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Strategic Orientation and Sustainable Competitive Performance of Family Firms: Evidence of an Emerging Economy

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This study tried to shed light on the relationship between strategic orientations and sustainable competitive performance with the mediating effect of strategic flexibility of family-owned SMEs in an emerging economy. This study is significant because family firms need a more flexible and quick organizational structure to respond effectively to external market demands. For achieving fruitful insights, data was collected from family-owned manufacturing firms operating in Islamabad and Rawalpindi verified from Small and Medium-sized Enterprises Development Authority (SMEDA). In addition, structured questionnaires were used to collect the data from top management through an online source; for testing the hypotheses, Smart PLS-SEM was deployed. The finding suggests that strategic flexibility firmly explains the mechanism to support the relationship between both strategic orientations (entrepreneurial and market) and sustainable competitive performance. Thus, our study suggests several recommendations to the policymaker and governmental bodies to support the family-owned firms in modifying existing resources according to the market demand.

1. Introduction

Rapid technological development has reshaped the business structure, and it became complicated and unpredictable for policymakers (Lin & Tsai, 2016). Technological war forces policymakers to confront the uncertainty in the market, which often makes strategic organizational decisions obsolete. The firms' capability to accurately defend the external market uncertainty and modify their strategies according to the market situation can help get a competitive advantage and sustain it for the long term (Chen et al., 2017). In addition, Bamel and Bamel (2018) reveal that strategic modification of the organization according to the market demand is the best source of competitive advantages, such as organizational top management ability to circumnavigate the turbulent business environment (Brozovic, 2018). Additionally, it also facilitates the organizational internal and external change drivers and ensures the organizational survival for the long term (Spieth & Schneider, 2016). Hence, top management strategic flexible capability helps the organization to improve sustainable com-

petitive advantage (Bamel & Bamel, 2018) because an organization with a high orientation for core competencies could employ strategic flexibility to recalibrate its strategies and refocus resources on successive generation decision points (Chen et al., 2017). Therefore, a high level of strategic flexibility provides opportunities for an organization to achieve sustainable competitive performance.

In addition, organizational orientation behaviors play an essential role because they are the best source of motivation for the external market (Chahal et al., 2019). Thereby, Miller and Friesen (1982) suggested that an organization's entrepreneurial behaviors can help to create the innovation ability and take a considerable risk during market strategies. Strategic orientation is significant for organizational performance (Zhou et al., 2005) due to a large amount of uncertainty in the external market, which can badly affect the current strategic orientation (Li et al., 2008). Because in developed economies, the manufacturing industry can quickly modify the current organizational strategic resources according to the market demand. The quickly strategic decisions are modified through the excess of resources such

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as highly qualified employees, excess of finance, complete information about the customer's future demands. However, a lack of resources has become a considerable obstacle to organizational growth in developing economies. Therefore, Pakistan is a developing country, and its 61% economic growth is dependent on small enterprises because here, more than 90% are small enterprises of all businesses (Iqbal & Malik, 2019), which contributes more than 40% of economic growth. Therefore, developing small enterprises for the long term is the best tool for economic growth, employment creation, and poverty reduction (Soomro et al., 2019).

Nevertheless, unfortunately, In Pakistan, only 4 percent of manufacturing companies survive more than ten years, and the remaining all go back (Iqbal & Malik, 2019; Zada et al., 2019) very high as compared to neighboring countries. Therefore, researchers and practitioners focus on this issue because it badly affects economic growth (Soomro et al., 2019). Furthermore, many studies have been conducted and find that developing economies lack resources (financial, knowledge, information) (Chahal et al., 2019; M. Khan & Abasyn, 2017). Because due to a lack of resources, information, the top management cannot modify the strategic decisions according to the existing resources. Therefore, many studies suggest that checking the strategic flexibilities can support orientation and sustain competitive performance.

In previous studies, the most extensive research has been done in this area, which is conducted in developed economies such as (Bamel & Bamel, 2018; Chan et al., 2017). However, scarce literature has been finding this terminology in developing economies. Thereby it is crucial to check the impact of strategic flexibility in developing economies because in developing economies, 90% of organizations have a deficiency of resources and capabilities (Bokhari et al., 2020) which sparked a red light for defending his position as compared to competitors and sustain for long-term (Arnold & Artz, 2015). Hence, many researchers have been studied different factors to sustain the organizational performance for the long-term such as (Khattak & Shah, 2020) on governmental financial support (Imran et al., 2018) on R & D while Awang et al. (2009) on environmental factors. However, they all missed the creation of the strategic flexibility of the organization according to the current market situation. On the other hand, strategic flexibility is very important for an organization to sustain long-term (Boso et al., 2013) because SMEs lack resources and capabilities to address the external environment uncertainty (Ishtiaq et al., 2020). Therefore, the current study tries to shed light on strategic orientations (entrepreneurial and market) to sustain competitive performance through the strategic flexibility underpinning the resource-based view theory. To sustain fruitful insights, the current study deployed a confirmatory and structured model for testing the final hypothesis through Smart PLS 3.0.

So, the main objective of the underline study is to examine the strategic flexibility effect on the relationship between strategic orientations (entrepreneurial and market) and gain a sustainable competitive advantage to Pakistani SMEs. This study's contributions focus on the following two prospective. First, theoretically, this article provides a more in-depth understanding of the backgrounds of sustainable competitive performance. Second, it also has an important recommendation for managers to change their decision quickly to defend the external environmental flexibility.

The rest of the paper has been divided into several sections: theoretical background, hypothesis development, research methodology, data analysis and results, discussion, the implication for practice, conclusion of future research.

