CEOs' Strategic Orientations in the Most Successful Slovenian Companies

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This article presents the concept of a CEO's strategic orientation as one of the most important elements of the research into a company's successfulness. Managerial perception is in many ways more important than environmental analysis, since CEOs determine their company's future strategic orientations. A study of CEOs' strategic orientations can provide better information regarding companies' strategic orientations. We performed a qualitative study of CEOs from a sample of the most successful Slovenian companies. The research results indicate numerous commonalities between CEOs' opinions and standpoints, as well as some differences in relation to the characteristics of the companies and industries in which they operate.

Key words: strategic orientation, CEOs, successful companies, Slovenia

Introduction

Nowadays companies must act strategically to remain competitive in an increasingly uncertain environment (Porter 1985). A key influence on strategy formation and company successfulness lies in the hands of managers (Isabella and Waddock 1994). An analysis of managerial perception of the environment is equally or even more important than analysis of the environment in which decisions are being made (Arzenšek 2011). Thus, research into managerial perceptions from the perspective of strategic orientation can provide better information regarding a company's strategic orientation.

A review of key literature in the field of company and CEOstrategic orientation (Miles and Snow 1978; Venkatraman 1989; Day and Nedungadi 1994; Hagen, Zucchella, and Cerchiello 2012; Theodosiou, Kehagias, and Katsikea 2012) revealed that research has focused more on the features of different types of strategic orientation and less on the reasons why CEOs choose a particular strategic orientation. Furthermore, we miss the framework which could connect all

types of CEOs' strategic orientation in a more holistic way. Regarding methodology, company CEOs represent only a part of the sample. We believe that a precisely selected sample of CEOs, i. e. excluding (other) members of management boards, and members of middle and lower management, can provide an important added value to the existing literature in this field. Finally, in the literature review we did not find any research that cites CEOs answers.

Research in this field is also lacking in Slovenia, and is only available for certain related fields, for example marketing (e. g. Jančič 2001; Bodlaj 2009) or in the field of mental models and organisational cognitive competencies (e. g. Kovač and Bertoncelj 2008). Research on a sample of Slovenian managers focused primarily on aspects of management (Kramar Zupan 2012), competencies (Strugar 2010), and cognitive schemas (Arzenšek 2011), while not including the subject of CEOs' strategic orientation.

The objective of this article is to research the strategic orientation of CEOs in some of the most successful companies in Slovenia, and to determine the key factors influencing their strategic orientation. We are interested in whether managers are more oriented towards the internal or external environment of the company and, in the case of external orientation, whether they focus more on customers or competitors. Furthermore, we wish to determine whether they predominantly seek competitive advantages in cost efficiency or product differentiation, whether they focus on developing new products/services or new markets when expanding their business, and whether they put more emphasis on marketing or financial goals.

Construct of Strategic Orientation

Studies of strategic orientation stem primarily from fields of strategic management, strategic marketing, and entrepreneurship (Hagen, Zucchella, and Cerchiello 2012), with the subject being discussed by numerous authors (Miles and Snow 1978; Porter 1985; Venkatraman 1989; Day and Nedungadi 1994; Hagen, Zucchella, and Cerchiello 2012; Theodosiou, Kehagias, and Katsikea 2012). Nevertheless, the literature does not offer a unified view on the conceptualisation of a strategic orientation construct (Hagen, Zucchella, and Cerchiello 2012). We can define it as a connecting link between competencies and resources in a company, and the opportunities and risks in its external environment (Ansoff 1965; Porter 1985), as a principle influencing the activities of strategic behaviour (Noble, Sinha, and Kumar 2002), or as a company's activities leading to greater success (Slater, Olson, and Hult 2006).

Based on an analysis of the relationship between a company and its environment, Miles and Snow (1978) defined four basic strategic types, related to strategic proactiveness: reactor, defender, analyser and prospector. On this basis, Venkatraman (1998) developed six dimensions of strategic orientation of a company: aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness. Based on a meta-analysis of a wider selection of literature, Hagen, Zucchella, and Cerchiello (2012) divided the strategic orientation into five subsets: entrepreneurial, innovation, product, market and sales orientation. The most researched and developed of these are entrepreneurial (e. g. Lumpkin and Dess 1996) and market orientation (e. g. Kohli and Jaworski 1990; Narver and Slater 1990). Authors nevertheless warn that the presented constructs partly overlap, with the distinctions not always being clear. In real life both companies and managers employ multiple types of strategic orientation (Hagen, Zucchella, and Cerchiello 2012).

