

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF MANAGEMENT STUDIES
MBA PROGRAMME**

**THE EFFECT OF COMPETITIVE STRATEGY ON
THE PERFORMANCE OF HOTELS IN BAGAN ZONE**

TUN ZAW MOE HAN

EMBA II – 8

EMBA 19th BATCH

AUGUST, 2024

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF MANAGEMENT STUDIES
MBA PROGRAMME**

**THE EFFECT OF COMPETITIVE STRATEGY ON
THE PERFORMANCE OF HOTELS IN BAGAN ZONE**

ACADEMIC YEAR (2022 -2024)

Supervised by

Dr. Thin Nwe Oo
Professor and Head
Department of Management Studies
Yangon University of Economics

Submitted by

Tun Zaw Moe Han
EMBA II - 8
EMBA 19th Batch
2022-2024

YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF MANAGEMENT STUDIES
MBA PROGRAMME

THE EFFECT OF COMPETITIVE STRATEGY ON
THE PERFORMANCE OF HOTELS IN BAGAN ZONE

“This thesis is submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA).”

Supervised by

Dr. Thin Nwe Oo
Professor and Head
Department of Management Studies
Yangon University of Economics

Submitted by

Tun Zaw Moe Han
EMBA II - 8
EMBA 19th Batch
2022-2024

ACCEPTANCE

This is to certify that the thesis entitled “**The Effect of Competitive Strategy on the Performance of Hotels in Bagan Zone**” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

Board of Examiners

(Chairman)

Dr. Tin Tin Htwe

Rector

Yangon University of Economics

(Supervisor)

(Examiner)

(Examiner)

(Examiner)

(Examiner)

(Examiner)

(Examiner)

AUGUST, 2024

ABSTRACT

The objectives of the study are to analyze the effect of competitive strategy on the organizational performance and to analyze the mediating effect of competitive strategy on organizational performance through market orientation of hotels in Bagan zone. There are 168 hotels in Bagan zone. The sample size is 118 by using Yamane's (1976) sample size formula. Although sample size is 118 hotels, respondents' rate is only 52% (61 hotels) because of their difficulties to answer. The questionnaire survey method with structured questionnaire is used to collect the primary data with 5-point Likert scale and secondary data are collected from relevant textbooks, website, journals, published thesis and literature. The study found that cost leadership and differentiation have positive and significant effect on organizational performance. There is positive mediating effect of market orientation on the relationship between competitive strategy and organizational performance. This study suggests that the company needs to manage for the improvement and development of the current performance of service and it can improve their performance by providing required training, exposures and working facilities because the greater the capability of service to customer, the greater the chance of getting the higher organizational performance and the profitability of hotel. Moreover, this research provides pertinent information to top management to make better strategic decisions and strategy execution, especially in shaping specific competitive strategy and market orientation.

ACKNOWLEDGEMENTS

First and foremost, I am respectfully grateful to Dr. Tin Tin Htwe, the Rector of Yangon University of Economics for her kind permission to be completed this study as a partial fulfillment towards the Master of Business Administration Degree (MBA).

I would also like to extend my sincere and greatest gratitude to my supervisor, Professor Dr. Thin Nwe Oo, Programme Director and Head, Department of Management Studies, Yangon University of Economics for her direction, supervision, suggestion, support, advice, encouragement and guidance to complete this paper.

Then, I would like to express my gratitude, appreciation and greatest respect to Professor Dr. Hla Hla Mon, Professor Dr. Than Thuzar, Professor Dr. Khin Thet Htwe, Professor Dr. Myint Myint May, Associate Professor Dr. Kay Thi Soe and Associate Professor Dr. May Win Kyaw from Department of Management Studies for their constructive guidance, support during the study period and kind permission to complete this thesis.

Besides, a special thanks to the owners and managers of hotels in Bagan for giving me the opportunity to research in hotels in Bagan zone and also for participating to reach my goal. Taking this occasion, my sincere appreciation to all beloved professors and lecturers including my classmates from EMBA 19th Batch (campus) who contribute a lot to transform me today during these two years, without supporting and understanding from them, the journey would not have completed.

TABLE OF CONTENTS

	Page
ABSTRACT	i
ACKNOWLEDGEMENTS	ii
TABLES OF CONTENTS	iii
LIST OF TABLES	vi
LIST OF FIGURES	viii
CHAPTER 1 INTRODUCTION	1
1.1 Rationale of the Study	3
1.2 Objectives of the Study	5
1.3 Scope and Method of Study	5
1.4 Organization of the Study	6
CHAPTER 2 THEORETICAL BACKGROUND	7
2.1 Strategic Management	7
2.2 Competitive Strategy	7
2.3 Market Orientation	11
2.4 Organizational Performance	13
2.5 Empirical Studies	13
2.7 Conceptual Framework of the Study	16
CHAPTER 3 PROFILE, COMPETITIVE STRATEGY, AND MARKET ORIENTATION OF HOTELS IN BAGAN ZONE	18
3.1 Background of Myanmar Hotel Industry	18
3.2 Profile of Hotels in Bagan Zone	19
3.3 Competitive Strategies of Hotels in Bagan Zone	23

3.4 Market Orientation of Hotels in Bagan Zone	28
3.5 Profile of Respondents	32
CHAPTER 4 ANALYSIS ON THE EFFECT OF COMPETITIVE STRATEGY OF HOTELS IN BAGAN ZONE	35
4.1 Respondents Perception on Competitive Strategy, Market Orientation and Organizational Performance of Hotels in Bagan Zone	35
4.2 Analysis on the Effect of Competitive Strategy on Organizational Performance	40
4.3 Analysis on Mediating Effect of Market Orientation on the Relationship between the Competitive Strategy and Organizational Performance	42
CHAPTER 5 CONCLUSION	60
5.1 Findings and Discussions	60
5.2 Suggestions and Recommendations	61
5.3 Needs for Further Research	62
REFERENCES	
APPENDIX	

LIST OF TABLES

Table No.	Description	Page
Table (2.1)	Porter's Generic Competitive Strategies	8
Table (3.1)	Profile of Selected Hotels	33
Table (4.1)	Cost Leadership Strategy	36
Table (4.2)	Differentiation Strategy	37
Table (4.3)	Competitor Orientation	38
Table (4.4)	Customer Orientation	39
Table (4.5)	Organizational Performance	40
Table (4.6)	Effect of Competitive Strategy on Organizational Performance	41
Table (4.7)	Effect of Cost Leadership Strategy on Organizational Performance	43
Table (4.8)	Effect of Cost Leadership Strategy on Competitor Orientation	43
Table (4.9)	Effect of Cost Leadership Strategy and Competitor Orientation on Organizational Performance	44
Table (4.10)	Sobel Test Result for Mediating Test for Competitor Orientation between Cost Leadership Strategy and Organizational Performance	45
Table (4.11)	Effect of Differentiation Strategy on Organizational Performance	47
Table (4.12)	Effect of Differentiation Strategy on Competitor Orientation	48
Table (4.13)	Effect of Differentiation Strategy and Competitor Orientation on Organizational Performance	48
Table (4.14)	Sobel Test Result for Mediating Test for Competitor Orientation between Differentiation Strategy and Organizational Performance	49
Table (4.15)	Effect of Cost Leadership Strategy on Organizational Performance	51
Table (4.16)	Effect of Cost Leadership Strategy on Customer Orientation	52
Table (4.17)	Effect of Cost Leadership Strategy and Customer Orientation on Organizational Performance	52

Table No.	Description	Page
Table (4.18)	Sobel Test Result for Mediating Test for Customer Orientation between Cost Leadership Strategy and Organizational Performance	53
Table (4.19)	Effect of Differentiation Strategy on Organizational Performance	55
Table (4.20)	Effect of Differentiation Strategy on Customer Orientation	56
Table (4.21)	Effect of Differentiation Strategy and Customer Orientation on Organizational Performance	56
Table (4.22)	Sobel Test Result for Mediating Test for Customer Orientation between Differentiation Strategy and Organizational Performance	57

LIST OF FIGURES

Figure No.	Description	Page
Figure (2.1)	The Conceptual Framework of Kaliappen	16
Figure (2.2)	Conceptual Framework of the Study	17
Figure (4.1)	Mediating Effect of Competitor Orientation on the Relationship between Cost Leadership and Organizational Performance	48
Figure (4.2)	Mediating Effect of Competitor Orientation on the Relationship between Differentiation and Organizational Performance	50
Figure (4.3)	Mediating Effect of Customer Orientation on the Relationship between Cost Leadership and Organizational Performance	54
Figure (4.4)	Mediating Effect of Customer Orientation on the Relationship between Differentiation and Organizational Performance	58

CHAPTER 1

INTRODUCTION

In the dynamic landscape of the global hospitality industry, hoteliers face an ever-evolving array of challenges and opportunities. Myanmar, a country nestled in Southeast Asia, is no exception to the transformative forces shaping the hospitality sector. Bagan, a UNESCO world heritage site in Myanmar, is renowned for its captivating historical temples and vibrant cultural heritage. This allure has contributed to the city's emergence as a prominent destination, attracting a diverse range of travelers seeking unique experiences. Consequently, the hospitality sector in Bagan has witnessed significant growth, with hotels catering services with various price ranges.

This growth, however, has intensified competition within the hotel industry. To stand out and thrive in this dynamic environment, hotels need to adopt strategic approaches that effectively differentiate them from competitors and attract their target market. Understanding the effect of these competitive strategies on hotel performance is crucial for both individual establishments and the overall health of the hotels in Bagan zone.

A competitive strategy is a long-term, proactive approach a company takes to gain and maintain a competitive advantage in the marketplace (Porter, 1980). This involves analyzing the competitive landscape, identifying the firm's strengths and weaknesses, and then formulating and implementing strategic decisions that differentiate the company and create sustainable value for its customers. This involves various elements, including cost leadership, differentiation and focus or niche strategies.

Cost leadership strategy is a business strategy that focuses on achieving a competitive advantage by having the lowest cost of operation in the industry (Porter, 1980). This allows companies to offer competitive pricing and attract customers who are price-sensitive. Differentiation strategy involves positioning the business to be distinct and unique compared to competitors in the market (Porter, 1980). This strategy aims to create a competitive advantage by offering something valuable and different that customers are willing to pay for.

Market orientation is a business philosophy that emphasizes understanding and responding to the needs and wants of customers in order to achieve sustained

competitive advantage customers (Kotler & Keller, 2016). It goes beyond simply selling existing products but rather focuses on actively shaping the organization's processes around creating superior value for. Market orientation emphasizes two aspects: competitor orientation and customer orientation.

Competitor orientation refers to a strategic approach in which a company focuses on understanding and responding to the actions and strategies of its competitors in the marketplace decisions (Porter, 1980). This orientation involves closely monitoring competitors' activities, strengths, weaknesses, and market positions to inform and improve the company's own strategy. Customer orientation is a business approach that prioritizes meeting and exceeding customer needs and expectations (Ries, 2011). Companies with a customer-oriented mindset focus on understanding their customers, delivering high-quality products or services, and building long-term relationships to ensure customer satisfaction and loyalty. Business must consider the alignment between its competitive strategy and its market orientation to gain better performance.

Organizational performance refers to the degree to which an organization achieves its goals and objectives (Austin, 2013). It is a holistic measure that encompasses various dimensions, including financial success, operational efficiency, customer satisfaction, employee engagement, innovation, and overall effectiveness. Assessing organizational performance involves evaluating how well the organization's resources and capabilities are utilized to meet its intended outcomes. This paper explores the linkages between competitive strategy, market orientation and the performance of hotels in Bagan zone.

Hotels in Bagan zone are recently enhancing their competitive edge through a variety of strategies. They offer special packages and promotions, such as combining accommodations with experiences like hot air balloon rides over temples, and provide early bird discounts to attract bookings. Enhanced amenities, including free Wi-Fi, parking, mini bars, and laundry services, add value for guests. Emphasizing cultural and traditional experiences, hotels like Bagan Thande focus on Myanmar hospitality and decor, offering activities such as cycling and ballooning. Luxury and unique accommodations blend modern comforts with traditional Myanmar architecture, as seen in hotels like Aureum Palace Hotel.

1.1 Rationale of the Study

The hotel industry faces a confluence of intensifying competition from digital platforms, changing travel trends, and evolving customer expectations. To thrive in this dynamic environment, hotels require adaptable and targeted strategies that cater to the ever-shifting demands of the market. The hotel industry is constantly evolving, with trends like digitalization, sustainability, and personalization reshaping the competitive landscape. Understanding how competitive strategy and market orientation help hotels adapt their strategies to these evolving dynamics is crucial for long-term success.

Organizational performance is crucial for the success and sustainability of any businesses including hotels. It refers to the overall effectiveness, efficiency, and achievement of objectives within an organization. The importance of organizational performance is highlighted in several key areas. Organizational performance ensures that the company is on track to achieve its set goals and objectives. This alignment helps in maintaining focus and direction, allowing the organization to move forward with purpose. High organizational performance often leads to a competitive advantage. Organizations that consistently outperform their competitors in terms of productivity, innovation, and customer satisfaction are better positioned in the market. Meeting or exceeding customer expectations in terms of product quality, service delivery, and innovation enhances the organization's reputation and customer loyalty. Organizational performance is vital for achieving strategic objectives and maintaining competitiveness. It serves as a barometer for overall health and effectiveness, affecting various aspects of the business and its relationships with stakeholders.

The importance of organizational performance is closely tied to market orientation and competitive strategy. Both strategies are integral components of a successful business, and organizational performance plays a crucial role in shaping and executing these two strategies.

Market orientation emphasizes customer-centricity and responsiveness. Market orientation affects on performance metrics which will assess how well the organization understands customer needs, monitors market trends, and adapts strategies accordingly. Being market-oriented aligns with strategies will lead to customer satisfaction and

loyalty. Therefore, market orientation spotlights on the importance of understanding and responding to customer needs.

Customer orientation related to customer feedback, satisfaction scores, and loyalty indicators measure the success of customer-centric initiatives. Customer orientation goes beyond simply providing good customer service; it encompasses customer orientation becomes the crucial driver of business decisions and actions.

Competitor orientation against industry benchmarks and competitors provide insights into relative strengths and weaknesses. Benchmarking helps the organization identify areas for improvement and innovation for customers. For that reason, it is also important for strategic decision-making by providing a context of understanding the competitor orientation where the organization makes remarkable performance.

Organizational performance with market orientation is the result of executing and aligning competitive strategies. Competitive Strategies such as differentiation, cost leadership, and focus are common competitive strategies, and organizational performance metrics help assess how well the organization is implementing these strategies.

In a cost leadership strategy, organizational performance is measured by efficiency, cost control, and economies of scale. The organization aims to produce goods or services at the lowest cost in the industry. High organizational performance ensures effective cost management, allowing the company to offer lower prices than competitors. Consequently, cost leadership is essential to operational excellence, which is reflected in performance metrics.

For differentiation, performance metrics focus on innovation, product or service quality, and customer experience. With this strategy, the organization seeks to offer unique features or superior value to customers. It must support to the execution of a differentiation strategy by ensuring that innovative efforts translate into market-leading products or services. Organization aiming to differentiate themselves in the market is vital to deliver high-quality products or services.

Organizational performance metrics are valuable tools for competitive intelligence. Analyzing performance against industry standards and competitors' metrics helps identify areas where the organizations improve and maintain or enhance its competitive position. Organizational performance indicators provide insights into the

organization's ability to respond to market shifts and competitors. This adaptability is crucial for staying ahead of competitors in rapidly evolving industries.

Hotels in Bagan zone is facing challenges that hinder a hotel's competitive edge. There are a lot of hotels in Bagan zone and new hotels are also increasing. In this situation, various strategies such as cost leadership strategy and differentiation strategy with competitor orientation and customer orientation are required for creating sustainable performance of organizations. As a leading attractive area, hotels in Bagan zone have to find the ways to improve their competitive strategy and market orientation of the organization. Good competitive strategy is vital to survive and retain the leading position of the hotels in Bagan zone. Therefore, it is essential to analyses the effect of competitive strategy on the performance of hotels in Bagan zone.

1.2.1 Objectives of the Study

The objectives of this study are:

1. To analyze the effect of competitive strategy on the organizational performance of hotels in Bagan zone.
2. To analyze the indirect effect of competitive strategy on organizational performance through competitor orientation of hotels in Bagan zone.
3. To analyze the indirect effect of competitive strategy on organizational performance through customer orientation of hotels in Bagan zone.

1.3 Scope and Method of the Study

This study only focuses on hotels in Bagan zone in Myanmar. This study also takes into account various competitive strategies adopted by hotels, such as differentiation, cost leadership and their alignment with market orientation. There are 168 hotels in Bagan zone (Ministry of Hotels & Tourism, 2024). By using Yamane's (1976) formula with 95% confidence level, the sample size is 118 hotels. To collect primary data from 118 hotels, simple random sampling method is used. Although sample size is 118 hotels, respondents' rate is only 52% (61 hotels) because of their difficulties to answer. To collect the primary data from 118 hotels, managers or owners who manage hotels are distributed structured questionnaire. Linear regression and

descriptive methods are applied to analyze the collected data. Secondary data are collected from relevant textbooks, website, articles from journals, published thesis and literature.