2. Theoretical Background and Hypotheses

This study underpins the resource-based view theory (RBVT), which Barney (1991) initially developed. RBV emphasizes the firm's rare, unique, and immutable resources as a competitive advantage and supports it to gain superior performance over other firms. Thus, Rogo et al. (2017) stated that available resources observe the performance of the firm's available resources to maintain competitive advantage. Over the last two decades, the significant contribution of small enterprises has been increased to economic growth, which is why SMEs are providing the facilities of employment creation and compensating for commercial activities (Marom et al., 2019). Furthermore, R. U. Khan, Salamzadeh, Kawamorita, et al. (2021) suggests that a firm having a bundle of resources (tangible and intangible) can gain a sustainable competitive advantage as compared to other firms. Hence, the RBV theory has received significant attention from researchers in business and strategic management. Focusing on organizational performance, studies have used the theory concerning tangible resources such as financial access (R. U. Khan, Salamzadeh, Kawamorita, et al., 2021; Tirumalsety & Gurtoo, 2021), unique information, and knowledge (Birnick et al., 2020), technology (Jeng & Hung, 2019). However, over time, researchers investigate that to overcome external market flexibility in the intense competition and globalization (Mikalef et al., 2020), researchers felt the need for RBV to sustain competitive advantage and gain superior performance.

Consequently, as per the abovementioned discussion, that rare, unique, and immutable resources are the primary source of competitive advantage; recently, businesses have realized that strategic organizational orientations (innovation, proactiveness, risk-taking) (Adams et al., 2019; Guo et al., 2020), additionally, generation, dissemination, and market-oriented are the core resources to firm performance. Therefore, following the RBV definition, strategic orientations (innovation, proactiveness, risk-taking) and generation, dissemination, and market orientation are the core resources and capabilities to enhance organizational performance. Many researchers have tested RBV and reported that internal organizational strategic flexibility is essential to respond to the external market uncertainty and gain a competitive advantage (Anwar & Li, 2021). Furthermore, Ferreira and Fernandes (2017) stated that effective organizational strategies need to understand rare, unique, and immutable resources and capabilities to gain superior performance. Therefore, our research is trying to fill the gap and respond to the Kamasak et al. (2019) future research in the relationship between entrepreneurial and market orientations and sustainable competitive performance with the mediating role of strategic flexibility; this has never been tested in the previous studies. Hence, our study advances

the literature on how entrepreneurial and market orientations contribute to family-owned firms and how strategic flexibility mediates the relationship between these entrepreneurial and market orientations and sustainable competitive performance.

2.1. Entrepreneurial Orientation and Sustainable competitive performance

Entrepreneurial orientation has no single definition; different researchers explain this concept according to their views (Lechner & Gudmundsson, 2014). EO's concept was early introduced by Miller (1982, p. 770), who explains that "EO is a hostile organizational product-market innovation, risk-taking tendency, and the ability of the business to undertake and conceptualize new ideas and things to defend from the competition." It also explains that "EO is the combination of different organizational characteristics and abilities that innovate, take risk and proactiveness" (Lechner & Gudmundsson, 2014, p. 38). Later, Lumpkin & Dess (1996) defined EO and added two dimensions autonomy and competitive aggressiveness. Hence, as per the previous debates that EO is an umbrella of organizational characteristics that can innovate, take a risk, proactiveness, autonomy, and competitive aggressiveness (Anwar & Shah, 2021; Jorge Ferreira et al., 2020), these are the organizational internal intangible resources that possessed by a firm which facilitates to improve value creation strategies to gain effectiveness and sustain competitive advantage (Barney, 1991).

However, just a single resource such as "innovativeness" is not enough to sustain competitive advantage (Bhandari et al., 2020), and to compete with the competitor in the turbulent market, an organization is needed to hold the whole required ability. Consequently, Barney (1991) stated that a firm having a bundle of resources (tangible and intangible) which are rare, unique, and immutable can gain a competitive advantage. More preciously, the theory suggested that competitive advantage can be sustained, especially through internal organizational capabilities (Anwar & Shah, 2021). Hence, the empirical study is consistent with past entrepreneurial literature, that EO (innovativeness, proactiveness, and risk-taking) can significantly enhance the firm performance as elicited through the resource-based view theory (Shafique & Saeed, 2020; Shen et al., 2020). The central principle of RBV is that idiosyncratic organizational resources are the key factors for sustained competitive advantage, while EO is a part of one of these unique resources. Thus, (innovative, novelty, pro-active and risk-taking, competitive aggressiveness, and autonomy-oriented firms can get a competitive advantage in the turbulent market; Therefore, the underline conceptual model is consistent with previous studies (Sandhu & Khan, 2017; T. Wang et al., 2017). Thus, we hypothesize that:

> *H1: Entrepreneurial orientation has a positive and significant impact on sustainable competitive performance*

2.2. Market Orientation and Sustainable competitive performance

Market orientation emphasizes the commitment of the organization to develop quality products and services that satisfy customer needs and demands (Ali et al., 2020). This commitment reflects the idea of market-orientated solid firms supporting organizational performance and enhancing the possible advantages of flexibility and processing information and knowledge into a rare, unique strategic resource (Hossain et al., 2021). Hence, market orientation is the main contributor to the organizational characteristics that enhance product quality, leading to high performance (Buli, 2017). Initially, Becherer et al. (2001) define MO as organizational internal culture and norms to create superior value for customers by focusing on their needs and long-term profitability.