On the basis of an analysis of existing literature and concept of dyadic schemes (Axelrod 1973), we developed a research concept composed of five sets that discusses CEOs' strategic orientation differently to previous studies. Our research is focused on CEOs' strategic orientation from the perspective of the internal or external environments, customers and competitors, the search for competitive advantages and developing the offer, and the importance of marketing, financial goals and results. We want to connect findings of basic strategic orientation research (Miles and Snow 1978; Venkatraman 1989; Day and Nedungadi 1994; Hagen, Zucchella, and Cerchiello 2012) with marketing research (Kohli and Jaworski 1990; Narver and Slater 1990), general strategy theory (Porter 1985) and growth strategy theory (Ansoff 1965). Finally, we want to test the preferences of CEOs regarding financial and marketing goals (Venkatraman and Ramanujam 1986). We adjusted the theoretical analysis and interpretation of results to our research concept.

Specific Types of Strategic Orientation

INTERNAL/EXTERNAL ORIENTATION

Day and Nedungadi (1994) see the dimension of *internal managerial orientation* as diametrically opposed to customer and competitor orientation. This group of managers is less focused on customers and competitors, which is often caused by a lack of competitive pressure on the market (Day and Nedungadi 1994). On the other hand, Theodosiou, Kehagias, and Katsikea (2012) associate internal orien-

tation of managers with cost orientation and cost leadership strategy (Porter 1985). Defenders and to some extent analysers (Miles and Snow 1978), as well as dimensions of analysis and defensiveness (Venkatraman 1989), can be categorised as internally-oriented managers.

External orientation is associated with managerial orientation towards customers, competitors, or both (Narver and Slater 1990; Day and Nedungadi 1994; Theodosiou, Kehagias, and Katsikea 2012). This group corresponds to the prospector type (Miles and Snow 1978) and dimensions of aggressiveness, futurity and proactiveness (Venkatraman 1989).

Managers shift from one orientation to another, mostly from internal to external orientation, which can be linked to the company's evolution from production (product) and sales orientation towards market orientation (Hagen, Zucchella, and Cerchiello 2012). These findings are consistent with one of the key research studies on the market orientation of Slovenian companies, which showed a high frequency of closed-type orientation (product and production orientation), but also the trend of an increasing proportion of companies with open-type orientation (customer and competitor orientation), although it remains well below 50% (Snoj et al. 2004).

On the basis of the review, we formed the first research question:

RQ1 *Are* CEOs *of some of the most successful companies in Slovenia oriented more towards internal or external environment of a company, and what are their reasons?*

CUSTOMER/COMPETITOR ORIENTATION

We split market orientation into customer and competitor orientation in order to investigate CEOs' preferences according to the concept of dyadic schemes (Axelrod 1973) and existing literature (Day and Nedungadi 1990; Narver and Slater 1990). Managers oriented more towards *customers* anticipate the potential reactions of customers, while their market research focuses on customer preferences and decisions, with performance standards also adapted to these factors. These managers understand their competitive position through the eyes of their customers (Day and Nedungadi 1994), with the focus on forming an additional value for the customers and a proactive orientation towards meeting their needs and wishes (Narver and Slater 1990).

On the other hand, managers focused on *competitors* pay more attention to the potential reactions of competitors, using market research to discover strategies and tactics of their competition. They

operate in highly competitive environments, and their strategies are oriented towards defending against and attacking the competitors (Narver and Slater 1990; Day and Nedungadi 1994).

Managers oriented towards *customers and competitors* are market driven (Day and Nedungadi 1994) and in this way achieve an appropriate balance between both types of orientations (Narver and Slater 1990).

Rojšek and Konič (2003) studied market orientation of small Slovenian firms. Their results revealed that the highest proportion of these firms can be considered *truly market oriented firms,* followed by a smaller proportion of *more competitor-oriented firms* and *more customer-oriented firms.* The smallest proportion of firms, considered information guards, was the least market oriented.

