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The Strategic Entrepreneurial Orientation and Its Impact on Enhancing the Creative Capabilities of Economic Institutions: A Study of a Sample of Algerian Economic Institutions.

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Abstract

This study aimed to determine the impact of strategic orientation on an institution's creative capabilities, measured through the entrepreneurial dimension as the independent variable, and the organizational, operational, and marketing capabilities as the dependent variable.

To achieve this objective, questionnaires were distributed to a sample of 14 economic institutions in Algeria. After analyzing the data using the SmartPLS 3 software, the study reached a number of findings, the most important of which is that entrepreneurial strategic orientation has a strong impact on creative capabilities, particularly on operational and organizational capabilities, while its impact on marketing capabilities was relatively weaker.

keywords: Strategic Orientation, Creative Capabilities, Entrepreneurial Orientation, Organizational Creative Capabilities, Operational Creative Capabilities, Marketing Creative Capabilities.

Introduction

In light of the scenarios faced by business organizations—pressures from stakeholders on one hand, and highly competitive and volatile environmental conditions on the other—maintaining market position and ensuring a sustainable competitive advantage have become pressing imperatives. To achieve these, organizations must optimize their behaviors and managerial practices to enhance performance levels. Among the various approaches available, the strategic approach is considered the most appropriate and effective.

The strategic dimension in management has become a pressing necessity rather than a dispensable option due to the numerous challenges organizations face, including resource scarcity and the difficulty of managing them, in addition to a complex and dynamic environment. These conditions have compelled organizations to seek appropriate mechanisms and methods to maintain their balance and ensure survival. One such mechanism is the adoption of a strategic orientation, as it provides a modern and constructive perspective in the strategic field. This orientation allows for the shaping of organizational behavior, guiding practices, activities, and resource allocation—leading to the achievement of strategic objectives efficiently and effectively, while also ensuring competitive advantages.

Before discussing entrepreneurial orientation, it is essential to address strategic orientation, which fundamentally reflects a form of "strategic flexibility" (Hakala, 2011), and represents the organization's strategy for keeping pace with current conditions. This entails a continuous focus on acquiring new market opportunities, improving customer service by offering better business models and improved managerial practices. Furthermore, ongoing change processes push organizations to increasingly rely on effective managerial foundations, which are embodied in the principles of modern strategic management.

In other words, strategic orientation drives the organization's strategic activities and practices, ensures the retention of competitive advantages, and enables efficient and responsible resource management. When deviations from the planned course or strategic goals occur, it acts as a corrective mechanism, guiding performance and reducing the strategic gap.

From this standpoint, while there are various types of strategic orientations, the entrepreneurial orientation—which motivates organizations to explore new market opportunities and engage in expansive investments within the framework of entrepreneurship—is considered one of the most significant. It is seen as a core element of organizational culture (Chen & Grawe, 2009).

Therefore, the objective of this study is to explore the theoretical background of strategic orientation in its entrepreneurial dimension and creative capabilities in their various classifications, by testing the study's theoretical model. This aims to understand and analyze the impact of the entrepreneurial dimension of strategic orientation on different levels of creative capabilities, and to also gain insight into the real-world situation of Algerian economic institutions.

1. Entrepreneurial Strategic Orientation (EO)

Entrepreneurial orientation—also referred to as entrepreneurial posture or corporate entrepreneurship—is often associated with the figure of the entrepreneur. However, the key distinction here is that this study focuses on strategic orientation at the organizational level, not the individual level. Therefore, the

emphasis is placed on the organization's entrepreneurial posture, rather than on the individual entrepreneur. This orientation becomes evident through the implementation of real-world projects and investments. This section will present the concept and dimensions of entrepreneurial orientation accordingly.

Covin & Slevin (1991) defined entrepreneurial orientation as "taking into account the form and strategic approach toward new market opportunities." Accordingly, EO focuses on the organization's ability to capitalize on available market opportunities.