Market orientation summarizes the trends to recognize and respond to the customers' requirements and competitors' policies (Kropp et al., 2006). Hence, market capture ability is the best competitor opportunity for firms. If a firm has a high-level market orientation, it unremittingly studies the customer needs and tries to find the solution of customers' needs and get superior performance in the turbulence market (Cadogan et al., 2009; Fink et al., 2017), and are the best image as compared to competitors to tactically modify products and services for chosen markets (Cadogan et al., 2009). Hence, from the previous literature notions, we postulate that market-oriented firms which can intelligence generate, intelligence dissemination and intelligence responsiveness, are the core source to sustain competitive advantage as compared to the competitor in the turbulent market such as (Dubihlela & Dhurup, 2015; Laukkanen et al., 2013; Tinoco et al., 2019). Therefore, the current link of MO and SCP is underpinned by RBV theory. Hence, based on past evidence, we posit that:

> *H$_2$: Market orientation has a positive and significant impact on sustainable competitive performance*

2.3. Strategic Flexibility and Sustainable Competitive Performance

Strategic flexibility refers to the organization's ability to modify the strategic decisions to defend the unexpected changes (Nadkarni & Herrmann, 2010). Strategic flexibility creates the ability in the organization that defends the organization from external challenges; it is an authoritative characteristic for small enterprises to sustain for the long-term and get a competitive advantage through quick modification (Majid et al., 2019). Such an organization's ability that modifies the existing resources effectively and efficiently according to the external environment (Hitt et al., 1998) can help the organization gain a sustainable competitive advantage (Majid et al., 2020). Strategic flexibility works as a dynamic capability that helps the organization alter existing resources according to current market demand (Zhou & Wu, 2010). Dynamic capability defines as the organizational ability to modify their business plan and features according to the external market uncertainty or customer demand (Liao et al., 2009).

Furthermore, organizational strategic flexibility has the characteristics to enhance the effectiveness of plans, strategies, and communication, potentially enhancing firm performance (Grewal & Tansuhaj, 2001). Hence, based on the previous literature, we posit that strategic flexibility plays

an important role in organizational competitive advantage. We, therefore, hypothesize that:

> H_3: *Strategic flexibility has a positive and significant impact on sustainable competitive performance*

2.4. The mediating role of Strategic Flexibility Between Entrepreneurial Orientation and Sustainable Competitive Performance

Entrepreneurial and market orientations are strategic organizational orientations, which refer to the organization's ability to undertake the conceptualization of new brands, ideas, and things, take a risk and pioneers compared to a competitor, and produce high-quality products. Hence, as per the abovementioned debates, strategic organizational orientation (entrepreneurial and market) are the core resources to sustain competitive performance. Organizations undertake to conceptualize new products and services as per the customer demands and to fulfill the customer demands, businesses adopting innovation, taking a risk, and pioneer ability to gain opportunity and enhance performance (Majid et al., 2019). Organizations can adopt strategic orientation (entrepreneurial and market) due to external market uncertainty (Shafique & Saeed, 2020). To stabilize their position and sustain competitive performance, organizations need to innovate new things compared to competitors (Majid et al., 2020). Hence, the organization needs to transform entrepreneurial orientation towards competitive performance (Shen et al., 2020). Different factors have been used in the previous literature, such as functional performance (Rezaei & Ortt, 2018), opportunity recognition (Anwar et al., 2021), as mediators in the relationship between EO and firm performance. Nevertheless, the current study is different from the previous studies, and following Chen et al. (2017), further research recommendations that high organizational internal strategic flexibility can gain leverage of entrepreneurship to sustain competitive performance. Additionally, organizational strategic ability to change the policies and design according to the external market, are the main sources to sustain competitive performance as compared to a competitor (Majid et al., 2020). As a result, the relationship between EO and the SCP will be underground by strategic flexibility. Therefore:

> H_4: *Strategic flexibility mediates the relationship between entrepreneurial orientation and sustainable competitive performance.*

2.5. The mediating role of Strategic Flexibility Between Market Orientation and Sustainable Competitive Performance

Additionally, market-oriented information is the core source of comparative performance, as discussed in the paragraph above. Market-oriented information such as customer demands, and market uncertainty are the main source to put their product on the top of the market. Top management targeted the customer needs and tried to understand "what they want" because identifying customer needs is the best opportunity for the organization to improve their performance and growth. Based on this information, organizations adopt the ability to conceptualize new things and modify the existing resource according to the market demand. The high flexibility can easily break down its strategic decision more effectively and explore new information easier (Wei & Peng, 2014), it is the main source of sustainable competitive advantage as compared to competitors. Hence, collecting knowledge from customers is useless without implementing this information; the organization is needed to change the policies and business model (strategic flexibility), to gain sustainable competitive performance. Additionally, previous studies explain that an organization's ability to be flexible according to the market demand is the best underground mechanism for sustaining competitive performance (Chahal et al., 2019; Donghong & Lele, 2019), organization ability of competitiveness can enhance the financial growth and long-term survival (R. U. Khan et al., 2022). Therefore, the current tried to extend the future research recommendation suggested by Chen et al. (2017), that organization's strategic flexibility source is the core source to answer the market demand and sustain high organizational growth. Hence, the current study deploying strategic flexibility as a mechanism to explain the relationship between MO and SCP underpin through RBV theory because Barney defines the organization's competitiveness structure through its core, rare, and imitable resources (tangible and intangible) to sustain competitive performance. As a result, the relationship between (generation, dissemination, and responsiveness) and the SCP will be supported by strategic flexibility. Therefore:

> H_5: *Strategic flexibility mediates the relationship between market orientation and sustainable competitive performance.*

3. Research Method

The conceptual model of the current study is tested through the empirical evidence of family-owned small firms. We collected the data from two big cities Islamabad and Rawalpindi because most head offices of small firms are operating in these cities verified by the Small and Medium-sized Enterprises Development Authority (SMEDA)[1]. For collecting compelling insights, probability-sampling techniques were used because we have taken the list of family-owned SMEs operating in Islamabad and Rawalpindi from SMEDA. In the study, just family-owned SMEs are targeted for data collection who are operating in the manufacturing sector, because the Pakistani economy is mostly dependent on the manufacturing sector, additionally, more than 50 percent of family-owned firms are operating in manufacturing sectors. There is no universal definition of family-owned SMEs (R. U. Khan, Salamzadeh, Kawamorita, et al.,

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Table 1. Profile of the Participants