Second research question:

RQ2 *Are* CEOs *of some of the most successful companies in Slovenia more focused on customers or competitors, and what are their reasons?*

COST LEADERSHIP/OFFER DIFFERENTIATION ORIENTATION

Using the generic strategy model, we aim to connect the concept of strategic orientation with the company's offer, i. e. the products and services offered to their customers, with which the company competes against similar providers in the market. Here we rely on the classic model that defines three possible generic strategies: *cost leadership strategy, differentiation strategy,* and *focus strategy* (Porter 1985).

Cost strategy is focused on increasing profits by reducing costs and increasing market share through charging lower prices, while still making a reasonable profit on each sale because of reduced costs. Differentiation strategy involves making products or services different from and more attractive than those of competitors; typically pertaining to features, functionality, durability, support and also brand image. Focus strategies concentrate on particular niche markets and, by understanding the dynamics of that market and the unique needs of customers within it, develop uniquely low-cost or well-specified products for the market (Porter 1985).

Research has shown that a differentiation strategy has a positive impact on the creation, dissemination and responsiveness of a firm (Homburg, Krohmer, and Workman 2004). Research also suggests that companies in Slovenia find it difficult to make decisions regarding which strategy will be pursued (Pučko 2002). Both cost leadership and offer differentiation strategies appear to be of equal im-

portance, despite the fact that it is necessary to select only one. This makes companies the so-called 'mid-prisoners' (Jančič 1990).

Third research question:

RQ3 *Do* CEOs *of some of the most successful companies in Slovenia look for competitive advantages predominantly in cost leadership or offer differentiation, and what are the key reasons for their choice of strategy?*

NEW PRODUCT/NEW MARKET ORIENTATION

Furthermore, a CEO's strategic orientation is also related to their company's growth strategies. We used a classic theoretical model of growth strategies with four classic development directions, formulated by Ansoff (1965), which considers the opportunities of offering existing and new products within existing and/or new markets and the levels of risk associated with each. *Market penetration* involves selling more established products into existing markets. *Product development* means developing new products or services and directing them into existing markets. *Market development* comprises taking existing products or services and selling them in new markets, whereas *diversification* involves developing new products and putting them into new markets at the same time (Ansoff 1965).

A study of Slovenian companies has shown that the highest share of companies pursue product/market diversification, followed by market development strategies and conglomerate diversification. Product development strategy is preferred only by a few studied companies, while the least adopted strategy is that of divestment (Lahovnik 2011).

Fourth research question:

RQ4 *Do* CEOs *of some of the most successful companies in Slovenia focus more on developing new products/services or on developing new markets, and what are the reasons?*

MARKETING/FINANCIAL GOAL ORIENTATION

We wish to place the dyadic orientation of CEOs towards marketing and financial goals into our research concept primarily from the perspective of companies' performance measurements (Venkatraman and Ramanujam 1986). Models of performance measurement can be divided into financial and non-financial (Marc et al. 2010), or into financial and marketing models (Venkatraman and Ramanujam, 1986). The financial models are linked to sales growth, return on assets, profitability, cash flow and other financial performance

measures, while the marketing models are linked to market position, market share, product quality and customer loyalty (Venkatraman and Ramanujam, 1986).

Traditionally, managerial performance measurement has focused mainly on financial performance, but the importance of non-financial performance measures, like the balanced scorecard system (Kaplan and Norton 2000), is becoming more and more apparent (Marc et al. 2010). Research conducted by Marc et al. (2010) demonstrated that for large Slovenian firms the key measures of performance are financial, such as income and profit growth, liquidity, and cost control, etc., while non-financial measures, such as customer satisfaction, relations with suppliers, innovation orientation and organizational learning, remain neglected.

Fifth research question:

RQ5 *Do CEOs of some of the most successful companies in Slovenia put more emphasis on marketing or financial goals, and what are the key reasons for their orientation?*

Research Methodology

Qualitative research of CEOs into some of the most successful companies in Slovenia was performed within the scope of a doctoral study into CEOs' strategic orientation. The research sample was composed of CEOs from some of the most successful companies in Slovenia, classified according to their net profit in 2013. We partially adjusted the sample in relation to the sample heterogeneity criteria (Miles and Huberman 1994), as we wanted to obtain as diverse a sample as possible in terms of type of business, firm reputation, strength of competition, export orientation and type of ownership.