1.4 Organization of the Study

This study is organized into five chapters. Chapter 1 is the introduction which includes the rationale of the study, objectives of the study, scope and methods of the study, and organization of the study. Chapter 2 is theoretical background regarding competitive strategy, market orientation and their effect on the performance observed by empirical studies, some previous research and conceptual framework of the study. Chapter 3 is the profile, competitive strategy and market orientation of hotels in Bagan zone. Chapter 4 describes the analysis of the competitive strategy, market orientation and their effect on the performance of hotels in Bagan zone. Chapter 5 consists of the conclusion of the findings and discussions, suggestions and recommendations, and needs for future research.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter is divided into two primary sections: the definition of key variables and the conceptual framework. The conceptual framework of this study revolves around three main variables: competitive strategy, market orientation, and organization performance, specifically focusing on financial performance, customer-related outcomes, and learning and growth indicators. The chapter begins by presenting the conceptual understanding of these major variables, providing comprehensive explanations of competitive strategy (differentiation strategy and cost leadership strategy), market orientation (competitor orientation and customer orientation) and organization performance. Subsequently, previous studies and the conceptual framework of the study is presented, outlining the relationships and interactions between these variables.

2.1 Strategic Management

Strategic management is the process by which organizations formulate, implement, and evaluate cross-functional decisions to achieve long-term objectives (David, 2011). It involves the systematic planning, execution, and evaluation of an organization's initiatives to achieve its long-term goals and objectives. The goal of strategic management is to align an organization's internal capabilities with the external environment, enabling it to adapt to changes, gain a competitive advantage, and achieve sustainable success

Based on the internal and external analysis, strategic management aims to develop a competitive advantage. This means creating a unique position in the market that gives the organization an edge over its rivals. Strategic management involves crafting a comprehensive strategy that outlines the specific actions the organization will take to achieve its goals (Mintzberg, 1987).

2.2 Competitive Strategy

Competitive strategy refers to the actions and approaches an organization employs to achieve and maintain a competitive advantage in its industry (Porter, 1980). It involves the selection and deployment of unique activities and approaches that differentiate an organization from its competitors. Competitive strategy refers to the long-term policies adopted by an organization to differentiate itself from its competitors and gain a sustainable advantage in a specific competitive arena. Porter's generic strategies - cost leadership, differentiation and focus - offer a comprehensive framework for organizations to carve out a competitive advantage in their respective industries.

Porter's model highlighted that successful organizations strategically choose one of these generic strategies to position themselves in the market and gain a sustainable competitive advantage. For instance, a cost leadership strategy emphasizes becoming the lowest-cost producer in the industry, while a differentiation strategy focuses on offering unique products or services.

Competitive strategy is a fundamental concept in business management that involves making choices to gain a sustainable advantage over rivals in the marketplace. Three widely recognized and extensively studied competitive strategies are differentiation strategy, cost leadership strategy and focus strategy. These generic strategies are shown in Table (2.1) below.

Table (2.1) Porter's Generic Competitive Strategies

Competitive Scope	Competitive Advantage	
Broad Target	Cost Leadership	Differentiation
Narrow Target	Cost Focus	Differentiation Focus

Source: Porter (1980)

Generally, organization pursue only one of the above generic strategies. However, some firms make an effort to pursue more than one strategy at a time by bringing out a differentiated product at low cost. Tough approaches like these are successful in short term; they are hardly sustainable in the long term. If firms try to maintain cost leadership as well as differentiation at the same time, they fail to achieve

either. Combining multiple strategies is successful in only one case. Combining a market segmentation strategy with a product differentiation strategy is an effective way of matching the firm's product strategy to the characteristics of target market segments. But combination like cost leadership with product differentiation are hard (but not impossible) to implement due to potential for conflict between cost minimization and the additional cost of value-added differentiation.

2.2.1 Differentiation Strategy

A differentiation strategy is a business approach where a company seeks to offer unique products or services that provide distinct value to customers, distinguishing itself from competitors (Porter, 1980). It focuses on creating a unique and distinct product or service that is valued by customers, allowing a firm to command a premium price. This strategy aims to set a company's products or services apart from its competitors, often by emphasizing innovation, quality, design, branding, or customer service.

Porter (1980) argued that differentiation can create a barrier to entry for competitors, as customers develop brand loyalty or perceive unique value in the differentiated offering. The differentiation strategy framework encourages firms to invest in research and development, marketing, and branding to establish a competitive advantage. Prahalad and Hamel (1990) contributed by introducing the concept of core competencies, suggesting that firms should focus on leveraging their unique strengths to achieve differentiation.

Furthermore, Aaker (1996) had explored the role of brand management in differentiation, highlighting the significance of building and maintaining a strong brand identity. Kim and Mauborgne (2005) introduced the concept of "Blue Ocean Strategy," which suggests that companies can achieve differentiation by exploring uncontested market spaces.

There are commonalities as well as distinctions between product and service differentiation. Effective differentiation strategies for tangible products often hinge on the quality of innovation, whereas successful service differentiation necessitates a focus on elements such as human resources, teamwork, and user collaboration (Alam, 2002). Product differentiation tends to emphasize technologies and final products, while

service differentiation places more emphasis on processes. Implementing differentiation is a complex process that necessitates delivering offerings that are distinct from competitors.

2.2.2 Cost Leadership Strategy

Cost leadership strategy is a business approach where a company seeks to become the lowest-cost producer in its industry, allowing it to offer products or services at lower prices than competitors or to maintain higher profit margins (Porter, 1980). By achieving the lowest production and operational costs, the company can offer products or services at a lower price than its competitors, thereby attracting a larger customer base and gaining a competitive advantage. This strategy aims to achieve economies of scale, operational efficiency, and cost control, enabling the company to attract a broad customer base.

Porter (1980) contended that cost leadership can be a potent competitive advantage, as lower costs can lead a firm to offer lower prices, thereby gaining market share. Achieving cost leadership often involves streamlining operations, investing in technology, and negotiating favorable supplier contracts.

The cost leadership strategy has been extensively studied and expanded upon in the literature. Rumelt (1982) emphasized the role of cost advantages in achieving sustainable competitive advantage. Dierickx and Cool (1989) introduced the concept of dynamic capabilities, suggesting that a firm's ability to adapt and innovate is crucial for sustaining cost leadership over time.

Additionally, Porter and Millar (1985) highlighted the importance of information technology in achieving cost leadership. Prahalad and Hamel (1990) emphasized the role of strategic intent and continuous improvement in sustaining cost advantages. Studies highlighted the intangible nature of services, customer co-creation, and labor intensity as key challenges for cost leadership implementation (Smith, 1994; Zeithaml et al., 2018).

Research explored various cost reduction strategies in service industries, including economies of scale, efficient service design, standardization of processes, technology adoption, and skilled workforce management (Frei, 2009). The literature emphasized the delicate balance between cost reduction and maintaining

service quality, as sacrificing quality can negatively affect customer satisfaction and loyalty (Gummesson, 2007). Some studies suggest combining cost leadership with elements of differentiation to target price-sensitive segments while offering unique value propositions (Meyer-Falk, 2012). Some research examined the positive effect of cost leadership on organization performance metrics like profitability, market share, and customer satisfaction, but cautions against potential trade-offs (Li et al., 2013).

2.2.3 Focus Strategy

A focus strategy is a competitive approach where a company targets a specific market segment or niche, aiming to serve that segment more effectively than competitors who target a broader market (Porter, 1980). It involves concentrating resources and efforts on a particular group of customers, product line, or geographical area, which allows the firm to better meet the specific needs of that segment. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. The focus strategy has two variants. (a) In cost focus a firm seeks a cost advantage in its target segment, while in (b) differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments.

2.3 Market Orientation

Market orientation is a business philosophy where a company prioritizes understanding and responding to the needs and preferences of its customers (Narver & Slater, 1990). It involves continuously gathering and analyzing market information, including customer feedback and competitor actions, to guide strategic decision-making and improve product or service offerings. Narver and Slater (1990) proposed a widely accepted framework that defines market orientation as an organization-wide commitment to obtaining and using information about customers and competitors to create superior value for customers. Their framework identified two components of market orientation: customer orientation and competitor orientation. These components emphasize the importance of customer-centricity, awareness of competitive dynamics, and effective communication and collaboration within the organization.

2.3.1 Customer Orientation

Customer orientation is a strategic approach where a company focuses on understanding and meeting the needs and preferences of its customers (Kohli & Jaworski, 1990). This approach emphasizes building strong relationships with customers, gathering insights about their behaviors and expectations, and aligning products, services, and operations to deliver exceptional value. Customer orientation is a fundamental aspect of market orientation, focusing on understanding and fulfilling the needs and desires of customers. This orientation recognizes that customer satisfaction is a key driver of business success (Kohli & Jaworski, 1990). By adopting a customer-centric approach, organizations can develop products and services that align with customer preferences, leading to increased customer loyalty and long-term profitability (Narver & Slater, 1990). The customer relationship management (CRM) framework will be explored as a key tool in implementing effective customer orientation strategies (Payne & Frow, 2005).

Some studies found positive effects of customer orientation on various outcomes, including customer satisfaction, loyalty, profitability, and competitive advantage (Zeithaml et al., 2018). Research explored organizational factors like leadership, employee empowerment, training, and feedback systems as key drivers of customer orientation (Patterson & Spreng, 2009).

There are many challenges in implementing customer orientation, such as overcoming cultural inertia, measuring its effectiveness, and aligning internal processes with customer needs (Gwinner et al., 2009). Studies highlighted the need to adapt customer orientation strategies to specific service contexts, considering service characteristics, customer expectations, and interaction points (Grönroos, 2004). Emerging research investigates the role of technology in enabling and enhancing customer orientation, for example, through personalized interactions and data-driven insights (Rust & Chung, 2018).

2.3.2 Competitor Orientation

Competitor orientation involves a strategic focus on monitoring and understanding the actions and strategies of competitors within the industry (Day &

Wensley, 1988). This orientation recognizes the importance of staying ahead in the market by anticipating competitive moves and proactively adjusting strategies. By employing competitor intelligence and analysis, organizations can identify opportunities and threats, informing decision-making processes and enhancing their competitive position (Hunt & Morgan, 1995).

Studies found positive effects of competitor orientation on various outcomes, including improved innovation, market share, profitability, and customer satisfaction. Organizational factors like market intelligence capabilities, cross-functional communication, and leadership support are key drivers of competitor orientation (Martín-Consuegra et al., 2019).

Challenges in implementing competitor orientation are overcoming internal resistance, accessing accurate competitor information, and translating insights into actionable strategies (Martín-Consuegra et al., 2019). Kandula (2020) highlighted the need to adapt competitor orientation strategies to specific service contexts, considering intangible service characteristics, dynamic competitive landscapes, and the importance of customer relationships. Park et al. (2018) investigated the role of technology in facilitating competitor analysis, for example, through social media monitoring and competitive intelligence platforms.

2.4 Organizational Performance

Measuring and evaluating organizational performance is crucial for service firms to navigate competitive landscapes, make informed decisions, and achieve sustainable success. However, the intangible nature of services and the unique characteristics of service delivery present distinct challenges compared to product-based businesses.

Organization performance refers to the outcomes achieved by a company through the combination of strategies and capabilities aimed at specific goals (Richard et al., 2009). Lee et al. (2015) argued that companies evaluate their organizational performance by taking into account both financial and non-financial consequences associated with diverse dimensions of quality and operational practices. Goll and Rasheed (2004) highlighted the significance of aligning organizational performance with the strategic environment.

To measure firm performance, Kaplan (1992) introduced the balanced scorecard theory encompassing both financial and nonfinancial information. They emphasized using a balanced set of performance measurement metrics across financial, customer, operational, and employee-related dimensions. Gummesson (2007) found that learning from high-performing service firms through benchmarking can drive performance improvement and organizational performance is viewed not only through financial results but also through the effectiveness of relationships and networks within and outside the organization. Organizational performance is the analysis of a company's performance as compared to goals and objectives (Neely et al., 2009). It is a broad construct that captures the outcomes of organizational activities, encompassing profitability, efficiency, productivity, and other aspects of success.

2.5 Empirical Studies

Some researchers presented their findings on relationships of competitive strategy, market orientation and organization performance. Market orientation as a mediating factor was studied by Agnihotri et al. (2014). Sigala and Chalkiti (2015) investigated how market orientation influences hotel performance. They suggested that market orientation can lead to better performance by fostering creative marketing programs and dynamic capabilities. These capabilities allow hotels to adapt to changing customer needs and market trends.

Narasimhan and Das (2001) offered a framework for analyzing performance in service industries, including hotels. This framework considers various dimensions, financial, service quality, customer satisfaction, which can be applied to assess the effect of market orientation. Their findings indicated that market orientated firms are not as much of involved in differentiation strategy because service industries concentrate to increase the market share and producing similar types of offerings.

Customer orientation and service performance was researched by Han et al. (2016) to demonstrate the positive effects of customer orientation on customer satisfaction and loyalty in service industries. This aligned with market orientation's emphasis on understanding and responding to customer needs, suggesting a potential link between market orientation and these outcomes.

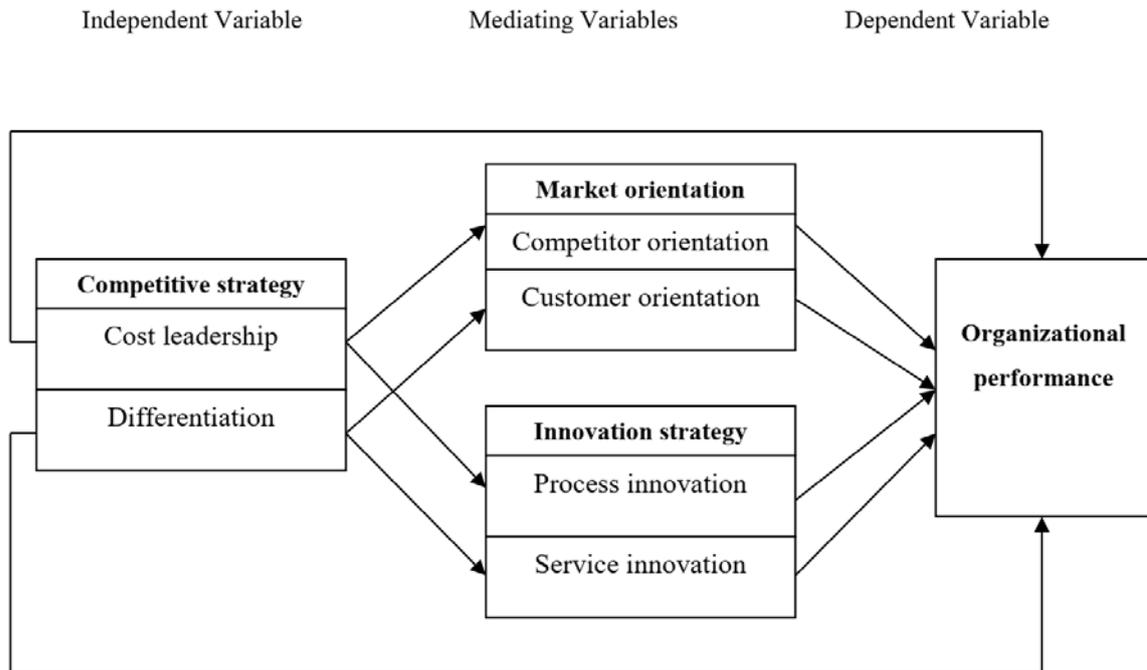
Kim and Kim (2018) examined the role of service innovation in the relationship between competitive intelligence and hotel performance. This suggested that hotels can leverage innovative services to gain an edge over competitors, potentially enhancing the effect of competitive strategies.

Competitor analysis in service contexts was researched by Kandula et al. (2020) to provide a comprehensive review of competitor analysis in service industries. Their insights can be valuable for understanding how hotels can effectively analyze their competitors and inform their own strategies.

Li et al. (2013) offered a meta-analysis highlighting the complex effects of competitor orientation on firm performance. While it can lead to positive outcomes, potential downsides also exist. This emphasized the need for careful consideration when implementing competitive strategies. Porter (1980) provided a foundational framework for competitive analysis, applicable to the hotel industry. It was found that understanding different competitive strategies (cost leadership, differentiation) and how they interact with market orientation.

There are many studies that have addressed competitive strategy, market orientation, and performance of hotels. Kaliappen (2014) studied “Strategic Match and Effects of Competitive Strategy, Market Orientation and Innovation Strategy on Hotels’ Performance: The Catalyst for Economic Growth of a Nation”. The aim of this studies was to describe and analyze the causal relationship of competitive strategy, market orientation and innovation strategy on organizational performance of hotels in Malaysia. The population is 475 hotels with three to five-star rating in Peninsular, Sabah, Sarawak and Federal Territories in Malaysia. The sample size is 210 but only 114 were valid for the analysis. The conceptual framework of Kaliappen (2014) is shown in Figure (2.1).