Description	Frequency	Percentage
Gender		
Male	174	61.3
Female	110	38.7
Size of the family-owned SMEs		
1. 20–50 employees	63	20.3
2. 51–100	43	13.9
3. 101–150	36	18.1
4. 151–200	82	27.7
5. 201–250	60	20.0
Educational detail		
1. Intermediate and below	58	28.7
2. Bachelor	89	30.7
3. Master	106	47.6
4. PhD etc.	31	20.0
Age of the family-owned SMEs		
1. 10 years and less	87	21.3
2. 11–20 years	75	39.4
3. 21 and above years	122	46.4
Total	284	100

2021), it varies from country to country (Beck et al., 2005). In the Pakistani context, family-owned SMEs are defined based on those small firms which ownership is controlled by more than 50 percent of a family member, or a family member is considered very important during decision making, additionally, there are less than 250 employees (R. U. Khan, Salamzadeh, Shah, et al., 2021). But the current study was conducted in the context of family-owned SMEs, which is defined as, those firms who have (> 20, < 250) employees and more than 50 percent ownership of the firm controlled by family members.

Furthermore, the researcher distributed 700 questionnaires among the top management of the family-owned SMEs operating in the manufacturing sector (April 2021 to June 2021). In addition, top management is more responsible persons, and they are well known about the organizational future strategies (Alkahtani et al., 2020; Tajeddini & Mueller, 2012). Furthermore, the researcher collected back 338 responses, but 54 responses were excluded because some respondents could not fill them correctly, and some had missing values, and the remaining 284 were used for hypothesis testing with a response rate of 40.57%. The family-owned SMEs that participated in our model are presented in Table 1.

3.1. Latent Variables measurement:

The present study used entrepreneurial orientation and market orientation as independent variables, Strategic Flexibility as a moderator, and sustainable competitive performance as dependent variables.

3.1.1 Entrepreneurial Orientation. Following the Lumpkin and Dess (1996) and Miller and Friesen (1982) approach about the entrepreneurial orientation. We used EO as the second order (reflective formative) and measured through six dimensions such as (1) innovation intensity, (2) innovation novelty, (3) risk-taking, (4) proactive, (5) Competitive aggressiveness, and (6) autonomy. We adapted measurement instruments from Jambulingam et al. (2005), Kuivalainen et al. (2007), and Wang (2008). Every dimension is measured through three items except the risk-taking, which contains four items.

3.1.2 Market Orientation. In the current study, market orientation (MO) is used as second-order (reflective-formative) and measured through three dimensions as abovementioned in the literature such as (1) intelligence generation, (2) intelligence dissemination, and (3) intelligence responsiveness) and adapted through Cadogan et al. (2001).

3.1.3 Strategic Flexibility: For this study, strategic flexibility was used as a first-order reflective construct and measured through six items, adapted from Zhou and Wu (2010).

3.1.4 Sustainable Competitive Performance: Sustainable competitive performance is measured through ten items, adapted from Mikalef and Pateli (2017), and used as first-order reflective.

For getting the respondent's response, the response rate ranges from a 1-point Likert scale (strongly disagree) to a 5-point Likert scale (strongly agree).

4. Data Analysis and Results

For fruitful insights, Partial least square (Smart PLS 3.0) was used for assessment of measurement and structured model because the current study has a combination of formative and reflective constructs. Several previous studies suggested that PLS can be used when in case a study has
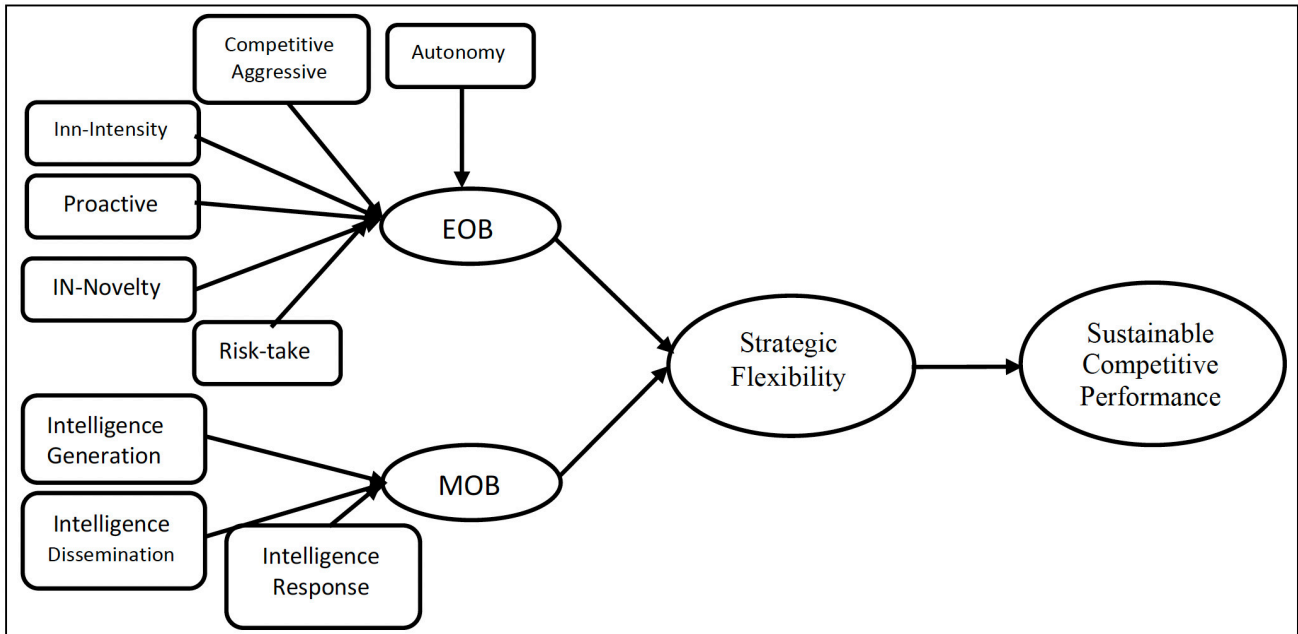
Figure 1. Conceptual Framework

EOB: Entrepreneurial orientation Behavior, MOB: Market orientation Behavior, SF: Strategic Flexibility, SCP: Sustainable competitive performance

both formative and reflective constructs or complex models (Chin, 2010; Hair et al., 2011; Ramayah et al., 2018). Therefore, from the above references, the current study uses Smart PLS for assessment of measurement and structured model.