The research was conducted from 21st May to 23rd July 2014. We sent an invitation for participation to 80 CEOs from the sample of successful companies in Slovenia, in accordance with the additional research criteria (other than the performance criterion). Seventeen CEOs agreed to participate. After a prior agreement, in-depth interviews were conducted with all CEOs, lasting on average 54 minutes. The longest interview was 1 hour and 17 minutes, and the shortest 23 minutes. Fifteen CEOs consented to having the interview recorded, and two refused. Transcripts were made of all recorded interviews.

The sample of 17 CEOs included in the research is relatively varied. Nine CEOs (Chairmen of the Board) manage a public limited company, and eight (Director Generals) manage a private limited

company. Sixteen of the 17 companies are big, the remaining one of medium size. The companies represent a range of sectors, with nine production and eight service companies. Eight companies from the sample are distinctly export-oriented, while nine are distinctly focused on the Slovenian market. The majority owner of three of the companies is the state, eight of the companies have a majority domestic (private) ownership, and five have a majority foreign ownership, while the ownership of one company is mixed: partly state and partly domestic private.

Three companies from the sample rank among the top six most successful companies in Slovenia according to their net profit in 2013 (database AJPES 2014). Nine companies participating in the research rank in the top 50 most successful companies in the same list, while the other eight rank lower on this list (to 300), but they still fulfilling the criteria of 'most successful' (net profit of companies is still higher than 1 million EUR). This explains why our sample comprises mainly CEOs of big companies and only one CEO from an SME.

Sixteen managers are male and only one manager is female. Two managers are foreign, with the other 15 CEOs being Slovenian. In two cases CEOs did not directly participate in the research; the interviews were conducted with board members who have been working with the respective CEO for years and answered the questions on their behalf.

Research Results

INTERNAL/EXTERNAL ORIENTATION

Only four of the interviewed CEOs explicitly said they are more internally oriented, while the majority (nine CEOs) described themselves as more externally-oriented managers. Four CEOs chose balanced orientation, which means that they consider themselves on average focused 50% on the internal and 50% on the external environment. These results do not confirm the findings of one of the key research studies on the market orientation of Slovenian companies, which suggested a domination of closed-type orientation (product and production orientation) (Snoj et al. 2004).

Internally-oriented CEOsee the advantage of this orientation as a greater capacity to influence the operations of the company ('You cannot really influence anything externally, you can only influence your personnel, relationships and employee motivation') and a comprehensive oversight of the internal field of the company's operation. Furthermore, they emphasize their commitment to the field

from which they originate. The latter is especially true for managers originating in technical fields and for production company managers ('Considering the fact we are a production company, we are significantly more oriented towards everything happening internally'). Some interviewed managers additionally stated that areas are already divided between board members ('In our company every board member is in charge of his area. I am in charge of development and production, another is in charge of finances, and another is in charge of marketing'). A more pronounced internal orientation of some CEOs is caused by the owner's strategy ('The owner is in charge of development and marketing') and the regulation in the company's area of activity, with its related restrictions on the influence of the company on the external environment.

Research results partially confirm our existing findings: managers in this group are less oriented towards customers and competitors (Day and Nedungadi 1994), and express a greater orientation towards cost leadership strategy (Porter 1985).

Externally-oriented CEOs primarily emphasize the need for customer orientation and attention to customers, which is congruent with existing research (Narver and Slater 1990; Day and Nedungadi 1994; Theodosiou, Kehagias, and Katsikea 2012). Furthermore, managers emphasize the importance of monitoring the market, its trends, and seeking new market opportunities ('I want to know what is happening outside our company, what our position is, and what it could be – and I want to bring this insight to the company'), also from the perspective of personnel motivation ('A good manager must be externally oriented and also encourage other people in the company to look outward').

Reasons for this orientation may lie, as in the case of the internally-oriented group, with task distribution in the company. If the CEO has a trusted representative on the executive board that handles the internal organisation of the company, then the CEO has more reason to attend to the external environment.