Figure (2.1) The Conceptual Framework of Kaliappen



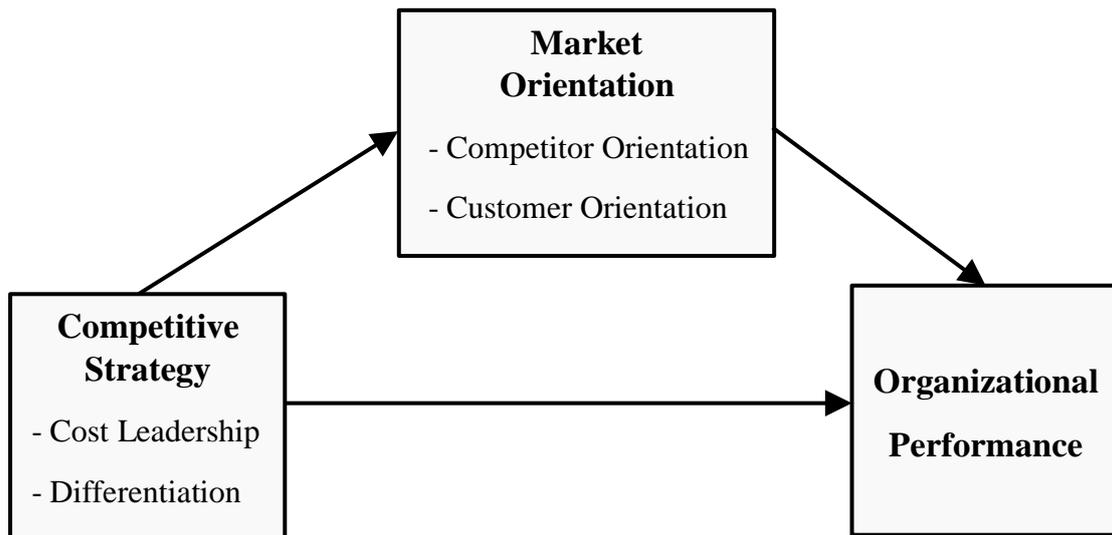
Source: Kaliappen (2014)

The findings of Kaliappen (2014) showed that right matching of specific competitive strategy, market orientation and innovation strategy would transform the performance of hotels. Competitor orientation and process innovation mediated cost leadership and performance nexus, while customer orientation and service innovation mediated the differentiation and performance nexus. Kaliappen (2014) suggested that market orientation and innovation activities (functional level strategies) were well organized to enable the competitive strategy (business level strategy) to produce better organizational performance.

2.7 Conceptual Framework of the Study

The conceptual of this study is adapted from Kaliappen (2014). The following conceptual framework to analyze these relationships is shown in Figure (2.2). Their strategy choice may affect on their performance. However, their consideration on analysis of competitors and customers may also affect on their performance. This conceptual framework is based on those assumptions.

Figure (2.2) Conceptual Framework of the Study



Source: Adapted from Kaliappen (2024)

Based on the research of Kaliappen (2014), competitive strategy (cost leadership strategy & differentiation strategy) are considered independent variables, the market orientation (customer orientation & competitor orientation) are considered the mediating variables and organizational performance is the dependent variable.

The innovation strategy is left for my adapted framework from Kalippen (2014) because hotels in Bagan zone are facing limited resources for research and development, technology adoption, and experimentation, which are crucial for innovation. Moreover, adapting the framework to focus on innovation strategy could lead to overstressing resources and hindering progress in other areas. The market of hotels in Bagan zone is an early stage of development compared to developed countries, with a focus on basic needs and infrastructure rather than innovative offerings. Adapting the framework to prioritize innovation is not align with the current market demand. The regulatory environment in Myanmar, especially in Bagan zone, pose challenges for innovation, with strict rules and bureaucratic processes hindering experimentation and new product development.

CHAPTER 3

PROFILE, COMPETITIVE STRATEGY, AND MARKET ORIENTATION OF HOTELS IN BAGAN ZONE

This chapter presents background of Myanmar hotel industry and profile of hotels in Bagan zone. In additions, it covers the competitive strategies and market orientation of hotels in Bagan zone. In this study, competitor orientation and customer orientation are included in market orientation and the competitive strategies consist of cost leadership and differentiation. This chapter also presents profile of the respondents according to the survey.

3.1 Background of Myanmar Hotel Industry

Until 1960, there was relatively little hotel business in Myanmar. Accommodation for travelers and visitors was typically provided by monasteries and Zayats (rest houses). Alternatively, travelers often stayed the residences with friends and relatives without payment (free of charges) for accommodation, a practice rooted in traditional courtesy and social habits.

Myanmar has been transformed its economic system from centrally planned economy into market-oriented economy since 1989. There have been many changing processes in Myanmar hotel industry after 1989 in accordance with its economy. As Myanmar has begun to practice market-oriented economy, the government has invited FDI (Foreign Direct Investment). It was found that government had given strong encouragement and assistance to hotel industry. Gradually, hotel industry increased its number from a small industry with 19 hotels and guests houses with a total room capacity of 790 in 1988. In 1992-93, there were 46 state-owned hotels with 1,523 rooms and 19 private-owned hotels with 724 rooms which made altogether 65 hotels with 2,247 rooms for the whole industry (Statistical Year Book, 2022).

In 2024, there are 20 hotel zones and 2374 hotels in Myanmar. The distribution of hotels includes 12 hotels in Chin zone, 68 hotels in Kachin zone, 32 hotels in Kayah zone, 58 hotels in Kayin zone, 85 hotels in Mawlamyine zone, 101 hotels in Rakhine zone, 260 hotels in South of Shan zone, 87 hotels in East of Shan zone, 99 hotels in North of Shan zone, 99 hotels in Naypyitaw zone, 490 hotels in Yangon zone, 57 hotels

in Magway zone, 333 hotels in Mandalay zone, 82 hotels in Pyin Oo Lwin zone, 61 hotels in Sagain zone, 102 hotels in Bago zone, 56 hotels in Tanintharyi zone, 168 hotels in Bagan zone, 38 hotels in Ngw Saung zone and 86 hotels in Chaung Thar zone. Bagan zone has the fourth-most hotels in the 20 hotel zones of Myanmar (Ministry of Hotels and Tourism, 2024).

A transformation has occurred since 2010, propelling Myanmar from a state of decline to one of rapid expansion in a span of a few years. Starting from 2011, visitor numbers began to surge dramatically, causing shortages of hotel rooms during high season. The pinnacle of high room prices was reached in 2013. The hotel situation in Myanmar has since improved due to the construction of numerous new accommodations. However, recent years have witnessed a steep decline in tourist arrivals due to political unrest. The worldwide outbreak of the coronavirus crisis resulted in the evaporation of tourists, and the final blow was dealt by the ongoing unrest throughout the country, inflicting substantial damage upon the hotel industry including Bagan zone. Despite a slow recovery in 2022 and 2023, the industry's revival has been minimal.

3.2 Profile of Hotels in Bagan Zone

Bagan is an ancient city located in the Mandalay Region of Myanmar. It was once the capital of the Bagan Kingdom, which ruled Myanmar from the 9th to the 13th centuries. Bagan is famous for its numerous Buddhist temples, pagodas, and monasteries, which were built during the kingdom's reign. Bagan is a United Nations Educational, Scientific and Cultural Organization (UNESCO) world heritage site and a popular tourist destination (UNESCO World Heritage Centre, n.d.). Bagan is the more extraordinary because of its wonderful views. The river Irrawaddy has washed away nearly one-third of the original city area, and thieves in search of treasures have torn apart many temples, while earthquakes and the ravages of time have reduced hundreds of other temples to piles of crumbling stones. Today, seven centuries later, approximately twenty-two hundred temples remain standing.

Unlike other hotels in Myanmar, hotels in Bagan zone are mainly dependent on the health of temples to attract guests. These temples stand as a testament to the rich cultural heritage of the region and attract tourists from across the globe. However,

beyond their historical significance, these temples also play a crucial role in driving the local economy, particularly in the realm of hospitality. The temples of Bagan intertwine with the income generated by hotels in the area.

One of the most revered pagodas in Bagan, Shwezigon Pagoda is a significant religious site. Its golden stupa gleams under the sun, drawing visitors to witness its architectural splendor and spiritual aura. An architectural masterpiece, Ananda Temple is revered for its elegant design and spiritual significance. Housing four colossal standing Buddha statues, it stands as a symbol of Bagan's rich heritage. Towering over the Bagan skyline, Thatbyinnyu Temple is the tallest temple in the region. Its commanding presence and intricate architectural details make it a must-visit destination for travelers. With its imposing brick facade and enigmatic history, Dhammayangyi Temple is both a marvel of architecture and a site shrouded in mystery. Despite its incomplete construction, it remains a captivating attraction for visitors.

The temples of Bagan serve as more than mere historical landmarks; they are pivotal drivers of the local economy, particularly within the hospitality sector. Hotels strategically positioned near these iconic structures reap the rewards of increased visitors' footfall, capitalizing on the allure of Bagan's rich cultural heritage. As such, the symbiotic relationship between Bagan's temples and hotels underscores the importance of heritage preservation in fostering economic prosperity.

Hotels are classified according to the hotel size, location, target markets, levels of service, facilities provided, number of rooms, ownership and affiliation. Besides these classifications hotels are often classified with the Star, Diamond or Crown system, depending on geographic location (Walker, 2021).

Myanmar Hotelier Association (MHA) generally classified hotels based on the target market cater to specific types of travelers, tailoring their services and amenities to meet the unique needs of each group. The main types of hotels based on target market are business hotel, luxury hotel, mid-range hotel, budget hotel/guesthouse, boutique hotel and casino hotel.

Business hotel's target market is business travelers, corporate clients, and conference attendees. These hotels are typically located in city centers or near business districts. They offer amenities such as meeting rooms, conference facilities, high-speed

internet, work desks, and business centers. Other features may include express check-in/check-out, laundry services, and dining options that cater to busy schedules.

Luxury hotel's target market is affluent tourists, history enthusiasts, and couples seeking a high-end experience. Luxury hotels are designed to offer premium services and amenities, often provided scenic views. These hotels feature spacious rooms or villas, fine dining options, spa services, and personalized experiences like private temple tours.

Mid-Range hotel's target market is couples, small groups, and travelers seeking comfort and convenience without the price tag of luxury accommodations. Mid-range hotels in Bagan zone provide comfortable accommodations with essential amenities such as air conditioning, Wi-Fi, and swimming pools. They are often located near major attractions, making them ideal for tourists who want convenience without luxury prices.

Budget hotel's target market is backpackers, solo travelers, and budget-conscious tourists. Budget accommodations in Bagan zone offer basic amenities at affordable prices. These hotels are often smaller, family-run establishments or guesthouses that provide clean rooms, sometimes with shared bathrooms, and essential services like free Wi-Fi and breakfast. They are typically located in Nyaung-U, which is close to local markets and eateries.

Boutique hotel's target market is unique seeking travelers and personalized experiences, often including couples, art lovers, and history buffs. Boutique hotels in Bagan zone are characterized by their small size, distinctive design, and personalized service. These hotels often incorporate traditional Burmese art and architecture, offering guests a unique cultural experience. They provide a cozy atmosphere and are usually located in areas with easy access to both the temples and local life.

Casino hotel's target market is gamblers, entertainment seekers, and tourists interested in nightlife and shows. Casino hotels combine accommodation with a wide range of entertainment options, including casinos, live shows, nightclubs, and fine dining. These hotels are often part of large resorts with luxury amenities, pools, spas, and shopping. The presence of a casino is the central feature, attracting guests who enjoy gaming and related activities.

The two types (business hotel and casino hotel) are not situated in Bagan, only four types of hotels are found in Bagan zone. The types of hotels that are found in

Bagan are luxury hotels, boutique hotels, mid-range hotels and budget hotels (guest house). From the 61 respondents' hotels, there are 3 luxury hotels, 12 boutique hotels, 17 mid-range hotels and 29 budget hotels.

Luxury hotels in Bagan zone offer top-notch amenities, spacious rooms, and often stunning views of the surrounding landscape. These are Aureum Palace Hotel & Resort and Bagan Lodge Hotel, The Hotel at Tharabar Gate. They are typically praised for the luxurious accommodations, excellent service, and beautiful surroundings but these hotels are expensive.

Boutique hotels in Bagan zone are known for their unique charm, personalized service, and attention to detail. Bagan Thande Hotel, Bagan Umbra Hotel, Zfreeti Hotel are categorized as boutique hotels. They supply the intimate atmosphere and cultural touches offered by boutique hotels and the facilities are smaller compared to luxury hotels.

Mid-Range hotels in Bagan zone offer comfortable accommodations and decent amenities at a more affordable price point. Bagan Thiripyitsaya Sanctuary Resort, Bagan Empress Hotel, Ostello Bello Bagan are included mid-range hotel types. They serve to be good value for money, with clean rooms and friendly staff but the amenities are just basic compared to luxury hotels.

Budget hotels and guesthouses provide simple rooms and limited facilities, catering to budget-conscious travelers which included Green Land Motel, Winner guest house, May Kha Lar guest house. They are praised for their affordability and convenient locations. However, the rooms tend to be smaller and less luxurious compared to higher-end options.

Hotels in Bagan zone are found in three main areas. Nyaung U is the main town in Bagan zone and it is home to the majority of hotels, including luxury hotels, mid-range hotels, and budget hotels. Old Bagan is the archaeological zone of Bagan and is home to some of the most famous temples and pagodas. There are a few hotels located in Old Bagan, but they tend to be more expensive than hotels in Nyaung U. New Bagan is a newer area of Bagan that is located to the south of Old Bagan. There are a few hotels located in New Bagan, but they are not as common as hotels in Nyaung U.

Two regions are included in Bagan zone, they are Nyaung U township (including New Bagan, Old Bagan) and Kyaukpadaung township. For 168 hotels of

Bagan zone, 154 hotels (6007 rooms) are situated in Nyaung U township and 14 hotels (312 rooms) are located in Kyaukpataung township (Ministry of Hotels and Tourism, 2024). The list of hotels in Bagan zone is shown in Appendix B.

3.3 Competitive Strategies of Hotels in Bagan Zone

Competitive strategies of the hotels in Bagan zone revolve around attracting guests, maximizing revenue, and maintaining a sustainable business model. Some hotels aim to differentiate themselves from competitors by offering unique features, services, or experiences. This could include themed rooms, cultural activities, specialized dining options, or eco-friendly initiatives that appeal to specific market segments.

Some hotels strategically position themselves in prime locations such as tourist hotspots, business districts, or near transportation hubs to attract guests. Properties with scenic views, riverside access, or proximity to cultural attractions often leverage their location as a competitive advantage.

Providing exceptional customer service is crucial for hotels to stand out. This involves training staff to deliver personalized experiences, promptly addressing guest concerns, and going above and beyond to exceed guest expectations. Hotels also offer exclusive services such as concierge assistance, spa treatments, or guided tours.

Competing on price is common in the hotel industry, especially in emerging markets where price sensitivity is high. Hotels in Bagan zone offer competitive room rates, promotional packages, or discounts to attract budget-conscious travelers while still maintaining profitability.

Establishing a strong online presence through websites, social media platforms, and online travel agencies (OTAs) is essential for reaching potential guests. Hotels invest in digital marketing strategies, search engine optimization (SEO), and online booking systems to enhance visibility and accessibility to a global audience.

Investing in modern infrastructure, state-of-the-art amenities, and recreational facilities set hotels apart from competitors. This includes well-equipped rooms, fitness centers, swimming pools, business centers, and conference facilities catering to both leisure and business travelers.

Hotels in Bagan zone differentiate themselves by engaging with local communities, supporting sustainable practices, and promoting cultural heritage. This

involves sourcing local products, implementing eco-friendly initiatives, or participating in community development projects to resonate with socially conscious travelers.

3.3.1 Cost Leadership Strategy used by Hotels in Bagan Zone

Cost leadership strategy, in the context of hotels in Bagan zone, involves positioning a hotel as the most economical choice in the area while maintaining acceptable standards of quality and service. There are key points of cost leadership strategy of hotels in Bagan zone such as efficient operations, lean staffing, simplified services, low-cost marketing, effective cost control, standardization and negotiating supplier contracts.

Some hotels in Bagan zone focus on optimizing its operations to minimize waste and maximize efficiency. They emphasize on careful management of resources such as water and electricity to reduce utility costs. Water conservation includes installing low-flow faucets and showerheads to reduce water usage without compromising guest comfort. Additionally, they often utilize technologies like drip irrigation systems in their gardens and landscaping to minimize water wastage. To save energy, they integrate energy-efficient appliances and lighting solutions, such as LED bulbs and motion sensors, to optimize electricity usage. Moreover, they invest in insulation and weatherproofing to regulate indoor temperatures effectively, thereby reducing reliance on heating and cooling systems.

The hotels adopt a standardized room design and amenity package across its properties to streamline operations and reduce costs associated with customization. They negotiate with local suppliers to secure favorable pricing for essentials such as linens, toiletries, and food items served in its restaurant. The placement of the bed, desk, and wardrobe follows a predetermined configuration in every room. Likewise, the style and design of furnishings such as chairs, tables, and lamps are consistent throughout, facilitating ease of procurement and maintenance. From toiletries and linens to electronic appliances and entertainment systems, some hotels offer a uniform selection of high-quality amenities across all properties. By sourcing items in bulk and negotiating favorable contracts with suppliers, they capitalize on economies of scale to reduce procurement costs. By committing to large-volume orders food items, they can

often negotiate lower unit costs and favorable payment terms, thereby optimizing their budgets.