4.1. Assessment of model using PLS

Assessment of the model through PLS mostly follows a two-stage approach such as assessment of measurement and structured model (Hair et al., 2011; Sarstedt & Cheah, 2019). Assessment of the measurement model evaluating the validity and reliability of the relationship between latent constructs while assessment of measurement model examining the association among the main variables (Chin, 2010; Hair et al., 2011).

4.1.1. Assessment of a measurement model

The final model of the current study has a reflective and formative combination approach. In this framework, there are ten first-order reflective constructs such as innovation intensity, risk-taking, innovation novelty, proactiveness, competitive aggressiveness, autonomy, strategic flexibility, sustainable competitive performance, intelligence generation, intelligence dissemination, and intelligence responsiveness. To assess the measurement model, we need to follow the measurement criteria. For a reflective construct, we need to evaluate the reliability and validity, as measured by composite reliability (C.R) and Average variance extracted (AVE) (Sarstedt & Cheah, 2019).

The order to assess the indicator's reliability of the reflective model, the loading of indictors on the latent constructs is more than the threshold 0.70 as suggested by Hair et al. (2017), but there is one item of innovation intensity IN-I3, one item of proactiveness Pro-1, one compet-

itive aggressiveness CA-3, and one Autonomy Auto-3, total four items are deleted from the main constructs which are less than the threshold (Hair et al., 2014). Hence, Table 2 shows that each indicator loading on the constructs is higher than the threshold. In addition, the composite reliability (CR) and average variance extracted (AVE) association with construct should be higher than the threshold (Hair et al., 2011). Hence, table 2 shows that the composite reliability of all first-order reflective constructs is higher than 0.70, while the AVE value of first-order constructs is higher than 0.50 as recommended by Ringle et al. (2020). Hence, it indicates that the measurement model is internally consistent and reliable.

Discriminant validity explaining the distinguishing of one construct from the other constructs (Chin, 2010). Two assessments can be used for determining discriminant validity. The AVE value of each main construct should be higher than the highest square correlation of the constructs from the other constructs (Chin, 2010; Ringle et al., 2020). Hence, table 3 explains the discriminant validity, and it shows that the correlation among the main construct is significant, and no correlation is greater than 0.80, because if it is greater than 0.80, it shows that there is a multicollinearity issue in the model.

Hence, we posit that all first-order main constructs are accepting the validity and reliability range.

In addition, the researcher examines the validity and reliability of the main constructs, such as entrepreneurial orientation and market orientation measuring as second-order formative. Table 3 shows the discriminant validity of main constructs, and these all significantly higher correlated with each other (Hair et al., 2011; Ringle et al., 2020).

For checking the indirect effect of entrepreneurial orientation, market orientation on sustainable competitive performance through strategic flexibility, the researcher ana-

Table 2. Assessment of measurement model of the first order

Main Constructs	Dimensions	Items	Standardized Factor Loading	Cronbach's Alpha	C.R	AVE
Market Orientation	Intelligence Responsiveness	I.R-1	0.845	0.734	0.846	0.647
		I.R-2	0.689			
		I.R-3	0.492			
	Intelligence Generation	I.G-1	0.862	0.745	0.855	0.664
		I.G-2	0.817			
		I.G-3	0.895			
		I.G-4	0.824			
	Intelligence Dissemination	I.D-1	0.762	0.900	0.930	0.770
		I.D-2	0.872			
		I.D-3	0.695			
		I.D-4	0.724			
Entrepreneurial Orientation	Autonomy	Auto-1	0.872	0.727	0.847	0.660
		Auto-2	0.821			
	Competitive Aggressive	CA-1	0.904	0.712	0.873	0.775
		CA-2	0.855			
	Innovation-Intensity	IN-I1	0.871	0.794	0.664	0.735
		IN-I2	0.821			
		IN-I4	0.748			
	Innovation Novelty	IN-N1	0.896	0.745	0.735	0.664
		IN-N2	0.813			
		IN-N3	0.754			
	Proactiveness	Pro-2	0.913	0.875	0.704	0.563
		Pro-3	0.510			
	Risk-taking	RT1	0.824	0.900	0.937	0.833
		RT2	0.820			
		RT3	0.795			
Strategic Flexibility	First-Order	SF1	0.826	0.896	0.921	0.659
		SF2	0.813			
		SF3	0.729			
		SF4	0.855			
		SF5	0.789			
		SF6	0.853			
Sustainable Competitive Performance	First-Order	SCP1	0.759	0.867	0.903	0.652
		SCP2	0.786			
		SCP3	0.858			
		SCP4	0.827			
		SCP5	0.795			

lyzes the structured equation model through bootstrapping with (5000 subsamples). In addition, in the current study, entrepreneurial orientation as second-order created by six fist order reflective such as innovation intensity and innovation novelty, risk-taking, proactive, competitive aggressiveness and autonomous, and market orientation also as second-order created by three first-order constructs reflective intelligence generation, intelligence dissemination, and intelligence responsiveness. Both second-order main constructs are measured as reflective-formative. Hence, for measuring these constructs, a two-stage approach is used. The variance inflation factor (VIF's) value of formative for entrepreneurial orientation and market orientation is 2.478 and 2.487 respectively, variance inflation factor represents the multi-collinearity issue in the model, if it is greater than 3.0, so it means there is a multicollinearity issue in the model (R. U. Khan, Salamzadeh, Kawamorita, et al., 2021).