Managers who emphasize both the internal and external orientation speak of the need for a dynamic balance between both types of orientation ('If you want to be a good manager, you have to master everything'). In their opinion, they have to react to activities in their environment, and to seek solutions within the company. One of the CEOs illustrated this balance with the help of boards' agendas ('Company board meetings always deal with both production and sales'). Such an orientation is congruent with the hypothesis that strategic orientations are not mutually exclusive, and that managers can si-

multaneously develop multiple types of strategic orientation (Hagen, Zucchella, and Cerchiello 2012).

Results have also shown the transition in some CEOs from internal to external orientation, which is consistent with previous studies (Snoj et al. 2004), displaying a trend of an increasing proportion of companies with open-type orientation (customer and competitor orientation).

Customer/Competitor Orientation

The group of customer-oriented managers is dominant. However, all CEOs in this group also say that, at least in general, they monitor their competitors. For this group the customers represent the company's *raison d'ètre* ('Our salaries are paid by customers') and are clearly the most important ('If I do not have time for a customer who pays my salary, who will I have time for?'). They also understand the strategic partnership and have a mutually-dependant relationship with their customers from the perspective of reducing the business risk ('Problematic customers can be the death of you'). The aspect of understanding their customers is also important to them ('How will you sell to someone if you do not understand him?'), as well as an evaluation of future cooperation ('We need to evaluate how much to adapt to a certain customer, so as not to diversify our assets too much').

CEOs that manage companies on mature, highly competitive markets expressly emphasize the importance of monitoring the competition, in a mutual co-dependence with the customers ('Without customers there would be no competitors. It is doubtful I would be building a brand if there were no competitors'). Some managers emphasize that the company discovers competitors through its customers ('How else would you discover your competition?'), while others stress the importance of competition analysis from the perspective of reflexion ('The company looks at itself through competitors'). Managers who have achieved the balance between customer and competitor orientation are classified as 'market driven' in existing literature (Narver and Slater 1990; Day and Nedungadi 1994).

Some managers warned of the danger of an excessive focus on the competition, which can lead to the fear effect ('We start wondering what they did, what we will do, and then we start to follow the competition') and the follower philosophy ('If we want to be leaders, we have to deal with internal matters, rather than spending all our time following the competition, as we then become only followers').

On the other hand, one of the managers pointed out the disadvan-

tage of not following the competition ('We were surprised by a competitor's bankruptcy. We would surely have obtained a bigger market share if we had foreseen it. Now all competitors obtained a proportionally equal share').

These results differ from those of previous studies on market orientation of small Slovenian firms, which revealed a higher share of competitor-oriented firms than customer oriented firms, when not considering the highest proportion which represents truly market-oriented firms (Rojšek and Konič 2003). This could lead to the hypothesis that small Slovenian firms are more focused on their competitors and less focused on their customers than large firms.

COST EFFICIENCY/DIFFERENTIATION ORIENTATION

From the perspective of generic strategies (Porter 1985), CEOs are quite unanimous. Cost control and cost leadership is considered fundamental, with an additional focus on differentiated products and services with a higher added value for specific customer segments, which can be partly linked with innovation orientation. We confirm the findings of some previous research on the positive impact of differentiation strategy (Homburg, Krohmer, and Workman 2004) and also regarding the difficulties inherent in making a clear decision on which strategy is dominant (Jančič 1990; Pučko 2002).

Differentiation strategy is important for CEOs for reasons of higher competitiveness ('In a mature industry, competitiveness is more easily achieved with innovativeness') and differentiation from competitors, including in relation to competitors from China ('That is why the Chinese cannot compete with us – because of our service, which is here, close by – and our joint development with customers.' 'We always have to be a step ahead, with a better solution, since the competitors – Chinese as well – are catching up. We cannot be cheaper; the only solution is higher added value'). One of the managers similarly emphasized that the differentiation strategy is practically the only possible strategy in a mature industry ('We have no chance with cost leadership strategy. We do not sell more kilograms of a product, but a solution: enjoyment when purchasing').