Some hotels employ a lean staffing model to handle multiple tasks efficiently. This ensures that labor resources are utilized efficiently without overstaffing during low-demand periods or understaffing during peak times. Hotels outsource certain non-core functions or services to third-party providers to reduce staffing overhead and administrative burdens. For example, housekeeping services, laundry operations, or security services are outsourced to specialized contractors, allowing the hotel to focus on its core competencies.

Some hotels offer essential services to guests, focusing on providing clean and comfortable accommodation without additional frills. Optional services such as guided tours or airport transfers are available at an extra cost. For extra cost service, cost transparency ensures that guests can make informed decisions based on their budget and preferences, avoiding any surprises upon checkout.

The hotels in Bagan zone utilize cost-effective marketing channels such as social media, online travel agencies, and local partnerships to attract guests without significant advertising expenses. They share stunning photos of sunrise views over Bagan's temples or highlight guest testimonials praising their hospitality in social media. By fostering direct engagement with followers and leveraging user-generated content, hotels cultivate a sense of authenticity and trust among prospective guests. They collaborate with local restaurants to offer dining discounts to their guests or team up with tour companies to create package deals that include accommodations and guided excursions. By cross-promoting each other's services, hotels amplify their marketing efforts and attract guests through word-of-mouth referrals.

The hotels regularly monitor expenses and implements strict cost control measures to ensure that operating costs remain within budgetary constraints. By meticulously recording expenditures related to staffing, utilities, maintenance, supplies, and other overheads, they gain insight into where costs are incurred and identify potential areas for optimization. By cultivating strong vendor relationships and exploring cost-saving opportunities, they mitigate the effect of inflation and market fluctuations on procurement expenses. They periodically review staffing requirements based on occupancy levels and seasonal demand fluctuations to ensure optimal staffing

levels while controlling payroll expenses. Hotels analyze expense reports, scrutinize spending patterns, and benchmark against industry standards to gauge performance and identify cost-saving opportunities. This ongoing evaluation process enables them to make informed decisions and adjust strategies as needed to maintain cost-effective operations.

By implementing these strategies, some hotels in Bagan zone are offering affordable accommodation options to budget-conscious travelers visiting Bagan while maintaining profitability in a competitive market.

3.3.2 Differentiation Strategy used by Hotels in Bagan Zone

Differentiation strategy, in the context of hotels in Bagan zone, involves offering unique features, services, or experiences that set the hotel apart from competitors and create value for guests. There are key points of differentiation strategy of hotels in Bagan zone such as unique architectural design, luxurious amenities and services, culinary excellence, wellness and spa experience, cultural immersion programs and personalized guest experiences.

Aureum Palace Hotel differentiates itself by incorporating traditional Burmese architectural elements into its building design. The hotel's structure resembles a pagoda, blending seamlessly with the ancient temples surrounding it, providing guests with a unique and immersive cultural experience. The hotel's structure rises majestically, mirroring the graceful curves and intricate embellishments characteristic of traditional Burmese pagodas. From its tiered rooflines to intricately carved facades, every aspect of the building exudes the timeless elegance and spiritual symbolism associated with Myanmar's architectural heritage. Exploring the hotel's corridors and communal spaces feels akin to navigating a labyrinth of ancient temples, with every nook and cranny revealing intricate details and symbolic motifs drawn from Myanmar's spiritual traditions. Whether marveling at ornately carved doorways or meditating in serene courtyards, guests are enveloped in an atmosphere of reverence and tranquility that pays homage to the country's rich cultural tapestry.

Bagan Heritage Hotel offers luxurious amenities and personalized services to distinguish itself from competitors. This includes spacious suites with panoramic views of the Bagan skyline, infinity pool and a concierge service that arranges exclusive

guided tours of lesser-known archaeological sites. They boast spacious suites meticulously designed to offer a sanctuary of indulgence and relaxation. Each suite features lavish furnishings, plush bedding, and elegant décor, enveloping guests in a cocoon of refinement and sophistication. Nestled amidst lush landscaped gardens and offering sweeping vistas of the surrounding countryside, the infinity pool provides a serene oasis where guests can escape the hustle and bustle of everyday life and immerse themselves in pure luxury.

Ayer River View Hotel boasts multiple dining options, each offering a culinary journey through Burmese cuisine. The hotel's signature restaurant sources fresh, locally-sourced ingredients to create authentic dishes, while its river-view bar serves handcrafted cocktails inspired by traditional Myanmar flavors. The hotel's restaurant takes guests on a sensory adventure through the vibrant flavors and rich culinary traditions of Myanmar. From classic dishes like Mohinga and Shan noodles to regional specialties and innovative reinterpretations of traditional recipes, every dish is a celebration of Myanmar's diverse culinary heritage. Complementing its culinary offerings, the hotel's river-view bar offers guests a curated selection of handcrafted cocktails inspired by traditional Myanmar flavors and ingredients. From refreshing gin fizzes infused with lemongrass and ginger to smoky whisky sours garnished with tamarind and chili, the bar's innovative cocktail menu provides a delightful fusion of old-world charm and contemporary flair.

Myanmar Treasure Resort prioritizes guest well-being by offering a comprehensive wellness and spa experience. Guests indulge in rejuvenating massages and holistic treatments inspired by ancient Burmese healing traditions, providing a serene retreat after a day of exploring the temples. Guests indulge in a curated selection of luxurious spa treatments that draw inspiration from Myanmar's rich cultural heritage and natural beauty. From traditional Burmese massages using indigenous herbs and oils to invigorating body scrubs and facials, each treatment is designed to restore balance, vitality, and harmony to the body, mind, and soul.

Thiripyitsaya Sanctuary Resort offers cultural immersion programs that allow guests to engage with local artisans, participate in traditional ceremonies, and learn about Myanmar's rich history and heritage from knowledgeable guides. These experiences provide guests with a deeper understanding of Bagan's cultural significance. Guests are served the opportunity to learn traditional weaving techniques

from skilled artisans in nearby villages, creating their own handwoven textiles or pottery under their expert guidance. Whether it's joining locals in offering alms to Buddhist monks during the morning alms-giving ceremony or taking part in a traditional water festival celebration, guests are invited to immerse themselves in the cultural fabric of Myanmar and experience firsthand the warmth and hospitality of its people.

Royal Palace hotel goes above and beyond to provide personalized guest experiences tailored to individual preferences. From arranging private sunrise hot air balloon rides over the temples to organizing intimate candlelit dinners amidst ancient ruins, the hotel ensures that every guest's stay is unforgettable. Upon arrival, guests are invited to consult with the hotel's dedicated concierge team to create a personalized itinerary tailored to their preferences. Guests have the opportunity to embark on a private sunrise hot air balloon ride over the temples of Bagan, witnessing the breathtaking beauty of the ancient skyline from a bird's-eye view. Alternatively, the hotels arrange intimate candlelit dinners amidst the secluded ruins of ancient temples, providing guests with a romantic and unforgettable dining experience amidst the historical splendor of Bagan. Whether it's arranging transportation to and from local attractions, securing reservations at exclusive restaurants, or organizing special events and celebrations, the hotel's experienced concierge team handles every detail with precision and care.

By implementing a differentiation strategy focused on offering unique experiences, luxurious amenities, and personalized services, some hotels in Bagan zone itself apart as a premier destination for discerning travelers seeking an unparalleled stay in Bagan.

3.4 Market Orientation of Hotels in Bagan Zone

Market orientation in the context of hotels in Bagan zone involves understanding and catering to the needs, preferences, and expectations of the target market within the hotel industry in Bagan zone. A market-oriented approach for hotels in Bagan zone entails several key elements:

Hotels in Bagan zone prioritize understanding the needs and desires of their target customers, which include leisure travelers, history enthusiasts, adventure seekers,

or luxury tourists. Customer feedback mechanisms such as surveys, reviews, and direct interactions help hotels gauge customer preferences and adapt their services accordingly.

Conducting thorough market research is essential for hotels in Bagan zone to gain insights into the demographics, behaviors, and preferences of guest visiting Bagan. Based on interviews, hotels tailor their offerings to meet the specific needs and preferences of their target market segments. This involve developing unique amenities, designing culturally immersive experiences, or offering specialized services that differentiate the hotel from competitors and appeal to discerning travelers.

Providing exceptional customer experiences is paramount for hotels in Bagan zone to build loyalty and attract repeat visitors. This entails not only delivering high-quality accommodation and services but also creating memorable moments and fostering genuine connections with guests. Hotels invest in staff training programs to ensure frontline employees are equipped to deliver personalized and attentive service.

Hotels in Bagan zone enhance their market orientation by actively engaging with the local community and supporting initiatives that promote sustainable tourism development, cultural preservation, and economic empowerment. Building strong relationships with local stakeholders contribute not only to the hotel's reputation but also foster goodwill among residents and enhance the overall visitor experience.

Market orientation of hotels in Bagan zone involves a customer-centric approach that prioritizes understanding and meeting the needs of the target market while also embracing innovation, sustainability, and community engagement to create value and competitive advantage.

3.4.1 Competitor Orientation of Hotels in Bagan Zone

Competitor orientation refers to the strategic focus of a business on understanding and responding to the actions and strategies of its competitors in the market. In the context of hotels in Bagan zone, competitor orientation involves monitoring and analyzing the offerings, pricing, marketing strategies, and customer experiences of other hotels in the area to inform decision-making and maintain competitiveness. There are key approaches of competitor orientation of hotels in Bagan zone such as competitor analysis, market positioning, collaboration and partnerships.

Some hotels in Bagan zone conducts regular competitor analysis to understand the strengths, weaknesses, opportunities, and threats posed by other hotels in the area. This analysis includes studying factors such as pricing strategies, room rates, amenities offered, guest reviews, and online presence of key competitors. They pay close attention to guest reviews and feedback about its competitors, using this information to benchmark its own performance and identify areas for improvement. Additionally, by monitoring the online presence of key competitors, including their social media presence and website engagement, they stay abreast of market trends and customer preferences.

Based on its analysis of competitors, some hotels are strategically position itself in the market to differentiate its offerings and attract target customers who are less attractive from competitors. If the hotel identifies a gap in the market for luxury accommodations with authentic cultural experiences, it focuses on enhancing its cultural immersion programs and upscale amenities to cater to discerning travelers seeking a unique and immersive stay in Bagan. By closely examining competitors' offerings, they discern an opportunity to cater to discerning travelers seeking immersive cultural experiences. Consequently, they revamp its approach, prioritizing the enrichment of cultural immersion programs and the introduction of upscale amenities tailored to this niche segment.

While competitors in the hospitality industry compete for guests, they also have opportunities to collaborate and form partnerships to mutual benefit. Some hotels collaborate with local tour operators, restaurants, and attractions to offer exclusive packages and enhance the overall guest experience, thereby differentiating itself from competitors and attracting more visitors to Bagan. Understanding that enhancing the overall guest experience is key to differentiation, they actively seek out partnerships with local tour operators, restaurants, and attractions. By forging alliances with these entities, they create exclusive packages that offer guests a comprehensive and immersive experience of Bagan. By adopting a competitor-oriented approach, hotels in Bagan zone gain valuable insights into market dynamics, identify opportunities for growth, and develop strategies to maintain competitiveness and achieve long-term success in the competitive hospitality industry.

3.4.2 Customer Orientation of Hotels in Bagan Zone

Customer orientation is a strategic approach where a business focuses on understanding and meeting the needs and preferences of its customers. In the context of hotels in Bagan zone, customer orientation involves tailoring services, amenities, and experiences to cater to the desires and expectations of guests visiting the region. There are key approaches of customer orientation of hotels in Bagan zone such as personalized service, cultural immersion, local experiences, sustainability initiatives and seamless booking experience.

Hotels in Bagan zone prioritize providing personalized service to guests, addressing their individual needs and preferences. They go beyond standard hospitality practices to offer tailored welcome amenities that align with guests' interests and preferences. Moreover, they proactively assist guests in booking tours and transportation, leveraging its market insights to recommend experiences that resonate with the specific interests of its clientele. They prioritize the accommodation of special requests, such as dietary restrictions or room preferences, to ensure a truly personalized experience for each guest. By adopting a market-oriented mindset, they enhance not only guest satisfaction but also cultivates loyalty and distinguishes itself within the vibrant hospitality landscape of Bagan.

Recognizing that many guests visit Bagan for its rich cultural heritage, hotels in the area focus on providing opportunities for cultural immersion. This includes organizing cultural activities such as traditional dance performances, cooking classes featuring local cuisine, and guided tours of nearby temples and archaeological sites. Some hotels arrange traditional dance performances to offer guests a firsthand experience of Bagan's cultural traditions. These performances include dances such as the Apsara dance, showcasing graceful movements and vibrant costumes. They host nightly performances featuring local dancers, providing guests with an authentic taste of Bagan's cultural heritage.

Hotels in Bagan zone collaborate with local businesses and artisans to offer authentic local experiences to guests. This could include partnerships with nearby restaurants to showcase regional cuisine, arranging visits to local markets, or organizing excursions to off-the-beaten-path destinations. Recognizing guests' interest in exploring the local culture and daily life, hotels organize visits to bustling local markets. These

excursions allow guests to immerse themselves in the vibrant atmosphere of Bagan's markets, interact with local vendors, and discover fresh produce and handicrafts. They organize excursions to lesser-known villages or hidden gems in the Bagan region, allowing guests to discover hidden treasures and forge meaningful connections with local communities.

Recognizing the growing importance of sustainability to travelers, hotels in Bagan zone implement eco-friendly practices and initiatives. This includes using locally sourced and organic ingredients in their restaurants, minimizing single-use plastics, and implementing energy-saving measures to reduce their environmental impact. They provide guests with reusable water bottles upon arrival and offers refill stations throughout the property to encourage hydration without relying on disposable plastic bottles. By eliminating or reducing the use of single-use plastics, they demonstrate its commitment to environmental stewardship and meets the expectations of eco-conscious guests.

Hotels in Bagan zone prioritize providing a seamless booking experience for guests, whether they book online, through a travel agent, or in person. This includes user-friendly booking platforms, transparent pricing, and responsive customer service to assist with any booking inquiries or modifications. They ensure that its website features a streamlined and easy-to-navigate booking interface. Guests can easily browse room options, check availability, and complete their bookings with minimal effort. They offer multiple channels for guests to reach out for assistance, including phone, email, and live chat support. Whether guests have questions about room availability, special requests, or changes to their reservations, their dedicated customer service team is readily available to provide assistance and personalized assistance. By offering responsive customer service, Hotel R ensures that guests feel valued and supported throughout the booking process, enhancing their overall experience with the hotel.

Customer orientation is central to the success of hotels in Bagan zone, as it allows them to create memorable experiences that meet the diverse needs and preferences of their guests, thereby fostering loyalty and positive word-of-mouth recommendations.

3.5 Profile of Respondents

This survey was conducted in March and April 2024 in hotels in Bagan zone. Data collection method is a simple random sampling method. From 118 hotels, respondents are 70 hotels of managers/owners but only 61 (52% of sample size) is usable. This study was conducted one-by-one interviews and the questionnaire included four sections respectively. Six questions about the profile of hotel are found in section (A). Respondent position, number of rooms, hotel location, average occupancy rate, number of employees and hotel operation year are present. Section (B) of the questionnaire consists of ten questions about competitive strategies, broken up into two parts; differentiation strategy and cost leadership strategy. Section (C) presents 10 questions about market orientation, which are separated into two groups; competitive orientation and customer orientation. To find out the respondents' viewpoints, there are 10 questions in section (D) about the performance of hotel. The profile of selected hotels is shown in Table (3.1).

Table (3.1) Profile of Selected Hotels

Sr. No.	Particular	No. of Respondents	Percentage	
	Total	61	100	
1	Respondents' position/designation	Manager	45	73.77
		Owner	16	26.23
2	Number of rooms	Below 26	10	16.38
		26 – 50	34	55.74
		51 – 100	12	19.67
		101 – 150	5	0.08
3	Hotel location	Sub-urban	25	40.98
		Urban	36	59.02
4	Average occupancy rate per year	Below 31 %	41	67.21
		31% - 50%	16	26.23
		51% - 60%	1	0.02
		71% & above	3	0.05
5	Number of employees	Below 26	31	50.82
		26 – 50	18	29.51
		51 – 100	6	9.84

		101 – 150	6	9.84
6	Operation years of hotels	Under 5 years	9	14.75
		5-9 years	29	47.54
		10-15 years	8	13.12
		More than 15 years	15	24.59

Source: Survey Data (2024)

According to Table (3.1), the majority of hotels are run by managers, round about 74%. This reveals that the competitive strategy of hotels in Bagan zone are mostly driven by the managers. For the numbers of room, a significant portion of the hotels are between 26 and 50. It means that the majority of hotels are small size by the international standard. In term of hotel location, most of the hotels are located in urban because hotels are not permitted to build near the archeological zone by guideline of United Nations Educational, Scientific and Cultural Organization (UNESCO). In the analysis of average occupancy rate per year, most of the hotels have below 31%. It was the effect of COVID-19 and political instabilities of last three years. Managers or owners always calculate occupancy rate monthly and yearly. To determine the occupancy rate, the number of occupied rooms is divided by the total number of rooms, and then multiply by 100. In term of number of employees, the majority of hotels appointed the employees below 26 persons. It is the relationship of between small size hotels and less employees. For the operation years of hotels, the majority are fall between 5 to 9 years. It can be concluded that most of the hotels was built last 10 years ago because many tourists came to Bagan for the political reform after 2010.