Table 3. Discriminant Validity (HTMT)

	Auto	CA	PN	PI	Pro	RT	Res	Gen	Dis
Autonomy	**0.806**								
Competitive ag	0.766	**0.88**							
Inn-Novelty	0.715	0.636	**0.857**						
Inn-intensity	0.639	0.57	0.688	**0.815**					
Proactiveness	0.579	0.651	0.541	0.479	**0.75**				
Risk-taking	0.646	0.558	0.710	0.638	0.379	**0.913**			
I Responsiveness	0.679	0.692	0.576	0.637	0.542	0.635	**0.878**		
I Generation	0.589	0.532	0.489	0.602	0.645	0.548	0.581	**0.805**	
I Dissemination	0.466	0.658	0.621	0.538	0.579	0.620	0.680	0.617	**0.815**

Auto: Autonomy, CA: Competitive aggressive, IN: Innovation novelty, II: Innovation intensity, Pro: Proactive, RT: Risk-taking, I Res: intelligence responsiveness, I Gen: intelligence generation, IDis: intelligence Dissemination.

Table 4. Formative Construct Reliability and Validity

Second-Order (Formative)	First-order Dimensions	Weight (p-value)	VIF
	Autonomy	0.419*	1.557
	Competitive Aggressive	0.171*	1.239
	Innovation-Intensity	0.248*	1.04
Entrepreneurial Orientation	Innovation Novelty	0.305*	1.612
	Proactiveness	0.043*	1.272
	Risk Taking	0.020*	1.064
	Intelligence Responsiveness	0.174*	1.386
Market Orientation	Intelligence Generation	0.585*	1.184
	Intelligence Dissemination	0.449*	1.426

Table 5. Direct path-coefficient and effect size

Hypothesis	β	(STDEV)	T Stat	P Values	R^2	f^2	Remarks
EO -> SCP	0.772	0.038	20.491	0.000	0.641	0.654	Support
MO -> SCP	0.036	0.035	1.032	0.302		0.001	Non-support

Note: Entrepreneurial Orientation, Market Orientation, and Sustainable Competitive Performance

4.1.2. Two-Stage Structured Model

In the current study, the entrepreneurial orientation has been measured as second order (reflective formative). Hence, to check the reliability and validity, we need to assess two-stage means we used first order constructs as an indicator of second order as recommended by Ramayah et al. (2018). To check the validity and reliability of formative construct, we check weight with p-value less than 0.05 and VIF. Hence, in table see reliability and validity of formative construct (entrepreneurial orientation see table 4 and figure 2. Hence proved that all first order construct wight value are significant and VIF values are also under the recommended threshold.

4.2. Assessment of structured model

For evaluating the structured model, we need to apply two tests for achieving the main objective of the current study (Chin, 2010; Ringle et al., 2020). First, the R square of indigenous constructs can be depending on the area of the research or research model thereby, Chin (2010) suggests that the value of R^2 0.67, 0.33, and 0.19 be considered substantial, moderate, and weak. Second, path coefficients (β) should be significant (Hair et al., 2011).

Hence, our findings suggest that entrepreneurial orientation has a significant effect on sustainable competitive performance β value 0.77 and p-value < 0.001. In addition, market orientation has an insignificant effect on sustainable competitive performance β value 0.04 and p-value < 0.302. These two exogenous variables (EO and MO) can explain 64% variance in SCP see (table 5) and (figure 2) for more detail.

In addition, the indirect effect of the proposed hypothesis is assessed by a structured equation model-2 see figure 3 for detail. Hence, our finding suggests that strategic flexibility mediates the relationship between entrepreneurial

Table 6. Indirect path-coefficient and effect size

Hypothesis	β	(STDEV)	T Stat	P Values	R^2	f^2	Q^2 (=1-SSE/SSO)
EO -> SF -> SCP	0.639	0.047	13.552	0	0.703	0.99	0.336
MO -> SF -> SCP	0.093	0.046	1.998	0.046		0.04	0.221

Note: Entrepreneurial Orientation, Market Orientation, strategic flexibility, and Sustainable Competitive Performance
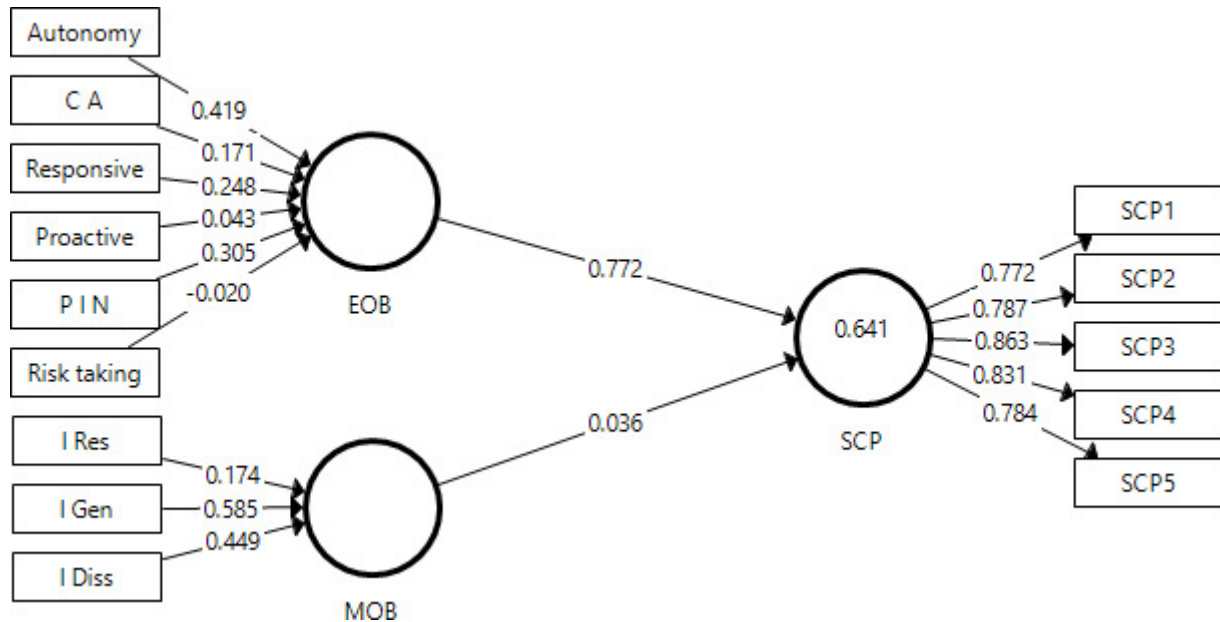
Figure 2. Direct Effect Structured Model-1