In the same vein, Nur & Surachman (2014) explained that entrepreneurship is a model embodied by managers through a decision-making process that leads to practices which ultimately achieve entrepreneurship. This includes exploiting market opportunities or experimenting with promising new technologies. An entrepreneurially oriented organization, they argue, possesses the ability to transform environmental uncertainty into a competitive advantage. Thus, entrepreneurial orientation is rooted in an internal decision-making process that ensures the generation of new and creative ideas that lead to distinction and leadership.

Additionally, Lumpkin & Dess (1996) added that EO encourages individual and collective freedom to develop new ideas through autonomy, and also involves adopting a challenging stance toward competitors, known as competitive aggressiveness.

Meanwhile, Covin & Slevin (1989) and Miller (1983) defined EO as an orientation that falls within the domain of innovation and creativity (innovativeness), and that it supports ventures capable of risk-taking. Entrepreneurial orientation manifests clearly in taking early actions in response to future contingencies, anticipating competitor moves, and introducing new products similar to those of competitors in preparation for future business opportunities—what is referred to as proactivity or entrepreneurial initiative.

Based on the previous definitions, the following dimensions of Entrepreneurial Orientation (EO) are identified:

- **Risk-taking**

  This is an indicator of how inclined organizations are to take high risks (Zulkifli & Rosli, 2013). Risk-taking refers to the organization's willingness to engage in high-risk challenges and ventures.

- **Innovativeness**

  Sultan and Khalid (2015) defined innovativeness as "an attempt to break away from the familiar, where creative behavior may be reflected in an idea, product, service, method, theory, or even a

concept." Therefore, innovativeness offers essential support for organizations to enhance their ability to explore, research, and develop new technologies. It is considered a **precursor culture** to innovation (Wang & Peruvaizk, 2004).

- **Proactivity**

  Also referred to as **opportunity-seeking**, proactivity was defined by Lumpkin & Dess (1996) as "the organization's efforts to exploit opportunities in anticipation of future demand and events that may alter the business environment."

- **Competitive Aggressiveness**

Lumpkin & Dess (1996) also defined it as "the tendency of business organizations to confront competitors intensively and directly to achieve market superiority." In other words, organizations must continually monitor and track competitor activities by activating their **strategic intelligence units**.

- **Autonomy**

  According to Mehrdad, Sadati, & Delavari (2011), "autonomy symbolizes the initiative of an individual or group in proposing an idea or vision that enhances competitiveness, promotes innovation, improves efficiency, and facilitates the launch of new ventures."

2. Innovation Capabilities (IC)

Before delving into innovation capabilities, it is important to first define organizational capabilities.

Concept of Organizational Capabilities:

Given that this study falls within the domain of strategic management, it draws upon key thinkers in the field, namely Thompson & Strickland. In their book, they define organizational capabilities as follows (Thompson & Strickland, p. 88):

"They are more complex than resources. They accumulate through usage and derive from a mix of the organization's resources during operations. Most capabilities are rooted in knowledge that originates from individuals, especially from the contributions of intellectual capital."

For example, the brand management capability of an organization relies heavily on the experience of its brand managers in marketing.

They also emphasized the functional approach, which associates capabilities with specific functions or resources, often involving just one department. For instance, manufacturing capabilities stem from efforts to build strong production practices, while marketing capabilities relate to skills like direct selling, promotional pricing, or database marketing—all tied to sales and marketing functions.

In areas such as basic research**,** strategic innovation, or R&D, managers are advised to survey the

organization's different functions to identify the capabilities associated with each. However, a limitation of this approach is that many organizational capabilities are inherently cross-functional, relying on diverse types of resources and requiring effective collaboration among individuals with various expertise across departments.

In conclusion, organizational capabilities are of particular importance due to their link to the organization's resources—referred to as resource bundles. These are interconnected assets and competencies centered on one or more cross-functional capabilities, and they are among the most competitively significant organizational assets.

Concept of Innovation Capabilities:

Breznik & Hisrich (2014) noted that the concept of innovation capabilities (IC) is both complex and complementary to dynamic capabilities, highlighting its multidimensional nature.

According to Wang & Ahmed (2007), innovation is an extension of absorptive and adaptive capacities, which later gives rise to the concept of innovation capabilities. Thus, IC includes adaptability and absorption, driving organizations toward success and excellence.

