2010). *Multivariate data analysis*. Prentice Hall. Inc. Upper Saddle River, NJ, USA.
11. Ho, J., Plewa, C. and Lu, V. N. (2016) 'Examining strategic orientation complementarity using multiple regression analysis and fuzzy set QCA', *Journal of Business Research*. Elsevier Inc., 69(6), pp. 2199–2205. doi: 10.1016/j.jbusres.2015.12.030.
12. Huhtala, J.-P. *et al.* (2014) 'Market orientation, innovation capability and business performance', *Baltic Journal of Management*, 9(2), pp. 134–152. doi: 10.1108/BJM-03-2013-0044.
13. Ibrahim, S. B., Abker, A. Y. and Eltayeb, T. K. (2018) 'The mediating role of service innovation in the relationship between strategic orientation and Operational flexibility in Sudanese service firms ABSTRACT':, 9(4), pp. 1221–1229. doi: 10.5958/2321-5763.2018.00196.8.
14. Kiiru, G. W. W. (2015) 'Dynamic Capabilities, Strategic Orientation and Competitive Advantage of Small and Medium-Retail Enterprises in Kenya', *Journal of Strategic Business Planning*, 5(1), pp. 98–107.
15. Lado, N., Maydeu-Olivares, A., 2001. Exploring the link between market orientation and innovation in the European and US insurance markets. *International Marketing Review* 18 (2), 130–144.
16. Laukkanen, T. *et al.* (2013) 'The effect of strategic orientations on business performance in SMEs: A multigroup analysis comparing Hungary and Finland', *International Marketing Review*, 30(6), pp. 510–535. doi: 10.1108/IMR-09-2011-0230.
17. Mahmoud, M. A. *et al.* (2016) 'Market orientation, learning orientation and business performance: The mediating role of innovation', *International Journal of Bank Marketing*, 34(5), pp. 623–648. doi: 10.1108/IJBM-04-2015-0057.
18. Marit Engen and Inger Elisabeth Holen, (2014), Radical versus Incremental Innovation: The Importance of Key Competences in Service Firms, *journal of Technology Innovation Management Review*.
19. Medina, C. and Rufin, R. (2009) 'The mediating effect of innovation in the relationship between retailers' strategic orientations and performance', *International Journal of Retail and Distribution Management*, 37(7), pp. 629–655. doi: 10.1108/09590550910964639.
20. Melton, H. L. and Hartline, M. D. (2013) 'Employee Collaboration, Learning Orientation,

- and New Service Development Performance’, *Journal of Service Research*, 16(1), pp. 67–81. doi: 10.1177/1094670512462139.
21. Obeidat, B. Y. (2016) ‘The Effect of Strategic Orientation on Organizational Performance : The Mediating Role of Innovation’, pp. 478–505. doi: 10.4236/ijcns.2016.911039.
 22. Oliveira, P. and Roth, A. V. (2012) ‘Service orientation: The derivation of underlying constructs and measures’, *International Journal of Operations and Production Management*, 32(2), pp. 156–190. doi: 10.1108/01443571211208614.
 23. Ringberg, T., Reihlen, M. and Rydén, P. (2018) ‘The technology-mindset interactions: Leading to incremental, radical or revolutionary innovations’, *Industrial Marketing Management*. Elsevier, (June), pp. 0–1. doi: 10.1016/j.indmarman.2018.06.009.
 24. Sekeran .2003, research method for business, A Skill-Building Approach Fourth Edition, ISBN 0-471-20366-1 -ISBN 0-471-38448-8 (WIE)
 25. Tutar, H., Nart, S. and Bingöl, D. (2015) ‘The Effects of Strategic Orientations on Innovation Capabilities and Market Performance: The Case of ASEM’, *Procedia - Social and Behavioral Sciences*. Elsevier B.V., 207, pp. 709–719. doi: 10.1016/j.sbspro.2015.10.144.
 26. Zhang, J. and Duan, Y. (2010) ‘Empirical study on the impact of market orientation and innovation orientation on new product performance of Chinese manufacturers’, *Nankai Business Review International*, 1(2), pp. 214–231. doi: 10.1108/20408741011052609.
 27. Zhou, K., Brown, J., Dev, C., 2009. Marketing orientation, competitive advantage, and performance: a demand-based perspective. *Journal of Business Research* 62,1063–1070