Auto: Autonomy, CA: Competitive aggressive, IN: Innovation novelty, II: Innovation intensity, Pro: Proactive, RT: Risk-taking, I Res: intelligence responsiveness, I Gen: intelligence generation, IDis: intelligence Dissemination.

orientation and sustainable competitive performance EO ->SF ->SCP is 0.63 with a p-value less than 0.01and effect size is f^2-value 0.99 (Cohen, 1988). Furthermore, strategic flexibility also mediates the relationship between market orientation and sustainable competitive performance MO ->SF ->SCP is 0.093 with a p-value of 0.04 and a small effect size f^2-value 0.042. The sustainable competitive performance explains 70% variance due to market orientation, entrepreneurial orientation, and strategic flexibility, additionally, both indigenous Q^2 values are more than 0, which shows that the model has predictive relevance in this study (see table 6) for more detail.

Hence, the researcher posits that strategic flexibility in the organizational policies is very important for sustainable competitive performance because EO direct effect of the sustainable competitive performance is β value 0.44 and EO on SCP is 0.55 but after using strategic flexibility as a mediator among these constructs, the SF explain the mechanism to improves the effect on SCP of entrepreneurial and market orientations (figure 3).

5. Discussion

The main objective of the current study is to examine how strategic flexibility supports the relationship between strategic orientation (entrepreneurial and market) and sustainable competitive performance in Pakistan. The results

of our study demonstrate that entrepreneurial orientation positively and significantly impacts sustainable competitive performance, which favored the H1 of the study. Therefore, our findings are consistent with a prior study (Zarei et al., 2017), which argues that top managers' pro-novelty and innovation behaviors are essential for SMEs to achieve sustainable competitive performance. In addition, (Aghapour et al., 2017; Ryu et al., 2014) finding demonstrate that improvement, risk-taking, and follow-up the customer's future demand, can easily compete in the turbulent market. Because according to resource-based-view theory, the manager's skill, attitude, and behavior can help the firm gain sustainable competitive performance in the turbulent market (Barney, 1991). Hence, based on empirical studies, we demonstrate that firms with high entrepreneurial ability can enjoy high performance in the marketplace.

In addition, we found that strategic market orientation has an insignificant impact on sustainable competitive performance (H2 non-supported). Thereby, our results align with previous studies (Olavarrieta & Friedmann, 2008; Pratono & Mahmood, 2015). Hence, the current study has been conducted in developing economies; due to high uncertainty and fluctuation in the market demands (Merlo & Auh, 2009), the firm cannot compete with the competitor on the market base information (Boso et al., 2013), it needs some external factor support to enhance the competitive advantage (Al-Henzab et al., 2018). However, in developed
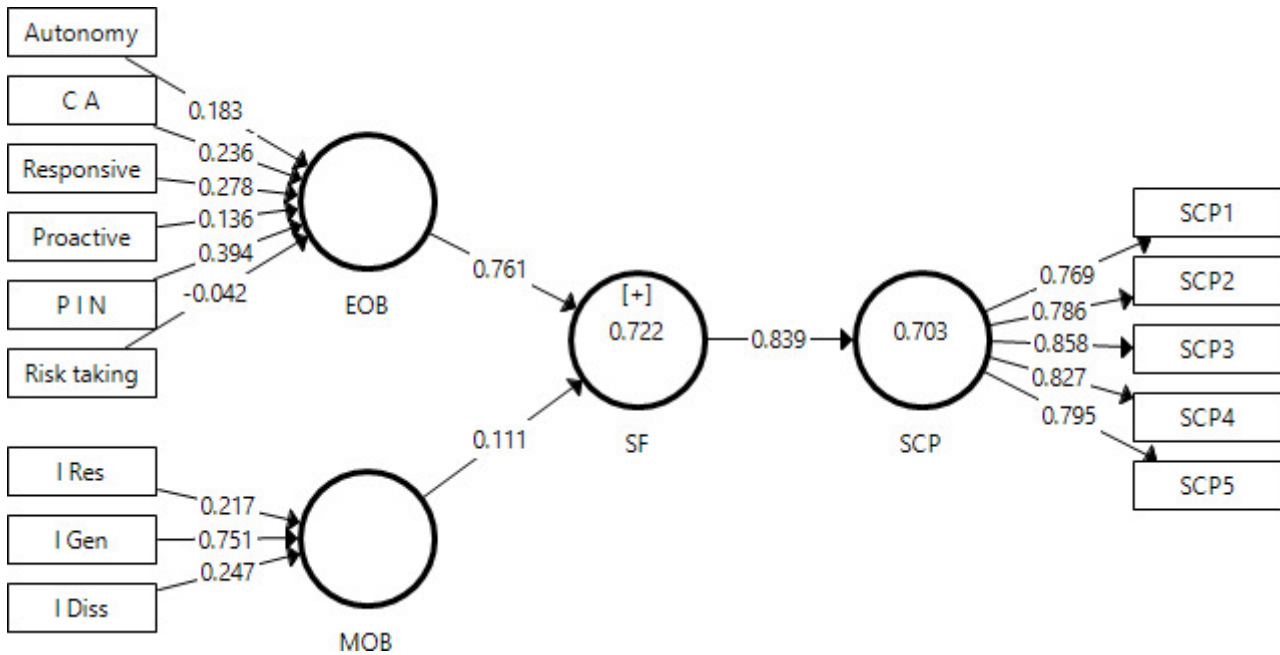
Figure 3. Indirect effect Structured Model-2

Auto: Autonomy, CA: Competitive aggressive, IN: Innovation novelty, II: Innovation intensity, Pro: Proactive, RT: Risk-taking, I Res: intelligence responsiveness, I Gen: intelligence generation, IDis: intelligence Dissemination.

economies, the firm can compete with the competitor in the market base information because they have full information, and they can modify the existing strategic resources according to the market demand (Joensuu-Salo et al., 2018).