CHAPTER 4

ANALYSIS ON THE EFFECT OF COMPETITIVE STRATEGY ON THE PERFORMANCE OF HOTELS IN BAGAN ZONE

This chapter analyze to examine the direct effect of competitive strategy on organizational performance of hotels in Bagan zone and to analyze the mediating effect of market orientation on the relationship between competitive strategy and organizational performance of hotels in Bagan zone. The descriptive statistics and multiple regression analysis are presented in this chapter.

4.1 Respondents Perception on Competitive Strategy, Market Orientation and Organizational Performance of Hotels in Bagan Zone

This section presents competitive strategy of hotels in Bagan zone. Competitive strategy (cost leadership and differentiation) is regarded as the independent variables and organizational performance is dependent variable. While competitive strategy (cost leadership and differentiation) is regarded as the independent variables, market orientation (customer orientation and competitor orientation) is mediating variable and organizational performance is the dependent variable. The structured questionnaire includes different number of items which are measured with Five-Point Likert scale (1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree).

According to Best (1977), the mean values of five-point Likert scale items are interpreted as follows:

The score among 1.00 to 1.80 means strongly disagree.

The score among 1.81 to 2.60 means disagree.

The score among 2.61 to 3.40 means neutral or neither agree nor disagree.

The score among 3.41.00 to 4.20 means agree.

The score among 4.21 to 5.00 means strongly agree

4.1.1 Competitive Strategy

Competitive strategy includes cost leadership and differentiation. Descriptive statistics (Mean value) of competitive strategy of hotels in Bagan zone are described as follows.

(a) Cost Leadership Strategy

This section analyzes the cost leadership strategy of the hotels by collecting structured questionnaire from 61 hotels in Bagan zone. Cost leadership strategy is measured with four statements. The mean values and overall mean value are described in Table (4.1).

Table (4.1) Cost Leadership Strategy

Sr. No.	Description	Mean Score
1	Achieving lower cost of services than competitors.	2.89
2	Making services/procedures more cost efficient.	4.08
3	Improving the cost required for coordination of various	3.57
4	Improving the utilization of available equipment, services.	3.98
	Overall Mean	3.63

Source: Survey Data (2024)

According to Table (4.1), all mean values including overall mean value (except mean value of 2.89) fall between 3.41 and 4.20. It can be concluded that the majority of respondents agree cost leadership strategy used by hotels. They agree with making services/procedures more cost efficient, improving the cost required for coordination of various and improving the utilization of available equipment, services. However, the mean value of achieving lower cost of services than competitors is between 2.61 to 3.40. It is natural level and most of the respondents neither agree nor disagree level with that statement.

(b) Differentiation Strategy

This section analyzes the differentiation strategy of the hotels in Bagan zone by collecting structured questionnaire from 61 hotels in Bagan zone. Differentiation strategy is measured with five statements. The mean values and overall mean value are described in Table (4.2).

Table (4.2) Differentiation Strategy

Sr. No.	Description	Mean Score
1	Introducing new services quickly.	2.97
2	Providing services that are different from competitors.	3.34
3	Offering a broader range of services from competitors.	3.28
4	Improving the time, it takes to provide services to customers	4.14
5	Providing high quality service.	3.98
6	Customizing the services to customer need.	3.45
	Overall Mean	3.53

Source: Survey Data (2024)

According to Table (4.2), one group is situated between 2.61 and 3.40 and the other is between 3.41 and 4.20. Most of respondents agree differentiation strategy because overall mean value is between 3.41 and 4.20. Offering a broader range of services from competitors, improving the time to provide services to customers and customizing the services to customer need are between 3.41 and 4.20 at agree level. However, introducing new services quickly, providing services that are different from competitors and offering a broader range of services from competitor are between 2.61 and 3.40 at natural level.

4.1.2 Market Orientation

Market orientation include competitor orientation and customer orientation. In this study, two market orientation of the hotels are analyzed.

(a) Competitor Orientation

This section analyzes the competitor orientation of the hotels by collecting structured questionnaire from 61 hotels in Bagan zone. Table (4.3) shows the mean values

and overall mean of competitor orientation of the hotels. There are five statements to analyze competitor orientation of hotels.

Table (4.3) Competitor Orientation

Sr. No.	Description	Mean Value
1	Salespeople regularly collect information concerning competitor's activities.	2.84
2	Top management regularly discusses competitor's action.	2.53
3	Tracking frequently market performance of key competitors.	2.57
4	Evaluating frequently the strength of key competitors.	3.21
5	Attempts to identify competitor's strategies.	2.27
Overall Mean		2.69

Source: Survey Data (2024)

According to the Table (4.3), all mean values (including overall mean value) are between 2.61 and 3.40, at neutral level. Respondents are neither agree or disagree for competitor orientation. Salespeople regularly collect information concerning competitor's activities, top management regularly discusses competitor's action, tracking frequently market performance of key competitors, evaluating frequently the strength of key competitors, and attempting to identify competitor's strategies are at neither agree or disagree level. It can be concluded that all of the competitor orientation strategies are not actively used in hotels of Bagan zone.

(b) Customer Orientation

This section analyzes the customer orientation of the hotels by collecting structured questionnaire from 61 hotels in Bagan Zone. Table (4.4) shows the mean values and overall mean of customer orientation of the hotels There are five statements to analyze the customer orientation of hotels.

Table (4.4) Customer Orientation

Sr. No.	Description	Mean Value
1	Business objectives are driven primarily by customer satisfaction.	4.59
2	Communicating information about our customer experience across all business functions.	3.82
3	Strategy for gaining a competitive advantage is based on our understanding of customer needs.	3.89
4	Measuring customer satisfaction regularly.	3.95
5	Collecting regularly survey end customers to assess the quality of our services.	3.91
Overall Mean		4.03

Source: Survey Data (2024)

According to the Table (4.4), all mean values including overall mean value (except business objectives are driven primarily by customer satisfaction) are between 3.41 and 4.20, at agree level. It can be concluded most of the respondents agree that communicating information about customer experience across all business functions, strategy for gaining a competitive advantage is based on our understanding of customer needs, measuring customer satisfaction regularly and collecting regularly survey end customers to assess the quality of our services. Moreover, the respondents strongly agree on business objectives are driven primarily by customer satisfaction.

4.1.3 Organizational Performance

Table (4.5) shows the mean values and overall mean of organizational performance of hotels. There are ten statements to analyze subjective norm. These questions are asked by using five-point Likert scale.

Table (4.5) Organizational Performance

Sr. No.	Description	Mean Value
1	Getting more profits than last three years.	3.93
2	Making improvement in quality of client served	3.46
3	Making improvement in room yield	3.55
4	Making growth of repeat sales	3.95
5	Having increase in quality of services	3.64
6	Having growth in market share	3.90
7	Getting higher ratings from customer review	3.77
8	Having growth in new customers	3.62
9	Having growth in staff development	3.93
10	Having good Return on Investment (ROI)	3.62
Overall Mean		3.74

Source: Survey Data (2024)

According to the Table (4.5), all mean values (including overall mean value) are between 3.41 and 4.20, at agree level. It can be concluded that respondents agree all performance criteria of getting more profits than last three years, making improvement in quality of client served, making improvement in room yield, making growth of repeat sales, having increase in quality of services, having growth in market share, getting higher ratings from customer review, having growth in new customers, having growth in staff development and having good return on investment (ROI). So, most of the hotels' performance has been developing within 3 years.

4.2 Analysis on the Effect of Competitive Strategy on Organizational Performance

In this section, the direct effect of competitive strategy on organizational performance is explored by applying multiple regression analysis. Organizational performance is regressed with two competitive strategy namely cost leadership strategy and differentiation strategy. The findings of the analysis are shown in Table (4.6).

Table (4.6) Effect of Competitive Strategy on Organizational Performance

Variable	Unstandardized Coefficients		β	t	Sig
	B	Std. Error			
(Constant)	.346	.431		.803	.425
Cost Leadership	.524***	.122	.403	4.699	.000
Differentiation	.476***	.071	.577	6.729	.000
R Square	.593				
Adjusted R Square	.579				
F Value	42.323***				

Source: Survey Data (2024)

Notes: ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level.

According to Table (4.6), since the value of adjusted R square is 0.593, it can be concluded that this specified model can explain 59.3 % of variation of organizational performance which is predicted by competitive strategy. As overall significance of the model, F value, 42.323 is highly significant at 1% level, this model can be said valid. Both Cost Leadership and Differentiation have a p-value of 0.000, indicating that they are highly significant predictors of organizational performance.

For cost leadership strategy of hotels in Bagan zone, focusing on cost leadership involves streamlining operations, reducing waste, optimizing resource usage, and offering competitive pricing. The coefficient (B = 0.524) suggests that a unit increase in cost leadership efforts is associated with a 0.524 unit increase in organizational performance, making it a significant factor for success. However, its β value of 0.403 while important, it may have a slightly lesser effect compared to differentiation.

Differentiation strategy of hotels in Bagan zone involve creating unique guest experiences, offering exclusive services, or emphasizing luxury or boutique features. With a B coefficient of 0.476 and a higher β value of 0.577 crucial driver of performance. It is more effect than cost leadership in improving the

hotel's performance, especially in a competitive market where unique experiences draw in more guests. Both cost leadership and differentiation strategies are essential for the performance of hotels in Bagan zone, with differentiation having a slightly more substantial effect.

4.3 Analysis on Mediating Effect of Market Orientation on the Relationship between the Competitive Strategy and Organizational Performance

A mediating model can explain the process that exist an observed relationship between two variables of independent and dependent variable with the inclusion of mediating variable. The mediator variable is used to examine the nature of the relationship between dependent and independent variable. Hence, mediating analysis is applied to explore the underlying process by which variable influences another variable through mediator. In this section, market orientation is considered as a mediator to clarify the nature of relationship between independent variable (competitive strategy which includes cost leadership and differentiation) and a dependent variable (organizational performance).

To test the mediating effect of market orientation (customer orientation, competitor orientation) between competitive strategy (cost leadership, differentiation) and organizational performance, the following steps are followed:

1. Total effect through regression analysis on effect of independent variable on dependent variable.
2. Regression analysis on effect of independent variable on mediating variable.
3. Regression analysis on effect of independent variable and mediating variable on dependent variable.
4. Sobel Test for significant of mediating effect.
5. Finding indirect effect, direct effect, and total effect.

4.3.1 Mediating Effect of Competitor Orientation on the Relationship between Cost Leadership Strategy and Organizational Performance

To analyze meditating effect, the first step is to analyze the cost leadership strategy (independent variable) on organizational performance (dependent variable). The

results are shown in Table (4.7).

Table (4.7) Effect of Cost Leadership Strategy on Organizational Performance

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	0.755	0.528		1.430	0.000
Cost Leadership Strategy	0.684***	0.144	0.525	4.742	0.000
R Square	0.276				
Adjusted R Square	0.264				
F value	22.488***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.7), the total effect of cost leadership strategy on organizational performance is 0.684. Then, the effect of cost leadership strategy (independent variable) on competitor orientation (mediating variable) is analyzed and the result is shown at Table (4.8).

Table (4.8) Effect of Cost Leadership Strategy on Competitor Orientation

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	0.417	0.863		0.483	0.000
Cost Leadership Strategy	0.607**	0.236	0.318	2.575	0.013
R Square	0.101				

Adjusted R Square	0.086
F value	6.632**

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

According to the result in Table (4.8), the coefficient value is 0.607 and standard error is 0.236 for the effect of cost leadership strategy on competitor orientation (effect of independent variable and mediating variable). After analysis on effect of cost leadership strategy (independent variable) on competitor orientation (mediating variable), the third step of testing the mediating effect is continued. In this step, the independent variables are cost leadership strategy and competitor orientation, and dependent variable is organizational performance. The results are shown in Table (4.9).

Table (4.9) Effect of Cost Leadership Strategy and Competitor Orientation on Organizational Performance

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	0.697	0.520		1.342	0.185
Cost Leadership Strategy	0.600***	0.149	0.461	4.014	0.000
Competitor Orientation	0.138*	0.078	0.203	1.769	0.082
R Square	0.313				
Adjusted R Square	0.289				
F value	13.214***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.9), the coefficient value of competitor orientation on

organizational performance is 0.138 and standard error is 0.078. To test the mediating effect of competitor orientation between cost leadership strategy and organizational performance, the Sobel Test is conducted. The result is shown in Table (4.10).

Table (4.10) Sobel Test Result for Mediating Test for Competitor Orientation between Cost Leadership Strategy and Organizational Performance

Input		Test Statistics	Std. Error	p-value	
<i>a</i>	0.607	Sobel Test	1.45766696	0.0454488	0.00000145
<i>b</i>	0.138	Aroian Test	1.38818431	0.0456025	0.00000157
<i>Sa</i>	0.236	Goodman Test	1.53874962	0.04529457	0.00000133
<i>Sb</i>	0.078	Reset all	Calculate		

Source: Survey Data (2024)

a = direct effect of cost leadership strategy to competitor orientation

b = direct effect of competitor orientation to organizational performance

Sa = standard error of cost leadership strategy to competitor orientation

Sb = standard error of competitor orientation to organizational performance

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.10), P value 0.00000145 is lesser than 0.01. Therefore, there is mediating effect of competitor orientation between cost leadership strategy and organizational performance at the 1% significant level. After Sobel Test, the last step finding which are indirect effect, direct effect, and total effect as follows;

$$\text{Total Effect} = 0.684$$

$$\text{Direct Effect} = 0.600$$

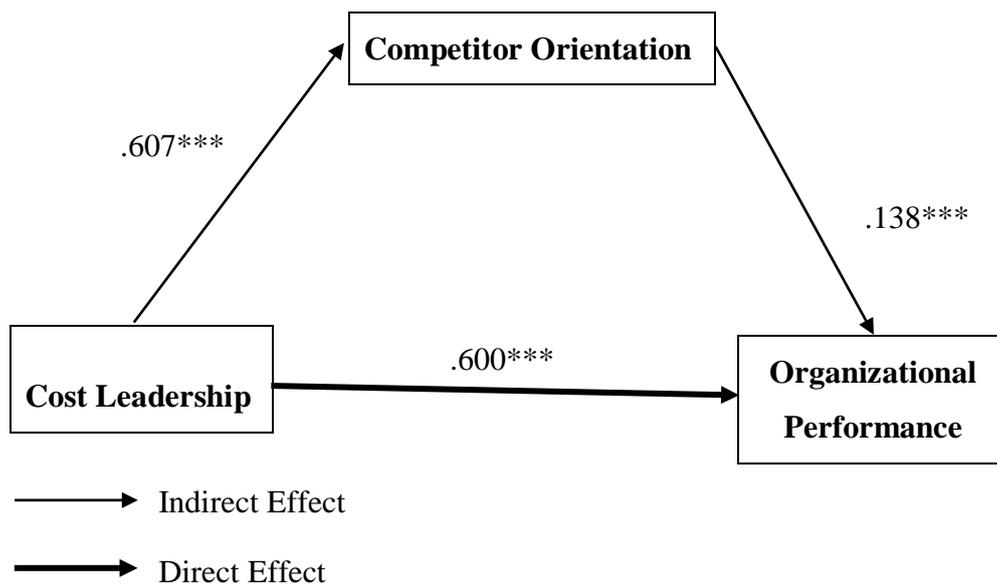
$$\text{Indirect Effect} = 0.607 \times 0.138 = 0.084$$

$$\text{Direct Effect} + \text{Indirect Effect} = \text{Total Effect}$$

$$0.600 + 0.084 = 0.684$$

The mediating effect of competitor orientation on the relationship between cost leadership and organizational performance is presented in Figure (4.1). The direct effect and indirect effect can be seen in Figure (4.1).

Figure (4.1) Mediating Effect of Competitor Orientation on the Relationship between Cost Leadership and Organizational Performance



Source: Survey Data (2024)

Notes: ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level.

The result shows that there is a positive significant effect of cost leadership on organizational performance, as shown in Figure (4.1). Regarding with the indirect effect, it is found that there is a positive significant effect of cost leadership on competitor orientation and a positive significant effect of competitor orientation on organizational performance as well. Thus, the mediating effect of competitor orientation is found on the relationship between cost leadership and organizational performance of hotels in Bagan zone.

The cost leadership strategy of hotels in Bagan zone directly affects organizational performance by enabling a hotel to offer lower prices than competitors, potentially attracting price-sensitive customers and increasing market share. The hotels in Bagan zone lead to higher sales volumes, better asset utilization, and improved financial

performance. With competitor orientation, the cost leadership strategy of hotels in Bagan zone fully capitalize on market opportunities or it is vulnerable to competitor actions. The hotels in Bagan zone are continuously doing cost leadership approach and ensuring it remains competitive and profitable.

4.3.2 Mediating Effect of Competitor Orientation on the Relationship between Differentiation and Organizational Performance

To analyze meditating effect, the first step is to analyze the differentiation strategy (independent variable) on organizational performance (dependent variable). The results are shown in Table (4.11).