Teece (2007) emphasized that selecting effective business models is a central element of innovation, particularly in strategic management. These decisions, over time, help form both dynamic and innovation capabilities, which are essential for long-term success. IC is therefore closely tied to the strategic aspect of the organization, particularly in terms of long-term planning.

Lawson & Samson (2001) defined innovation capability as "the ability to shape and manage a range of capabilities. Organizations with strong innovation capabilities can integrate critical resources and competencies to enhance creativity. They are also capable of restructuring, promoting continuous transformation, acquiring new resources, and leveraging the benefits of innovation."

Several other scholars have contributed to defining innovation capabilities, dividing them into areas such as marketing, product, and process innovation (Camison & Villar-López, 2014; Nwachukwu & Chladkova, 2019). Other classifications have also been proposed.

Camison & Villar-López (2014) further asserted that product innovation capability allows organizations to effectively transform their resources into unique, high-quality, and innovative offerings to satisfy customer needs.

As for process innovation, it is linked to an organization's embedded ability to improve internal processes (Damanpour, Walker, & Avelleneda, 2009), and to control production costs, thereby enhancing performance (Damanpour, 2010).

A study conducted on two Chinese firms (Guan & Ma, 2003) concluded that innovation capabilities impact export performance, where growth in exports was positively associated with improvements in IC dimensions—except for manufacturing capabilities.

Lee & Xuan (2019) found that manufacturing innovation (i.e., technological and product innovation) had a positive impact on both short-term total factor productivity and long-term output growth. They noted that managing technology and innovation, and supporting R&D incentives, can reduce marginal R&D costs, increase technology adoption rates, and enhance innovation management effectiveness.

3. Dimensions for Measuring Innovation Capabilities

Based on the previous section, three main dimensions have been identified. These were selected using the criteria of comprehensiveness and recurrence in empirical studies. The focus of this study will be on: organizational innovation capabilities**,** process innovation capabilities**,** and marketing innovation capabilities.

- Organizational Innovation Capabilities (OIC)

Organizational innovation capabilities are considered the broadest and most comprehensive among the other dimensions, as they encompass several sub-dimensions. According to Wang & Ahmed (2004), OIC refers to "the general ability of an organization to introduce new products (product innovation), enter new markets (marketing innovation), or combine strategic orientation with creative behavior and operational dimensions." While some researchers have expanded this scope further, others have narrowed it. For this study, two sub-dimensions are emphasized under OIC: product innovativeness and behavioral and strategic innovativeness.

- Product Innovativeness (PI)

Masaki & Scott (1995) described PI as one of the core interests of organizations, being a critical precursor to product success. Product innovativeness is often associated with perceived newness, originality, uniqueness, or novelty of the product (Hemard & Szymanski, 2001). According to Danneels & Kleinshmidt (2001), and Atuahene-Gima (1995), it encompasses two perspectives: from the **customer** side — reflecting product adoption risk and novelty, and from the **organization's** side — considering technological and market alignment.

- Behavioral Innovativeness (BI)

Behavioral innovation capabilities can be present at various levels — individual, team, or managerial. BI cannot be assessed merely by isolated creative events or innovative traits of small groups. Instead, it reflects the organization's sustained behavioral change toward innovation commitment (Avolonitis,

Kouremenos, & Tzokas, 1994). It manifests through innovative culture and internal openness to new ideas, serving as a key driver of creative results. Lack of BI can hinder innovation.

- Strategic Innovativeness (SI)

Strategic innovativeness mainly involves reimagining an organization's core **visions** and strategic directions (Markides, 1998). It occurs when a company identifies and exploits industry gaps, turning them into entirely new markets (Besanko, Dranove, & Shanley, 1996). SI enables organizations to formulate novel competitive strategies that create long-term value through strategic resources. However, research on SI remains limited, as many studies do not treat it as a core component of innovation capabilities. According to Miller & Friesen (1983), the real success of executives lies in taking risks and seizing growth opportunities. Capon et al. (1992) also highlight strategic inclination as a key dimension of OIC.