The finding suggests that strategic flexibility has a significant and robust impact on sustainable competitive performance. Hence H3 supported. Thereby Zhou and Wu (2010) stated that as a combinative capability that enables firms to synthesize and apply current and newly acquired external knowledge in their operations. In addition, strategic flexibility can be preserved as an essential factor for reallocating organizational resources to answer the external environmental demands, while a firm needs to get sustainable competitive performance in a turbulent market (Chen et al., 2017). Hence, our results align with previous studies (Chen et al., 2017; Nadkarni & Herrmann, 2010), who suggested that strategic flexibility enables SMEs to handle the uncertainty and fluctuation in the environment.

This study scrutinized that strategic flexibility significantly enhances the relationship between strategic orientations (entrepreneurial and market) and sustainable competitive performance (H4 and H5). Hence, based on our findings, H4 supported. As per resource-based view theory (Barney, 1991), the firm's core competencies can quickly gain sustainable competitive performance. Strategic flexibility lies in its ability to enhance the firm's adaptability and responsiveness in addressing challenges from changes in external environments (Chen et al., 2017). In addition, SF can help to modify the existing organizational resources according to the current market demand. Therefore, the previous studies postulate that firm having strategic behaviors (entrepreneurial & market resources) and know that how to face the internal and external market uncertainty, that is firm quickly gain a competitive advantage in the market (Aghapour et al., 2017; Kristal et al., 2010). Furthermore,

our result shows that market orientation has an insignificant impact on sustainable competitive performance but addressing the strategic flexibility as support can sustain long-term support. Our results are consistent with previous studies that flexible strategic ability is a vital factor for competitive advantage.

6. Conclusion and Implication for practice

The underline study has several theoretical and managerial contributions emerge, first, our main variable is sustainable competitive performance because it provides information that, how strategic orientation and strategic flexibility significantly enhance sustainable competitive performance. Therefore, to investigate this effect, previous studies (Arief et al., 2013; Bamel & Bamel, 2018; Nwachukwu & Vu, 2020), have given full concentration, that how family-owned SMEs can quickly change their policies as per the external environment. The current study has been conducted among the manufacturing sector because the manufacturing sector has a significant contribution to Pakistani economic growth (Ayuso & Navarrete-Báez, 2018). Hence, we find that both strategic orientations (entrepreneurial and market) combine an effect and strategic flexibility are very important to get sustainable competitive performance.

Second, this framework has been underpinned through the resource-based view theory (Barney, 1991; Hunt, 1999). Because the firm strategic orientation plays a vital role in sustainable competitive performance. Therefore, Barney (1991), explains that firms' strategic unique and rare resources that can exploit to sustain competitive advantage. So, Zhang (2005) suggested that firm behavior to defend against environmental flexibility because strategic flexibil-

ity creates an advantage of an internal source of SCP are linked with superior firm performance.

Third, a wide range of literature has demonstrated strategic orientation (entrepreneurial and market) and firms' performance direct relationship (Covin et al., 2006; Gupta & Batra, 2016; Kraus et al., 2012; Wales et al., 2013), but the current study investigates the indirect relation of firm strategic orientation and their performance through strategic flexibility, underpinning through resource based-view theory. Pakistan is a dynamic business hub, mostly the top management business plan affected due to government or politicians' policies. Therefore, this research model was very crucial in such emerging economies, top management that to amplify such kind of resources or capability that can defend the external market flexibility.

So, based on findings, our study has many managerial implications also, the researchers demonstrate that EO and MO are positively associated with SCP. Thus, the firm can emphasize EO and MO as corporate strategy development. With the enhancement of strategic orientation firm capability, then it can strongly defend external market flexibility. Furthermore, top managers consider strategic flexibility as a double-edged sword. Therefore, our finding suggests topping managers pay close attention to the firm strategic flexibility to defend market uncertainty accurately.

External market uncertainty has become a serious challenge for the corporate sector, due to market flexibility, it can affect the whole organizational internal policies and long-term business model. Therefore, this study tried to investigate the organizational internal strategic orientations that enhance sustainable competitive performance through the mechanism of strategic flexibility skills. For fruitful in-sights, this study collected the data from family-owned SMEs manufacturing firms operating in Pakistan. Our findings suggest that organizational strategic flexibility skills are more important to respond the external market uncertainty. Hence, our study has several recommendations to the policymakers and governmental bodies that to provide intangible and external support to the employers to defend the market uncertainty.

6.1. Limitation and future direction

The current study has several limitations as like other studies; first, this study has been conducted among family-owned SMEs of two specific cities, which cannot replicate the whole population of emerging economies, therefore, future researchers can extend the study towards other developing countries because Beck et al. (2005) suggested that family definition and regulation can vary from country to country, so their strategic decisions and objective should be different. Additionally, the researcher collected the data from two cities, so they can extend the population and can collect it from different sectors. Therefore, they can find different results to test the same model in other countries. Last, researchers may have an opportunity to gain a deeper understanding of the previous circumstances of the SCP by interrelating through relevant factors. Therefore, we suggest that future research on strategic flexibility should discuss the influences of RF and CF, respectively, to provide a more comprehensive understanding of strategic flexibility between other firm dynamic capabilities.

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