An important aspect we wish to point out is the choice of strategy from the customer's perspective ('Services are focused on the user, for the user. Not because the technology is available, but because the user needs it. New products are developed for the customer and ever more frequently with the customer'). Possibilities for the use of the differentiation strategy are, of course, increased with this approach.

Regarding the cost leadership strategy, managers emphasize that

correct cost control represents a foundation for the differentiation strategy, with one manager warning of the danger of excessive cost control ('I consider it highly unproductive if the manager focuses too much on the costs, as everything then just shrinks. Managers must focus on increasing income, towards new ideas'). According to some managers, the cost leadership strategy is very useful in markets which are not yet sufficiently mature to appropriately consider the added value of a product or service, and are dominated primarily, or exclusively, by the cost aspect. Similarly, one of the managers pointed out that 'excessive emphasis of novelty concerning a generic product in a mature industry can lead to customers' mistrust.' Due to the nature of activities or the inability to influence sale prices in regulated industries, come CEOs emphasize the search for added value in cost leadership strategy.

We also note certain differences due to maturity of the market. Managers in growing markets are more orientated towards differentiation strategy and niche strategy than are managers in mature markets.

NEW PRODUCT/NEW MARKET ORIENTATION

CEOs stress the greater importance of developing new products in comparison to developing new markets, primarily because of the large investments required to develop new markets in capital-intensive industries, and the difficulties involved in controlling a large number of markets when considered in relation to company size. Furthermore, there are various additional limitations to expanding into new markets, from geographical determinants to the nature of activities, which hence do not allow expansion into foreign markets due to various regulations. Some managers warn about weak government support for internationalisation of Slovenian companies.

These results differ from the findings of a previous study into growth strategies of Slovenian companies, which revealed a higher priority towards market development strategy in comparison to product development strategy (Lahovnik 2011).

One manager noted the existing presence in most markets as the reason for focusing on new products, which is characteristic for mature industries ('Number of markets is limited, both geographically and in terms of segments'), and another said that, at best, new markets represent a side-product of developing new products.

Managers orientated towards developing new markets emphasize the importance of new market potential. Such orientation is char-

acteristic for managers working in less capital intensive industries, for specific offers, and for products developed in cooperation with foreign customers.

Managers, expressing the great importance of developing products and markets, also stated the need to combine both strategies ('We have to develop new markets with existing products, since existing markets are saturated. And we penetrate completely new segments with new products'), corresponding to the diversification strategy (Ansoff 1965). Such a combination is important from a business risk perspective ('A company must always have new revenue streams; therefore we must consider new services and markets that will facilitate long-term operations. If we focus too much on one product and one market, we face immense risk'), while some CEOs consider developing new products and new markets a prerequisite for growth ('We achieved our peak with this product in this market; our strategy could be to retain this share. However, if we want to grow, we need to develop new products, as well as new markets').

MARKETING/FINANCIAL GOAL ORIENTATION

The majority of interviewed CEOs (eight) explicitly emphasized the higher importance of financial goals, while only three assigned a higher importance to marketing goals. Other CEOs (six) chose a balanced orientation, which means that on average they are focused 50% on financial and 50% on marketing goals. This is consistent with previous research into large Slovenian firms which has shown that the key measures of performance are financial (Marc et al. 2010).

Managers orientated towards marketing goals emphasize that, while marketing goals are definitely of prime importance, this does not signify growth-at-any-cost but instead manifests in a focus on added value ('The market situation represents the core, and we consider it in the business plan'). Managers further state that 'customers create added value and financial effects that are then measured in numbers,' and emphasize the huge importance of the marketing aspect ('We never started something with the exclusive goal of profit, but with the objective of increasing our revenue and market share, and profit as a side-effect'). The research findings are congruent with existing literature on aspects of performance measurement (Venkatraman and Ramanujam 1986).

Managers emphasizing the key influence of financial goals on company successfulness are very focused on profitability ('Sales without profit are a failure') and warn of the essential importance of tangible results ('Market shares do not pay salaries'), such as

cash flow and earnings per share, in addition to profit. The latter is congruent with the findings of previous research (Venkatraman and Ramanujam 1986). Managers further emphasize that a financial perspective is even more important for mature, compared to growing, markets.