Table (4.11) Effect of Differentiation Strategy on Organizational Performance

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	1.308	0.290		4.505	0.000
Differentiation Strategy	0.547***	0.081	0.662	6.789	0.000
R Square	0.439				
Adjusted R Square	0.429				
F value	46.091***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.11), the total effect of differentiation strategy on organizational performance is 0.547. Then, the effect of differentiation strategy (independent variable) on competitor orientation (mediating variable) is analyzed and the result is shown at Table (4.12).

Table (4.12) Effect of Differentiation Strategy on Competitor Orientation

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	0.782	0.513		1.523	0.003
Differentiation	0.522***	0.142	0.430	3.662	0.001
R Square	0.185				
Adjusted R Square	0.171				
F value	13.410***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

According to the result in Table (4.12), the coefficient value is 0.522 and standard error is 0.142 for the effect of differentiation strategy on competitor orientation (effect of independent variable and mediating variable). After analysis on effect of differentiation strategy (independent variable) on competitor orientation (mediating variable), the third step of testing the mediating effect is continued. In this step, the independent variables are differentiation strategy and competitor orientation, and dependent variable is organizational performance. The results are shown in Table (4.13).

Table (4.13) Effect of Differentiation Strategy and Competitor Orientation on Organizational Performance

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	1.266	0.297		4.260	0.000
Differentiation	0.519***	0.090	0.628	5.790	0.000
Competitor Orientation	0.054**	0.074	0.079	3.730	0.046

R Square	0.444
Adjusted R Square	0.425
F value	23.129***

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.13), the coefficient value of competitor orientation on organizational performance is 0.054 and standard error is 0.074. To test the mediating effect of competitor orientation between differentiation strategy and organizational performance, the Sobel Test is conducted. The result is shown in Table (4.14).

Table (4.14) Sobel Test Result for Mediating Test for Competitor Orientation between Differentiation Strategy and Organizational Performance

Input			Test Statistics	Std.Error	p-value
<i>a</i>	0.522	Sobel Test	0.71576339	0.0454488	0.00047521
<i>b</i>	0.054	Aroian Test	0.69156846	0.0456025	0.00052179
<i>Sa</i>	0.142	Goodman Test	0.74268944	0.04529457	0.00043164
<i>Sb</i>	0.074	Reset all	Calculate		

Source: Survey Data (2024)

a = direct effect of differentiation strategy to competitor orientation

b = direct effect of competitor orientation to organizational performance

Sa = standard error of differentiation strategy to competitor orientation

Sb = standard error of competitor orientation to organizational performance

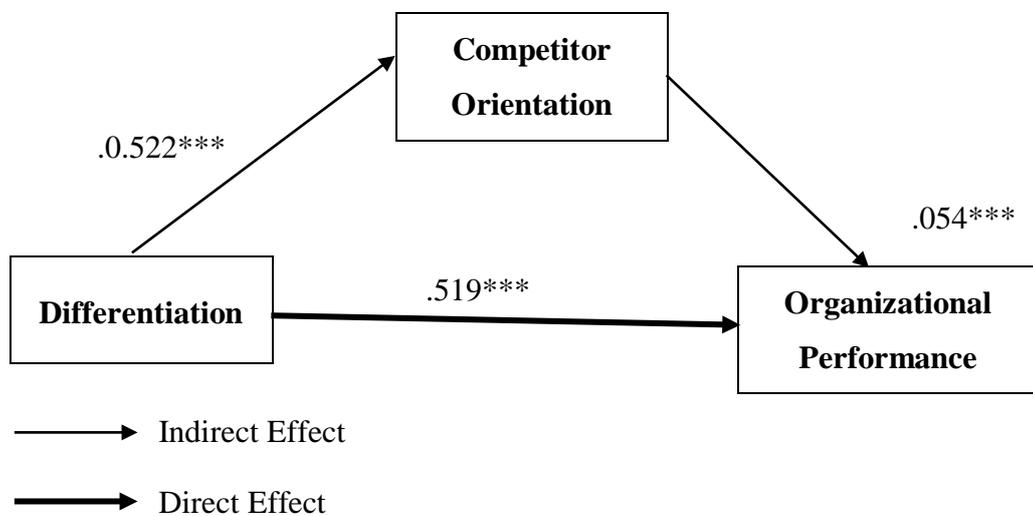
Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.14), P value 0.00047521 is lesser than 0.001. Therefore, there is mediating effect of competitor orientation between differentiation strategy and organizational performance at the 1% significant level. After Sobel Test, the last step finding which are indirect effect, direct effect, and total effect as follows;

Total Effect	= 0.547
Direct Effect	= 0.519
Indirect Effect	= 0.522 x 0.054 = 0.028
Direct Effect + Indirect Effect	= Total Effect
0.519 + 0.028	= 0.547

The mediating effect of competitor orientation on the relationship between differentiation and organizational performance is presented in Figure (4.2).

Figure (4.2) Mediating Effect of Competitor Orientation on the Relationship between Differentiation and Organizational Performance



Source: Survey Data (2024)

Notes: ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level.

The result shows that there is a positive significant effect of differentiation on organizational performance, as shown in Figure (4.2). Regarding with the indirect effect, it is found that there is a positive significant effect of differentiation on competitor orientation and a positive significant effect of competitor orientation on organizational performance as well. Thus, the mediating effect of competitor orientation is found on the relationship between differentiation strategy and job performance of hotels in Bagan zone.

The figure shows a direct path from differentiation to organizational performance with a coefficient of 0.519. This indicates that differentiation strategy of hotels in Bagan zone has a strong positive effect on organizational performance. Hotels are creating unique offerings that stand out in the market, the hotel can directly enhance its performance metrics such as occupancy rates, customer satisfaction, and profitability. The path from differentiation to competitor orientation has a coefficient of 0.522. This suggests that hotels in Bagan zone focus on differentiation and also enhance their competitor orientation. The path from competitor orientation to organizational performance has a coefficient of 0.054. This indicates that competitor orientation of hotels in Bagan zone has a smaller, yet still positive, effect on performance. The hotels slightly boost its organizational performance by being responsive to competitors' moves.

4.3.3 Mediating Effect of Customer Orientation on the Relationship between the Cost Leadership Strategy and Organizational Performance

Then, mediating analysis is served to understand the mediating role of customer orientation on the linkage between cost leadership strategy and organizational performance. According to the meditating finding steps, the first step is to analyze the cost leadership strategy (independent variable) on organizational performance (dependent variable). The results are shown in Table (4.15).

Table (4.15) Effect of Cost Leadership Strategy on Organizational Performance

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	0.755	0.528		1.430	0.000
Cost Leadership Strategy	0.684***	0.144	0.525	4.742	0.000
R Square	0.276				
Adjusted R Square	0.264				
F value	22.488***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.15), the total effect of cost leadership strategy on organizational performance is 0.684. Then, the effect of cost leadership strategy (independent variable) on customer orientation (mediating variable) is analyzed and the result is shown at Table (4.16).

Table (4.16) Effect of Cost Leadership Strategy on Customer Orientation

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	1.089	0.738		1.474	0.146
Cost Leadership Strategy	0.756***	0.202	0.421	3.746	0.000
R Square	0.192				
Adjusted R Square	0.178				
F value	14.034***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

According to the result in Table (4.16), the coefficient value is 0.756 and standard error is 0.202 for the effect of cost leadership strategy on customer orientation (effect of independent variable and mediating variable). After analysis on effect of cost leadership strategy (independent variable) on customer orientation (mediating variable), the third step of testing the mediating effect is continued. In this step, the independent variables are cost leadership strategy and customer orientation, and dependent variable is organizational performance. The results are shown in Table (4.17).

Table (4.17) Effect of Cost Leadership Strategy and Customer Orientation on Organizational Performance

Variable	Unstandardized Coefficients		Beta	T	Sig
	B	St. Error			
(Constant)	0.332	0.455		0.729	0.469
Cost Leadership Strategy	0.390***	0.136	0.300	2.873	0.006

Customer Orientation	0.389***	0.079	0.514	4.930	0.000
R Square	0.490				
Adjusted R Square	0.472				
F value	27.838***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.17), the coefficient value of customer orientation on organizational performance is 0.948 and standard error is 0.087. To test the mediating effect of customer orientation between cost leadership strategy and organizational performance, the Sobel Test is conducted. The result is shown in Table (4.18).

Table (4.18) Sobel Test Result for Mediating Test for Customer Orientation between Cost Leadership Strategy and Organizational Performance

Input			Test Statistics	Std.Error	p-value
<i>a</i>	0.756	Sobel Test	3.53961332	0.20247635	0.00040071
<i>b</i>	0.389	Aroian Test	3.52635547	0.20323759	0.00042132
<i>Sa</i>	0.202	Goodman Test	3.55302184	0.20171224	0.00038083
<i>Sb</i>	0.079	Reset all	Calculate		

Source: Survey Data (2024)

a = direct effect of cost leadership strategy to customer orientation

b = direct effect of customer orientation to organizational performance

Sa = standard error of cost leadership strategy to customer orientation

Sb = standard error of customer orientation to organizational performance

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

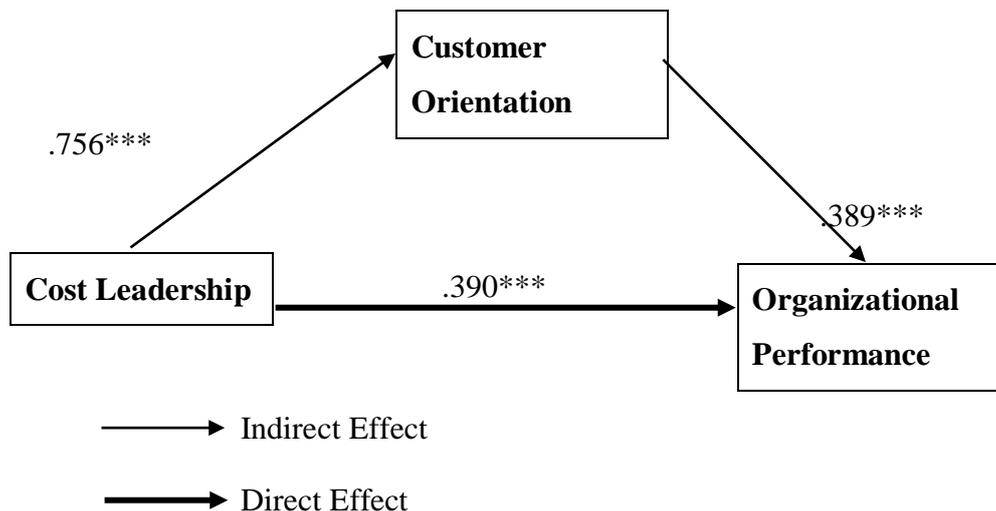
As shown in Table (4.18), P value 0.00040071 is lesser than 0.001. Therefore, there is mediating effect of customer orientation between cost leadership strategy and

organizational performance at the 1% significant level. After Sobel Test, the last step finding which are indirect effect, direct effect, and total effect as follows;

Total Effect	=	0.684
Direct Effect	=	0.390
Indirect Effect	=	$0.756 \times 0.389 = 0.294$
Direct Effect + Indirect Effect	=	Total Effect
0.390 + 0.294	=	0.684

The mediating effect of customer orientation on the relationship between cost leadership and organizational performance is presented in Figure (4.3). The direct effect and indirect effect can be seen in Figure (4.3).

Figure (4.3) Mediating Effect of Customer Orientation on the Relationship between Cost Leadership and Organizational Performance



Source: Survey Data (2024)

Notes: ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level.

The result shows that there is a positive significant effect of cost leadership on organizational performance, as shown in Figure (4.3). Regarding with the indirect effect, it is found that there is a positive significant effect of cost leadership on customer orientation and a positive significant effect of customer orientation on job performance as

well. Thus, the mediating effect of customer orientation is found on the relationship between cost leadership and organizational performance of hotels in Bagan zone.

The cost leadership strategy directly affects organizational performance by enabling hotels in Bagan zone to attract cost-sensitive customers through lower prices. If successfully implemented, this strategy of hotels in Bagan zone lead to increased market share, higher occupancy rates, and better financial outcomes. Customer orientation enhances the effectiveness of the cost leadership strategy of hotels in Bagan zone. However, when customer orientation mediates this relationship, the hotels in Bagan zone are implementing cost-saving measures in ways that still meet or exceed customer expectations, leading to better performance outcomes. Customer orientation of hotels in Bagan zone ensures that the pursuit of cost efficiency does not alienate customers. By understanding what customers are willing to compromise on and what they are not, customer-oriented hotels in Bagan zone strategically cut costs in areas that have minimal effect on customer satisfaction, thereby maintaining or even improving performance

4.3.4 Mediating Effect of Customer Orientation on the Relationship between Differentiation and Organizational Performance

According to the meditating finding steps, the first step is to analyze the differentiation strategy (independent variable) on organizational performance (dependent variable). The results are shown in Table (4.19).

Table (4.19) Effect of Differentiation Strategy on Organizational Performance

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	1.308	0.290		4.505	0.000
Differentiation Strategy	0.547***	0.081	0.662	6.789	0.000
R Square	0.439				
Adjusted R Square	0.429				
F value	46.091***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.19), the total effect of differentiation strategy on organizational performance is 0.547. Then, the effect of differentiation strategy (independent variable) on customer orientation (mediating variable) is analyzed and the result is shown at Table (4.20).

Table (4.20) Effect of Differentiation Strategy on Customer Orientation

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			
(Constant)	1.222	0.378		3.234	0.002
Differentiation	0.739***	0.105	0.676	7.051	0.000
R Square	0.457				
Adjusted R Square	0.448				
F value	49.717***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

According to the result in Table (4.20), the coefficient value is 0.739 and standard error is 0.105 for the effect of differentiation strategy on customer orientation (effect of independent variable and mediating variable). After analysis on effect of differentiation strategy (independent variable) on customer orientation (mediating variable), the third step of testing the mediating effect is continued. In this step, the independent variables are differentiation strategy and customer orientation, and dependent variable is organizational performance. The results are shown in Table (4.21).

Table (4.21) Effect of Differentiation Strategy and Customer Orientation on Organizational Performance

Variable	Unstandardized Coefficients		Beta	t	Sig
	B	St. Error			

(Constant)	0.971	0.297		3.275	0.002
Differentiation	0.343***	0.103	0.415	3.333	0.002
Customer Orientation	0.276***	0.094	0.365	2.927	0.005
R Square	0.511				
Adjusted R Square	0.494				
F value	30.286***				

Source: Survey Data (2024)

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

As shown in Table (4.21), the coefficient value of customer orientation on organizational performance is 0.276 and standard error is 0.094. To test the mediating effect of customer orientation between differentiation strategy and organizational performance, the Sobel Test is conducted. The result is shown in Table (4.22).

Table (4.22) Sobel Test Result for Mediating Test for Customer Orientation between Differentiation Strategy and Organizational Performance

Input		Test Statistics	Std. Error	p-value	
<i>a</i>	0.739	Sobel Test	2.70981443	0.07526862	0.00673209
<i>b</i>	0.276	Aroian Test	2.68681279	0.07591299	0.00721374
<i>Sa</i>	0.105	Goodman Test	2.73341712	0.07461869	0.00626809
<i>Sb</i>	0.094	Reset all	Calculate		

Source: Survey Data (2024)

a = direct effect of differentiation strategy to customer orientation

b = direct effect of customer orientation to organizational performance

Sa = standard error of differentiation strategy to customer orientation

Sb = standard error of customer orientation to organizational performance

Statistically significant indicate *** at the 1% level, ** 5% level and * 10% level

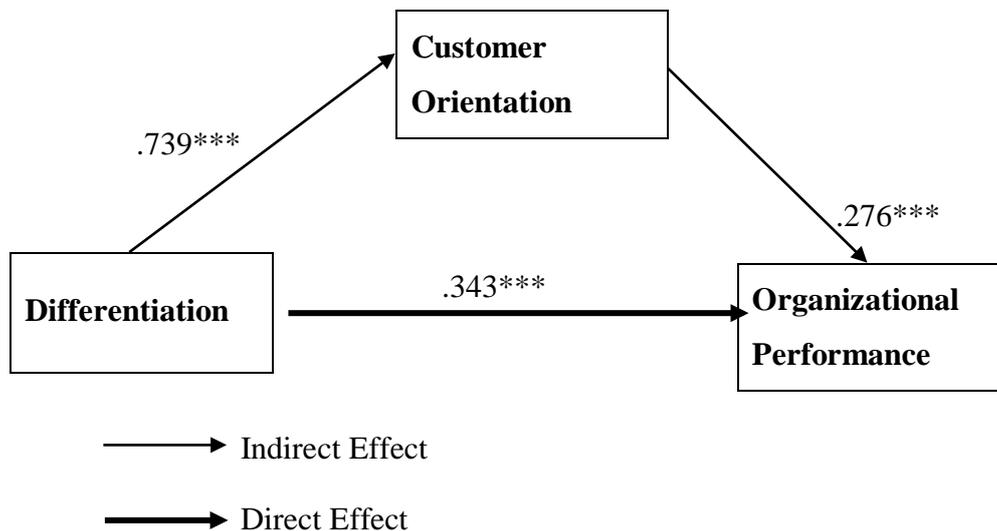
As shown in Table (4.22), P value 0.00673209 is lesser than 0.01. Therefore, there

is mediating effect of customer orientation between differentiation strategy and organizational performance at the 1% significant level. After Sobel Test, the last step finding which are indirect effect, direct effect, and total effect as follows;

Total Effect	=	0.547
Direct Effect	=	0.343
Indirect Effect	=	$0.739 \times 0.276 = 0.204$
Direct Effect + Indirect Effect	=	Total Effect
0.343 + 0.204	=	0.547

The mediating effect of customer orientation on the relationship between differentiation and organizational performance is presented in Figure (4.4).