- Process Innovation Capabilities (PIC)

PIC are frequently discussed in management literature and are often viewed as a subset of technological innovation. Kichell (1997) emphasizes PIC as a reflection of technological innovation capacity, clearly shown in how organizations manage their internal processes. Avolonitis, Kouremenos, & Tzokas (1994) note the importance of considering technological challenges in production methods and R&D. While PIC may overlap with product innovation, it mainly focuses on new production and administrative processes. This includes the organization's ability to optimize resource utilization**,** enhance internal skills, and reconfigure production requirements — all critical for organizational success.

- Marketing Innovation Capabilities (MIC)

Marketing innovation capabilities have also garnered considerable attention, as they represent a modern orientation increasingly emphasized by contemporary organizations. Ali, Krapfel, & Labahn (1995) highlighted the importance of viewing innovation capabilities as market-based constructs and defined innovation as uniqueness or novelty in the market.

On a broader level, MIC encompasses market-driven learning, research, advertising, and promotion (Andrews & Smith, 1996), as well as identifying and entering new market opportunities (Ali, Krapfel, & Labahn, 1995). Thus, marketing innovation capabilities should be seen as a new approach adopted by organizations to penetrate or expand their presence in target markets. Whether through entry or deepening of market engagement, organizations must continuously innovate to keep up with competition, regularly update their products and services, and evolve their promotion and distribution methods, including the use of modern technologies.

Organizations are also likely to encounter new market entrants and must therefore consider the innovative strengths of these competitors, particularly in marketing. MIC is reflected in an organization's marketing

mix — the “4Ps”: Product, Price, Promotion, and Place (Kotler, 1991).

Review of Literature

Studies have shown that to adapt to environmental changes, organizations need to develop innovative strategies aligned with market dynamics. Innovation has thus become a vital requirement. Organizations must invest adequate time and effort into crafting strong strategic orientations that enable them to identify opportunities and leverage their capabilities, particularly innovative ones. In light of rapid technological changes, organizations are increasingly required to align entrepreneurial orientations with strategic innovation, which involves building innovation capabilities derived from the effective use and coordination of one or more organizational resources. These capabilities manifest across several levels, especially in organizational, operational, and marketing dimensions.

- Calantone, Cavusgil, & Zhao (2002) conducted a study titled "Learning Orientation, Firm Innovation Capability, and Firm Performance" to examine the effect of learning orientation on innovation capabilities and, subsequently, firm performance. The study conceptualized learning orientation as a second-order construct and tested its influence on innovation capability and performance. Using data from a diverse set of U.S. industries, and interviews with senior executives, the study identified four core components of learning orientation: commitment to learning, shared vision, open-mindedness, and intra-organizational knowledge sharing. The findings supported the theoretical predictions.
- Sinkovics & Reath (2004), in their study "Strategic Orientation, Capabilities, and Performance in Manufacturer–3PL Relationships", explored the impact of two strategic orientations — customer orientation and competitor orientation — on logistics performance and market outcomes. The study, conducted in 2004, collected data via questionnaires from manufacturing firms working with third-party logistics providers. Results showed that both strategic orientations had differing impacts, with customer orientation having a stronger influence on capabilities and performance than competitor orientation.
- Erdil & Halit (2004) investigated the relationship between market orientation, firm innovativeness, and innovation performance in a sample of Turkish companies. Their survey-based study gathered 55 valid responses from 120 targeted executive managers. Using correlation analysis, the study confirmed a positive relationship between market orientation and innovation capabilities.
- Keskin (2006) conducted a study titled "The Relationships between Market Orientation, Firm Innovativeness, and Innovation Performance" to examine how market and learning orientations

affect innovation capabilities in SMEs in developing countries. The research surveyed 157 managers from Turkish SMEs and applied structural equation modeling. Findings revealed a direct and positive effect of both learning and market orientations on innovation capabilities.