Regarding the connectedness of financial and marketing goals, managers consider financial results a consequence of marketing activities ('Financial results are consequence and result'), and they connect the two, insofar as possible ('We form marketing goals with financial leverage. Marketing goals are formed with the inclusion of financial data'). Some managers warn about the dangers of the absence of any one type of goal ('If one part fails, it is over'). We can associate the latter opinion with theoretical approaches from the perspective of integration of financial and non-financial performance indicators, with the increasingly used balanced scorecard (Kaplan and Norton 2000).

Furthermore, the time distinction of both goals was shown to be important. Managers see financial goals as short-term, becoming long-term in combination with marketing goals ('Financial profit is a prerequisite for a company's operations. However, since we are long term orientated, we invest heavily in research and development').

Some CEOs indicate a transition from financial to mainly marketing goals ('If focus was on financial goals in the past, it is more on marketing goals in the present'). Furthermore, managers point out the importance of other goals, related to production and innovation, as well as customer, employee and other stakeholder satisfaction.

Discussion

This research presented a possible conceptual framework, composed of five sets of managers' strategic orientations, and based on the concept of dyadic schemes (Axelrod 1973). We argue for an added value of this framework in the fact that it is not focused on existing concepts, for example product, market, entrepreneurial, innovation or sales orientation, but more on a holistic and sequential perspective. We move from environment analysis to market orientation, strategy choice, growth choice and the selection of financial and non-financial performance measurements. The focus of the research is to explore the reasons for all five sets of managers' strategic orientations.

It was mostly difficult for CEOs to select one of the two dyadic schemes (Axelrod 1973): the answers were mostly not 'yes' or 'no,' but were given in the sense of 'more' or 'less.' Important for our re-

search, therefore, was to understand why managers selected 'more' or 'less.'

In general, CEOs are more externally oriented than internally, which is not supported by the high frequency of closed-type orientation (Snoj et al. 2004). Nevertheless, we can confirm the trend of an increase in the proportion of companies with an open-type orientation (customer and competitor orientation) (Snoj et al. 2004). When expressing external orientation, CEOs are evidently more focused on customers than on competitors. The results differ from previous findings regarding the market orientation of small Slovenian companies, which have revealed a higher share of competitor-oriented firms than customer-oriented firms. Regarding general strategic orientation, all CEOs prefer differentiation strategy, taking into account cost control. The results are consistent with research on the positive impact of differentiation strategy (Homburg, Krohmer, and Workman 2004). Our results also reveal a difficulty for CEOs to decide quickly and clearly which strategy is dominant (Jančič 1990; Pučko 2002).

CEOs prefer the development of a new product/service to the development of new markets, mostly because of the lack of capacities required for internationalization strategy. We cannot confirm the findings of a previous study into growth strategies of Slovenian firms, which revealed a higher priority of market development strategy in comparison to product development strategy (Lahovnik 2011).

Finally, for most CEOs financial goals are more important than marketing goals, but the managers also emphasize the importance of balancing both goals. They consider financial goals as short-term and marketing goals as long-term. This supports findings from previous research into large Slovenian firms which revealed an importance of financial measures of performance (Marc et al. 2010).

A general conclusion of the research could be that customers are the most important element for managers. The majority of strategic orientations of the CEOs is, in principle, connected with customers, when considering more deeply the reasons for these strategic orientations. Customers therefore represent the main independent variable for all types of strategic orientation.

An important added value of this research is in highlighting examples of good practice. The opinions and views of the CEOs, which were intentionally presented in their original form, can serve to provide valuable ideas and solutions to all Slovenian CEOs, and to the firms for which they are responsible. Certain hypotheses offered by the CEOs in this study are limited to a specific sector or business ac-

tivity. However, we can also extract some universal hypotheses that are applicable to all firms, regardless of sector, competitive position, and ownership structure or size.

Recommendations for further study within this field primarily pertain to testing the same hypotheses on a bigger representative sample of CEOs and other managers of the most successful companies in Slovenia, using a quantitative research approach to facilitate generalisation of results to a more general population of managers in Slovenia. Furthermore, additional research into specific industries or company sizes is possible, as well as qualitative research studies into specific types of strategic orientation. A comparison of the strategic orientation between Slovenian and foreign CEOs could also provide insights into this field of study.

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