Figure (4.4) Mediating Effect of Customer Orientation on the Relationship between Differentiation and Organizational Performance



Source: Survey Data (2024)

Notes: ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level.

There is a positive significant effect of differentiation on organizational performance, as shown in Figure (4.4). Regarding with the indirect effect, it is found that there is a positive significant effect of differentiation on customer orientation and a positive significant effect of customer orientation on organizational performance as well.

Thus, the mediating effect of customer orientation is found on the relationship between differentiation and organizational performance of hotels in Bagan zone.

Differentiation directly affects organizational performance by enabling hotels in Bagan zone to attract customers who value the unique attributes it offers. Successful differentiation of hotels leads to increased customer loyalty, the ability to charge premium prices, and enhanced brand reputation, all of which contribute to better financial and operational performance. The mediating effect occurs because customer orientation enhances the effect of differentiation on organizational performance. A differentiation strategy that is not aligned with customer needs fail to resonate with the target market, reducing its effectiveness. However, when customer orientation mediates this relationship, the differentiation strategy of hotels in Bagan zone becomes more focused, relevant, and responsive to customer demands, leading to stronger performance outcomes. Customer orientation helps hotels in Bagan zone to create and communicate the value of its differentiated offerings in a way that is meaningful to customers. By understanding what customers are willing to pay for, the hotel in Bagan zone emphasize the aspects of its differentiation that customers value most, leading to higher perceived value and improved performance.

CHAPTER 5

CONCLUSION

This chapter concludes the results of the analysis. It includes findings and discussions, suggestions and recommendations from analysis on effect of competitive strategy on organizational performance and needs for further research.

5.1 Findings and Discussions

This study aims to examine the effect of competitive strategy on the organizational performance of hotels in Bagan zone and to analyze the mediating effect of market orientation on the relationship between competitive strategy and organizational performance of hotels in Bagan zone. The data were collected with Five-Point Likert-Scale structured questionnaires by distributing to a randomly selected sample of 61 hotels in Bagan zone.

The findings indicate that most of the respondents of hotels in Bagan zone are managers since in the hotels industry, for related operation positions, the ratio of manager is higher than the ratio of owner. Regarding the number of rooms, the rooms are between 26-50. For that reason, most of hotels in Bagan zone are small size. With the relation to hotel location, it was shown that the majority of the hotels are situated in urban. According to the average occupancy rate per year, most of the hotels sold only one third of full occupancy rate. Regarding the number of employees, most of the hotels are below 26. It is the relation of low occupancy rate and less employees. According to the operation years of hotel, most of the hotels are between 5 to 9 years.

It is found that the competitive strategy of hotels in Bagan zone practise the cost leadership strategy that managers and owners of hotels focuses on achieving lower cost service than competitors, making service more cost efficient, improving the cost required for coordination of various services and the utilization of available equipment, services and facilities. It is also found that the competitive strategy of hotels is more using cost leadership than differentiation strategy. It reveals that differentiation strategies are moderately used by hotels, emphasizing service innovation and quality improvement.

The regression results show that there is a positive significant effect of competitive strategy (cost leadership, differentiation) on organizational performance. Regarding with the indirect effect, it is found that there is a positive significant effect of cost leadership and differentiation on competitor orientation and customer orientation and also a positive significant effect of competitor orientation and customer orientation on organizational performance as well.

The mediating effect of customer orientation is found on the relationship between competitive strategy (cost leadership, differentiation) and organizational performance. This indicates that customer orientation plays a more critical role in maximizing the benefits of competitive strategies. The study reveals that the mediating effect of competitor orientation on the relationship between competitive strategy (cost leadership, differentiation) and organizational performance of hotels in Bagan zone. It means that competitor orientation is important but not exclusive factor in shaping the competitive strategy of hotels in Bagan zone.

5.2 Suggestions and Recommendations

Based on the findings of this study, some relevant recommendations for implementing effective competitive strategy in hotels in Bagan zone are presented for enhancing market orientation and achieving better organizational performance. From the competitive strategy point of view, the cost leadership and differentiation strategy have positive significant effect on organizational performance of hotels in Bagan zone. Therefore, the management of hotels in Bagan zone should pay more attention to implement effectively those strategies in following ways.

Hotels should focus on comprehensive cost management strategies that go beyond simple cost-cutting to include efficiency improvements in service delivery. They should invest in technologies and processes that streamline operations and reduce waste. Hotels should continuously innovate and upgrade services to maintain a competitive edge by differentiation strategy. They need to customize services to meet the specific needs of different customer segments, thereby increasing customer satisfaction and loyalty.

A balanced approach to competitive strategies should be maintained. While cost leadership helps in improving operational efficiencies, differentiation can create unique

value propositions. Hotels should continually assess their strategic position and adapt their strategies accordingly to stay competitive.

Hotels should prioritize enhancing their customer orientation as it significantly mediates and boosts the effect of competitive strategies on performance. This could involve investing in customer service training, gathering and acting on customer feedback, and personalizing services to meet customer needs. Hotels should also implement feedback systems to understand customer preferences and incorporate them into service development and train staff to be customer-focused, ensuring that every interaction enhances the customer experience.

Although customer orientation has a more significant mediating effect, competitor orientation remains important. Hotels should keep an eye on competitors' strategies and market trends to make informed strategic decisions. They should regularly analyze competitors' strengths and strategies to identify areas for improvement and also develop competitive intelligence systems to keep track of market trends and competitor activities.

5.3 Needs for Further Research

This study focuses on the direct and the mediating effect of competitive strategy which included cost leadership and differentiation strategy on organizational performance through market orientation of hotels in Bagan zone. While this study provides valuable insights into the role of competitive strategies and market orientation in organizational performance, further research is needed in several areas.

Future research could adopt a longitudinal approach to examine how the relationship between competitive strategies, customer orientation, and organizational performance evolves over time and need to studies to understand the long-term effect of competitive strategies on organizational performance.

This study is only emphasized on hotels in Bagan zone. Further studies could be conducted in different geographic regions to compare and contrast the findings with those of the Bagan zone, providing a more comprehensive understanding of the industry dynamics. Future research should investigate how regional differences influence the relationship between competitive strategies and organizational performance.

As digital transformation becomes increasingly important in the hospitality industry, further research could explore how digital strategies and technologies influence the relationship between competitive strategies and organizational performance and also explore in greater detail how specific aspects of customer and competitor orientation contribute to performance improvements.

Further studies should identify and analyze other potential mediating variables that could affect the relationship between competitive strategies and organizational performance. Investigating other mediating variables such as employee engagement, innovation capability, and service quality could provide a more nuanced understanding of the mechanisms through which competitive strategies affect organizational performance.

REFERENCES

- Aaker, D. A. (1996). *Building strong brands*. Free Press.
- Agnihotri, R., Dingus, R., Hu, M. Y., & Krush, M. T. (2014). Salesperson creativity and market orientation: Examining the link to performance. *Journal of Personal Selling & Sales Management*, 34(2), 119-136.
- Agnihotri, R., Dingus, R., Hu, M. Y., & Krush, M. T. (2014). Social media: Influencing customer satisfaction in B2B sales. *Industrial Marketing Management*, 53, 172–180.
- Alam, I. (2002). An exploratory investigation of user involvement in new service development. *Journal of the Academy of Marketing Science*, 30(3), 250-261.
- Austin, R. (2013). *Measuring and Managing Performance in Organizations*. Addison-Wesley.
- David, F. R. (2011). *Strategic Management: Concepts and Cases* (13th ed.). Pearson Prentice Hall.
- Day, G. S., & Wensley, R. (1988). Assessing advantage: A framework for diagnosing competitive superiority. *Journal of Marketing*, 52(2), 1-20.
- Dierickx, I., & Cool, K. (1989). Asset stock accumulation and sustainability of competitive advantage. *Management Science*, 35(12), 1504-1511.
- Frei, F. X. (2009). *The impact of service operations on cost leadership*. Harvard Business School Publishing.
- Goll, I., & Rasheed, A. M. (2004). The relationship between board involvement, involvement in strategy, and organizational performance. *Strategic Management Journal*, 25(1), 91-101.
- Grönroos, C. (2004). The relationship marketing approach to services: Some perspectives. *The Service Industries Journal*, 24(3), 1-20.
- Gummesson, E. (2007). Value creation in service: The value chain and the service-dominant logic. *Journal of Services Marketing*, 21(4), 200-212.
- Gwinner, K. P., Gremler, D. D., & Bitner, M. J. (2009). Customer–employee rapport in service relationships. *Journal of Service Research*, 11(4), 389-406.

- Han, H., Kim, Y., & Hyun, S. S. (2016). The effects of customer orientation on customer satisfaction and loyalty: A study of upscale hotels. *Journal of Hospitality Marketing & Management*, 25(1), 95-117.
- Hunt, S. D., & Morgan, R. M. (1995). The resource-advantage theory of competition: Its roots, current status, and future. *Journal of Marketing*, 59(4), 77-93.
- Kaliappen, N. (2014). Strategic match and effects of competitive strategy, market orientation, and innovation strategy on hotels' performance: The catalyst for economic growth of a nation. *International Journal of Hospitality Management*, 41, 42-52.
- Kandula, S., K. K., & K. D. (2020). Adapting competitor orientation strategies in service contexts: A review and future research directions. *Journal of Service Research*, 22(3), 345-360.
- Kandula, S., Raghavendra, P., & Rao, S. (2020). Competitor analysis in service contexts: A comprehensive review. *Journal of Service Research*, 22(1), 58-74.
- Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard: Measures that drive performance. *Harvard Business Review*, 70(1), 71-79.
- Kim, W. C., & Mauborgne, R. (2005). *Blue ocean strategy: How to create uncontested market space and make the competition irrelevant*. Harvard Business School Press.
- Kim, Y., & Kim, H. B. (2018). Service innovation as a moderating factor in the relationship between competitive intelligence and hotel performance. *International Journal of Hospitality Management*, 73, 27-36.
- Kohli, A. K., & Jaworski, B. J. (1990). Market orientation: The construct, research propositions, and managerial implications. *Journal of Marketing*, 54(2), 1-18.
- Kotler, P. T., & Keller, K. L. (2016). *Marketing management*. Pearson Prentice Hall.
- Lee, A., Smith, B., & Johnson, C. (2015). The impact of quality and operational practices on organizational performance: A multidimensional perspective. *Journal of Management Studies*, 52 (3), 456-482.
- Li, J., Liu, H., & Liu, C. (2012). Meta-analysis of the effects of competitor orientation on firm performance. *Journal of Business Research*, 65(10), 1450-1462.

- Li, J., Li, Y., & Liang, Y. (2013). The impact of cost leadership strategy on organizational performance: An empirical study. *International Journal of Production Economics*, 146(2), 650-658.
- Martín-Consuegra, D., Molina, A., & Esteban, A. (2019). The role of competitor orientation and customer orientation in marketing strategy: A study of Spanish firms. *Journal of Strategic Marketing*, 27(4), 308-322.
- Meyer-Falk, W. (2012). Combining cost leadership and differentiation strategies: Implications for service firms. *International Journal of Service Industry Management*, 23(1), 29-48.
- Mintzberg, H. (1987). Crafting strategy. *Harvard Business Review*, 65(4), 66-75.
- Narasimhan, R., & Das, A. (2001). An empirical analysis of the impact of operational and marketing strategies on service performance. *Journal of Operations Management*, 19(1), 73-85.
- Narver, J. C., & Slater, S. F. (1990). The effect of a market orientation on business profitability. *Journal of Marketing*, 54(4), 20-35.
- Neely, A., Gregory, M., & Platts, K. (2005). Performance measurement system design: A literature review and research agenda. *International Journal of Operations & Production Management*, 25(12), 1228-1263.
- Park, J. Y., Kim, Y. K., & Nam, K. S. (2018). The role of technology in competitive intelligence: Insights from social media monitoring and analytics. *Journal of Business Research*, 88, 303-312.
- Patterson, P. G., & Spreng, R. A. (2009). Modelling the relationship between customer satisfaction and loyalty: An empirical study. *Journal of Retailing*, 85(3), 345-360.
- Payne, A., & Frow, P. (2005). A strategic framework for customer relationship management. *Journal of Marketing*, 69(4), 167-176.
- Porter, M. (1980) *Competitive Advantage Creating and Sustaining Superior Performance; and Competitive Strategy Techniques for Analyzing Industries and Competitors*. New York: Free Press.
- Prahalad, C. K., & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review*, 68(3), 79-91.

- Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring organizational performance: Towards methodological best practice. *Journal of Management*, 35(3), 718-804.
- Ries, E. (2011). *The lean startup: how today's entrepreneurs use continuous innovation to create radically successful businesses* (1st ed.). Crown Currency.
- Rumelt, R. P. (1982). Diversification strategy and profitability. *Strategic Management Journal*, 3(4), 359-369.
- Rust, R. T., & Chung, T. S. (2018). Service innovation and technology: Enhancing customer orientation through digital transformation. *Journal of Service Research*, 21(3), 321-339.
- Sigala, M., & Chalkiti, K. (2015). The role of market orientation in the performance of the hotel industry: Evidence from Greece. *International Journal of Hospitality Management*, 46, 31-40.
- Sigala, M., & Chalkiti, K. (2015). Investigating the impact of market orientation on hotel performance: A resource-based perspective. *International Journal of Contemporary Hospitality Management*, 27(7), 1530-15
- Smith, A. (1994). The challenge of cost leadership in service industries. *Journal of Service Research*, 2(3), 25-35.
- Walker, J. R. (2021). *Introduction to hospitality* (8th ed.). Pearson.
- Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2018). *Services marketing: Integrating customer focus across the firm* (7th ed.). McGraw-Hill Education.

APPENDIX (A)
SURVEY QUESTIONNAIRE

SECTION A: DEMOGRAPHIC PROFILES

INSTRUCTIONS: This questionnaire consists of four sections. Please read the questions carefully before answering them. Where appropriate, please tick () in the box. Your honest and sincere response is highly appreciated.

1. Respondent position/designation

Owner Manager

2. Number of rooms

Below 26 26-50 51-100 101-150 151 & above

3. Hotel location

Sub-urban City/Urban

4. Average Occupancy rate per year

30% & below 31%-50% 51%-60% 61%-70% 71% & above

5. Number of employees

Below 26 26-50 51-100 101-150 151 & above

6. Operation years of Hotel

Under 5 years 5-9 years 10-15 years More than 15 years

SECTION B: COMPETITIVE STRATEGY

INSTRUCTIONS:

To what extent are you practicing the business strategies by responding to each statement in the followings?

Please indicate your answer by circling the appropriate number based on current business strategy of your hotel.

Strongly disagree	Disagree	Natural	Agree	Strongly agree
1	2	3	4	5

Cost Leadership Strategy					
1. Our hotel achieving lower cost of services than competitors.	1	2	3	4	5
2. Our hotel making services/procedures more cost efficient.	1	2	3	4	5
3. Our hotel improving the cost required for coordination of various services.	1	2	3	4	5
4. Our hotel improving the utilization of available equipment, services and facilities.	1	2	3	4	5

Differentiation Strategy					
5. Our hotel introducing new services quickly.	1	2	3	4	5
6. Our hotel provides services that are different from competitors.	1	2	3	4	5
7. Our hotel offers a broader range of services from competitors.	1	2	3	4	5
8. Our hotel improving the time it takes to provide services to customers.	1	2	3	4	5
9. Our hotel provides high quality service.	1	2	3	4	5

10. Our hotel customizing the services to customer need.	1	2	3	4	5
--	---	---	---	---	---

SECTION C: MARKET ORIENTATION

INSTRUCTIONS: Note: Please indicate your answer by circling the appropriate number against each item based on current functional level strategy of your hotel.

Strongly disagree	Disagree	Natural	Agree	Strongly agree
1	2	3	4	5

Competitor Orientation					
1. Our salespeople regularly collect information concerning competitor's activities.	1	2	3	4	5
2. Our hotel top management regularly discusses competitor's action.	1	2	3	4	5
3. We frequently track market performance of key competitors.	1	2	3	4	5
4. We frequently evaluate the strength of key competitors.	1	2	3	4	5
5. Our hotel attempts to identify competitor's strategies.	1	2	3	4	5

Customer Orientation					
6. Our business objectives are driven primarily by customer satisfaction.	1	2	3	4	5
7. We communicate information about our customer experience across all business functions.	1	2	3	4	5
8. Our strategy for gaining a competitive advantage is based on our understanding of customer needs.	1	2	3	4	5
9. We measure customer satisfaction regularly.	1	2	3	4	5

10. We regularly survey end customers to assess the quality of our services.	1	2	3	4	5
--	---	---	---	---	---

SECTION D: ORGANIZATIONAL PERFORMANCE INDICATORS

INSTRUCTIONS: Please indicate your perception on the performance of your hotel in the **past three years** by circling the appropriate number against each item.