- Li & Zhou (2010) in "How Strategic Orientation Influences the Building of Dynamic Capability in Emerging Economies", sought to determine how strategic orientation contributes to building dynamic capabilities in China's emerging economy. Conducted in 2010, this survey-based study included 380 firms and found that strategic orientations are vital in enabling firms to adapt to environmental pressures. Interestingly, customer orientation had a weaker effect compared to technological orientation, which played a more significant role in capability building and adaptability.
- Alhakimi & Mahmoud (2020) presented the most recent study titled "The Impact of Market Orientation on Innovativeness: Evidence from Yemeni SMEs". Conducted in 2020, this study used exploratory quantitative methods to analyze data from 206 owners, managers, and operators of SMEs in Sana'a, Yemen. Using descriptive, correlation, and regression analyses, the study found a strong effect of market orientation on innovation capabilities.

Materials and Methods

The core issue of this study lies in examining the impact of strategic orientation, specifically its entrepreneurial dimension (entrepreneurial orientation), on the development of innovation capabilities in Algerian enterprises. This is approached through the following main research question:

Main Question:

Is there a direct impact of strategic orientation, in its entrepreneurial dimension, on the development of innovation capabilities in the economic institutions under study?

To answer this, the main question is broken down into three sub-questions:

- Does the entrepreneurial dimension affect organizational capabilities in the economic institutions under study?
- Does the entrepreneurial dimension affect operational capabilities in the economic institutions under study?
- Does the entrepreneurial dimension affect marketing capabilities in the economic institutions under study?

The answers to these questions will be pursued by testing the following main hypothesis and its sub-hypotheses:

Main Hypothesis:

There is a positive and direct effect of strategic orientation, in its entrepreneurial dimension, on the development of innovation capabilities in the institutions under study.

To validate this, the main hypothesis is divided into the following three sub-hypotheses:

- **Sub-hypothesis 1:** There is a positive effect of the entrepreneurial dimension on the development of organizational capabilities in the institutions under study.
- **Sub-hypothesis 2:** There is a positive effect of the entrepreneurial dimension on the development of operational capabilities in the institutions under study.
- **Sub-hypothesis 3:** There is a positive effect of the entrepreneurial dimension on the development of marketing capabilities in the institutions under study.

Results and Discussion

The methodology of the study is a central component of its applied framework, as it details the process of acquiring essential descriptive data and information regarding the fieldwork. This supports statistical analysis, leads to the formulation of results, and facilitates interpretations related to the research topic.

The first step involved defining the study population and sample. The study population refers to the total number of individuals, observations, or institutions, varying depending on the nature of the research. Given that this study addresses the impact of strategic orientation on innovation capabilities within firms, the statistical unit is the "firm" itself.

Accordingly, the study was conducted on a group of Algerian economic institutions, specifically 14 firms operating in the industrial sector. The selection focused on the **age** of the firms, as the topic relates to strategy — which typically requires a formation period of at least three years. A total of 99 questionnaires were distributed to managers and executives across organizational units within these firms.

The study adopted a descriptive methodology, emphasizing the depiction of the phenomenon under investigation — here, the impact of entrepreneurial strategic orientation on the development or enhancement of innovation capabilities. The questionnaire was used as the primary data collection tool, deemed suitable for the study's nature. Moreover, the majority of prior studies referenced in this research have also relied on questionnaires for empirical and applied analysis.

To test the hypotheses, the study employs SmartPLS 3 software, utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM). This approach allows for testing the theoretical model and its internal relationships while being appropriate for sample sizes smaller than 100.

The use of SmartPLS 3 involves three main phases. The first phase is measurement, which includes

assessing the reliability of the model's dimensions using the questionnaire items (measured variables). The reliability is validated through Cronbach's Alpha and the Composite Reliability Coefficient.

The second phase consists of analyzing the general trend of respondents' answers and assessing the level of each dimension of the theoretical model using the arithmetic mean and standard deviation, which measures the dispersion of responses from the mean. In addition, the **range** is used to measure the spread between variables by identifying the **intervals**, which are previously defined below the table associated with the five-point Likert scale. Each range and mean value interval has been clarified.