Strongly disagree	Disagree	Natural	Agree	Strongly agree
1	2	3	4	5

1. We get more profits than last three years.	1	2	3	4	5
2. We make improvement in quality of client served	1	2	3	4	5
3. We make improvement in room yield	1	2	3	4	5
4. We make growth of repeat sales	1	2	3	4	5
5. We have increase in quality of services	1	2	3	4	5
6. We have growth in market share	1	2	3	4	5
7. We get higher ratings from customer review	1	2	3	4	5
8. We have growth in new customers	1	2	3	4	5
9. We have growth in staff development	1	2	3	4	5
10. We have good Return on Investment (ROI)	1	2	3	4	5

APPENDIX (B)

LIST OF HOTELS IN BAGAN ZONE

No	Hotel Name	Room	Township
1	Bagan Thiripyitsaya Sanctuary Resort	127	Nyaung U
2	Amata Garden Resort Hotel	122	Nyaung U
3	Heritage Bagan Hotel	117	Nyaung U
4	KMA Bagan Hotel River View	117	Nyaung U
5	Royal Palace Hotel	116	Nyaung U
6	Aureum Palace Hotel & Resort	114	Nyaung U
7	Ayeyar River View Resort Hotel	109	Nyaung U
8	Bagan Umbra Hotel	94	Nyaung U
9	Myanmar Treasure Resort (Bagan)	94	Nyaung U
10	Bagan (Thadae') Hotel	92	Nyaung U
11	Bagan Lodge	90	Nyaung U
12	The Regency Hotel	90	Nyaung U
13	Tharaba Hotel	86	Nyaung U
14	Bagan Star Hotel	81	Nyaung U
15	Gracious Bagan Hotel	80	Nyaung U
16	Royal House Resort	80	Nyaung U
17	Bawgatheiddhi Hotel	74	Nyaung U
18	Famous Hotel	74	Nyaung U
19	Eternal Grand Hotel	72	Nyaung U
20	Thazin Garden Hotel	70	Nyaung U
21	Hotel Sincere Smile	68	Nyaung U
22	Bagan Sense Hotel	66	Nyaung U

23	Lustre Bagan Resort	65	Nyaung U
24	The Serenity (Bagan) Hotel	63	Nyaung U
25	Shwe Poe Eain Hotel	63	Nyaung U
26	Amazing Bagan Resort	62	Nyaung U
27	Kaday Aung Hotel	60	Nyaung U
28	Arthawka Hotel	60	Nyaung U
29	Fantastic Resort	60	Nyaung U
30	Bagan Landmark Hotel	56	Nyaung U
31	Bagan Win Hotel (Classic Hotel)	55	Nyaung U
32	Popa Mountain Resort Hotel	55	Kyaukpadaung
33	New Heaven Inn	54	Nyaung U
34	Kumudra Hotel	50	Nyaung U
35	Ahreindama Hotel	50	Nyaung U
36	Ancient Bagan Hotel	50	Nyaung U
37	Sky View Hotel	50	Nyaung U
38	Royal Bagan Hotel	50	Nyaung U
39	Golden Crown Hotel	50	Nyaung U
40	Bagan Marvel Hotel	50	Nyaung U
41	Bagan Lotus Hotel	48	Nyaung U
42	Lawka Thitsar Hotel	47	Nyaung U
43	Bagan Emerald Hotel	46	Nyaung U
44	Myanmar Han Hotel	46	Nyaung U
45	Hotel Shamballamarla Bagan	46	Nyaung U
46	Thiri Mingalar Hotel	46	Nyaung U
47	Zyreeti Guest House	46	Nyaung U

48	Shwe Nadi Guest House	46	Nyaung U
49	Nanda Garden Hotel	45	Nyaung U
50	Innwa Guest House	45	Nyaung U
51	Golden Pot Guest House	45	Nyaung U
52	Ingyin Hotel	44	Nyaung U
53	My Place Hotel (Yar Khin Tha Hotel)	44	Nyaung U
54	Hotel Union (II)	43	Nyaung U
55	Acacia Hotel	43	Nyaung U
56	Bagan view Hotel	43	Nyaung U
57	Hotel Glorious	42	Nyaung U
58	Eternal Lodge Hotel	41	Nyaung U
59	Sky Palace Hotel	40	Nyaung U
60	Yarzagyo Hotel	40	Nyaung U
61	Shwe Yone Min Hotel	40	Nyaung U
62	Bagan Htike Htar Hotel	39	Nyaung U
63	Aung Mingalar Hotel	38	Nyaung U
64	Ruby True Hotel	38	Nyaung U
65	Bagan Central Hotel	38	Nyaung U
66	Hotel Felicitous	38	Nyaung U
67	Tha Na Kha Museum Hotel	38	Nyaung U
68	Prince Guest House	38	Nyaung U
69	Than Tae' (Nyaung Oo) Hotel	37	Nyaung U
70	Ngar Minn May Hotel	37	Nyaung U
71	Royal Emerald River View Resort	36	Nyaung U
72	Triple Lion Hotel	36	Kyaukpadaung

73	Pyinsarupa Guest House	36	Nyaung U
74	Nothern Breeze Hotel	35	Nyaung U
75	Golden Classic Hotel	35	Nyaung U
76	Makhalar Guest House	35	Nyaung U
77	Yun Myo Thu Motel	34	Nyaung U
78	Winner Guest House	34	Nyaung U
79	Shwe Ye Pwint Hotel	33	Nyaung U
80	Ananta Bagan Resort	33	Nyaung U
81	KMA Bagan Village Hotel	32	Nyaung U
82	Hotel Zein	32	Nyaung U
83	View Point Inn	30	Nyaung U
84	Bagan Princess Hotel	29	Nyaung U
85	Bagan Vertex	29	Nyaung U
86	Royal KK Hotel	28	Nyaung U
87	Hotel Lin (Popa)	28	Kyaukpadaung
88	Hotel Anjali	28	Nyaung U
89	Ostello Bello Bagan (Thirisandar Guest House)	28	Nyaung U
90	New Life Guest House	28	Nyaung U
91	Blue Bird Hotel	27	Nyaung U
92	Royal Akari Hotel	27	Nyaung U
93	New Wave (II) Hotel	27	Nyaung U
94	Bagan Shade Hotel	27	Nyaung U
95	Golden View Hotel	27	Nyaung U
96	Pann Cheery Guest House	27	Nyaung U
97	The Hotel Temple View	26	Nyaung U

98	Mingalar Hotel	26	Nyaung U
99	New Wave Guest House	26	Nyaung U
100	New Park Guest House	26	Nyaung U
101	Mya Sein Dipar Motel	25	Nyaung U
102	Bagan Comfort Hotel	25	Nyaung U
103	N . K Betalnut Hotel	24	Nyaung U
104	Royal Diamond Hotel	24	Nyaung U
105	Shwe San Eain Hotel	24	Nyaung U
106	Poppa Garden Resort Hotel	23	Kyaukpadaung
107	Wutt Hmone Thit Hotel	23	Nyaung U
108	Bagan Valley Hotel	23	Nyaung U
109	Htoo Myat Chantha Hotel	22	Kyaukpadaung
110	Bagan Cottage Boutique Hotel	22	Nyaung U
111	Queen Thanbula Hotel Bagan	22	Nyaung U
112	Bagan Nova Hotel	21	Nyaung U
113	Rain Hotel	21	Nyaung U
114	Lawkanat Hotel	20	Nyaung U
115	Thurizza Bagan Hotel (Thirimalar Hotel)	20	Nyaung U
116	Manisandar Hotel	20	Nyaung U
117	Gon Hotel	20	Kyaukpadaung
118	Great (KPT) Hotel	20	Kyaukpadaung
119	Hotel King (Popa)	20	Kyaukpadaung
120	Phoe Par Gyi Hotel	20	Kyaukpadaung
121	Popa Value Resort	20	Kyaukpadaung
122	Amata Boutique House	20	Nyaung U

123	Bagan Empress Hotel	20	Nyaung U
124	King & Queen Hotel	20	Nyaung U
125	Ayarwaddy Hotel	20	Nyaung U
126	Bagan United Hotel	20	Nyaung U
127	Sunrise Bagan Hotel	20	Nyaung U
128	Golden Rose Hotel	20	Nyaung U
129	Hotel@ Home	20	Nyaung U
130	Gold Star Guest House	20	Nyaung U
131	Golden Villa	20	Nyaung U
132	Grand Empire Hotel	18	Nyaung U
133	Lugyu Min Guest House	18	Nyaung U
134	Kyi Kyi Mya Guest House	17	Nyaung U
135	Lwin Bagan Guest House	17	Nyaung U
136	Shwe Nann Taw Guest House	17	Nyaung U
137	La Casa Di Bagan Nan Eain Thu Hotel	16	Nyaung U
138	Crown Prince Hotel	16	Nyaung U
139	Moe Guest House	16	Nyaung U
140	Bagan Relax	15	Nyaung U
141	Zey Yar Theingi Hotel	14	Kyaukpadaung
142	Shwe Myanmar Guest House	14	Nyaung U
143	Kyaw Guest House	14	Nyaung U
144	Eden Motel	14	Nyaung U
145	Witt Hmone Thit (II) Guest House	14	Nyaung U
146	Bagan Billiken Guest House	14	Nyaung U
147	Lucky Seven Guest House	13	Nyaung U

148	See U Guest House (Nay Min Tha G/H)	12	Kyaukpadaung
149	Diamond Popa Motel	12	Kyaukpadaung
150	Hotel Blazing (Green Wich)	12	Nyaung U
151	Duwun Motel	12	Nyaung U
152	Ostello Bello Bagan Pool, Mya Kan Tha G/H	12	Nyaung U
153	Sweet Garden	12	Nyaung U
154	Myat Bagan Hotel (Gold Garden Hotel)	11	Nyaung U
155	Bagan Ahla Guest House	11	Nyaung U
156	Wut Mhone Thit Guest House	10	Kyaukpadaung
157	Myathida Guest House (II)	10	Nyaung U
158	Mingalar Guest House	10	Nyaung U
159	Saw Nyein San Guest House	10	Nyaung U
160	Oasis Guest House	9	Nyaung U
161	Family Guest House	9	Nyaung U
162	Princess Amayar (Smile World) Hotel	8	Nyaung U
163	Motel Rendezvous	8	Nyaung U
164	Shwe Taung Tan Guest House	8	Nyaung U
165	Diamond Eagle Guest House (II)	8	Nyaung U
166	Tampawadi Hotel	7	Nyaung U
167	Mya Pyaesone Guest House	7	Nyaung U
168	Eden Motel (II)	7	Nyaung U

Ministry of Hotel and Tourism, 2024

APPENDIX (C)
STATISTICAL OUTPUTS

Effect of Competitive Strategy on Organizational Performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.770 ^a	.593	.579	.39241

a. Predictors: (Constant), DFmean, CLMEAN

b. Dependent Variable: OPmean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.034	2	6.517	42.323	.000 ^b
	Residual	8.931	58	.154		
	Total	21.966	60			

a. Dependent Variable: OPmean

b. Predictors: (Constant), DFmean, CLMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.346	.431		.803	.425
	CLMEAN	.524	.112	.403	4.699	.000
	DFmean	.476	.071	.577	6.729	.000

a. Dependent Variable: OPmean

Effect of Cost Leadership on Organizational Performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.525 ^a	.276	.264	.51919

a. Predictors: (Constant), CLMEAN

b. Dependent Variable: OPmean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.062	1	6.062	22.488	.000 ^b
	Residual	15.904	59	.270		
	Total	21.966	60			

a. Dependent Variable: OPmean

b. Predictors: (Constant), CLMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.755	.528		1.430	.000
	CLMEAN	.684	.144	.525	4.742	.000

a. Dependent Variable: OPmean

Effect of Differentiation Strategy on Organizational Performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.662 ^a	.439	.429	.45718

a. Predictors: (Constant), DFFMEAN

b. Dependent Variable: OPmean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.634	1	9.634	46.091	.000 ^b
	Residual	12.332	59	.209		
	Total	21.966	60			

a. Dependent Variable: OPmean

b. Predictors: (Constant), DFFMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.308	.290		4.505	.000
	CLMEAN	.547	.081	.662	6.789	.000

a. Dependent Variable: OPmean

Effect of Cost Leadership on Competitor Orientation

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.318 ^a	.101	.086	.84883

a. Predictors: (Constant), CLMEAN

b. Dependent Variable: CEOmean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.778	1	4.778	6.632	.000 ^b
	Residual	42.510	59	.721		
	Total	47.288	60			

a. Dependent Variable: CEOmean

b. Predictors: (Constant), CLMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.417	.863		.483	.001
	CLMEAN	.607	.236	.318	2.575	.013

a. Dependent Variable: Normative Commitment Dependent Variable: CEOmean

Mediating Effect of Cost Leadership Strategy and Competitor Orientation on Organizational Performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.559 ^a	.313	.289	.51007

a. Predictors: (Constant), CEMEAN, CLMEAN

b. Dependent Variable: OPMEAN

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.876	2	3.438	13.214	.000 ^b
	Residual	15.090	58	.260		
	Total	21.966	60			

a. Dependent Variable: OPMEAN

b. Predictors: (Constant), CEMEAN, CLMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.697	.520		1.342	.185
	CLMEAN	.600	.149	.461	4.014	.000
	CEMEAN	.138	.078	.203	1.769	.082

a. Dependent Variable: OPMEAN

Effect of Differentiation Strategy on Competitor Orientation

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.430 ^a	.185	.171	.80812

a. Predictors: (Constant), DFFMEAN

b. Dependent Variable: CEMEAN

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.757	1	8.757	13.410	.001 ^b
	Residual	38.530	59	.653		
	Total	47.288	60			

a. Dependent Variable: CEMEAN

b. Predictors: (Constant), DFFMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.782	.513		1.523	.133
	DFFMEAN	.522	.142	.430	3.662	.001

a. Dependent Variable: Job Satisfaction Dependent Variable: CEMEAN

Mediating Effect of Differentiation Strategy and Competitor Orientation on Organizational Performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666 ^a	.444	.425	.45900

a. Predictors: (Constant), CEMEAN, DFFMEAN

b. Dependent Variable: OPMEAN

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.746	2	4.873	23.129	.000 ^b
	Residual	12.220	58	.211		
	Total	21.966	60			

a. Dependent Variable: OPMEAN

b. Predictors: (Constant), CEMEAN, DFFMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.266	.297		4.260	.000
	DFFMEAN	.519	.090	.628	5.790	.000
	CEMEAN	.054	.074	.079	.730	.046

a. Dependent Variable: OPMEAN

Effect of Cost Leadership Strategy on Customer Orientation

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.438 ^a	.192	.178	.72600

a. Predictors: (Constant), CLMEAN

b. Dependent Variable: CUOmean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.397	1	7.397	14.034	.000 ^b
	Residual	31.097	59	.527		
	Total	38.494	60			

a. Dependent Variable: CUOmean

b. Predictors: (Constant), CLMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.089	.738		1.474	.146
	CLMEAN	.756	.202	.438	3.746	.000

a. Dependent Variable: CUOmean

Mediating Effect of Cost Leadership Strategy and Customer Orientation on Organizational Performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.700 ^a	.490	.472	.43958

a. Predictors: (Constant), CUMEAN, CLMEAN

b. Dependent Variable: OPMEAN

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.758	2	5.379	27.838	.000 ^b
	Residual	11.207	58	.193		
	Total	21.966	60			

a. Dependent Variable: OPMEAN

b. Predictors: (Constant), CUMEAN, CLMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.332	.455		.729	.469
	CLMEAN	.390	.136	.300	2.873	.006
	CUMEAN	.389	.079	.514	4.930	.000

a. Dependent Variable: OPMEAN

Effect of Differentiation Strategy on Customer Orientation

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.676 ^a	.457	.448	.59505

a. Predictors: (Constant), DFFMEAN

b. Dependent Variable: CUMEAN

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.604	1	17.604	49.717	.000 ^b
	Residual	20.891	59	.354		
	Total	38.494	60			

a. Dependent Variable: CUMEAN

b. Predictors: (Constant), DFFMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.222	.378		3.234	.002
	DFFMEAN	.739	.105	.676	7.051	.000

a. Dependent Variable: CUMEAN

Mediating Effect of Differentiation Strategy and Customer Orientation on Organizational Performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715 ^a	.511	.494	.43041

a. Predictors: (Constant), CUMEAN, DFFMEAN

b. Dependent Variable: OPMEAN

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.221	2	5.611	30.286	.000 ^b
	Residual	10.744	58	.185		
	Total	21.966	60			

a. Dependent Variable: OPMEAN

b. Predictors: (Constant), CUMEAN, DFFMEAN

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.971	.297		3.275	.002
	DFFMEAN	.343	.103	.415	3.333	.002
	CUMEAN	.276	.094	.365	2.927	.005

a. Dependent Variable: OPMEAN