Table 1: Likert Scale

Score	**Very Low**	**Low**	**Medium**	**High**	**Very High**
Value	1	2	3	4	5

Source: Prepared by the researcher based on the Likert scale.

It is clear from the table 1 that responses marked as "Very High" are assigned the most optimistic value of 5, while responses marked as "Very Low" are assigned the value 1. Based on this, the answers of the sample members will be categorized according to the arithmetic means in line with the applied scale and the range value (5-1= 4), which is divided by the number of scale cells (0.8 = 5 / 4). This allows for defining the categories of the arithmetic mean as follows: (1–1.8): Very Low, (1.81–2.6): Low, (2.61–3.40): Medium, (3.41–4.20): High, (4.21–5): Very High.

The Student's t-test for a single sample will also be adopted to assess the difference between the computed arithmetic mean values of the studied sample and the hypothetical mean, which is calculated by "summing the value of each response on the adopted Likert scale and dividing by their number" (1+2+3+4+5 / 5=3). To determine the significance of the difference, the value of the t-test and its statistical significance must be considered, based on which we distinguish two cases: If the test is not significant, this means there is no difference between the two means. However, if it is significant, the decision will be made based on the sign of the calculated t-value: If positive **(+)**, it means the computed mean is higher and the studied phenomenon is strong; If negative **(−)**, the opposite is true.

Finally, the third stage is the structural stage, which tests the paths within the model — that is, it studies the causal relationships in the theoretical model. This is done by testing the Variance Inflation Factor (VIF), which should not exceed a value of **5**, as values above this indicate multicollinearity, i.e., repetition among the indicators used. The second test involves the path significance indicators in the model and their values, in addition to the coefficient of determination (R^2). According to Cohen: If the value of R^2 is between 2% and 13%, the effect is weak; If it is between 13% and 26%, the effect is moderate; If it is 26% and above, the effect is strong. As for effect size, if its value is between 2% and 15%, the effect is

weak; If between 15% and 35%, the effect is moderate; If it exceeds 35%, the effect is strong.

- Measurement Stage (Testing the Reliability and Validity of the Measurement Model):

In this stage, Cronbach's Alpha coefficient is calculated, which tests the internal consistency validity between the measured variables and the extent to which they relate to the latent variable they are intended to represent. Its value should not be less than 0.7. Additionally, the composite reliability coefficient is also tested, which takes into account the variation between item loadings on the same latent variable, and it must also not be less than 0.7. Furthermore, the squared loadings of items on their respective dimensions should not be less than 0.16, assuming that the unsquared loading values should not fall below 0.4 in the worst-case scenario. Based on the study results, the following table summarizes the values of Cronbach's Alpha and composite reliability:

Table 2: Values of Reliability Indicators of the Study Model

Dimension	**Innovative Capacities IC**			
	EO (Entrepreneurial Orientation)	**OIC (Organizational Capabilities)**	**PIC (Operational Capabilities)**	**MIC (Marketing Capabilities)**
Cronbach's Alpha	0.908	0.899	0.907	0.854
Composite Reliability	0.924	0.922	0.935	0.902
Dimension	**Proactiveness**	**Innovativeness**	**Risk-taking**	
Cronbach's Alpha	0.857	0.843	0.748	
Composite Reliability	0.903	0.905	0.855	

Source: Prepared by the researcher based on Smart PLS3 software.

It is evident from the table 2 that none of the reliability indicators for the model dimensions fell below 0.7, and none exceeded 0.95. These are therefore acceptable values, falling within acceptable ranges, and they fulfill the internal consistency requirement for the indicators and latent variables in the adopted model.

- General Overview of Respondents' Answers

The following table presents respondents' answers regarding the dimension of strategic orientation:

Table 3: Respondents' Answers on the Dimensions of Strategic Orientation

Statement No.	Statement	Mean	Std. Dev.	Level of the Phenomenon
EO1	The enterprise invests in available opportunities to meet customer needs	3.82	0.95	
EO2	The enterprise continuously monitors environmental information	3.80	0.84	
EO3	The enterprise aims to lead by continuously improving its products ahead of competitors	4.05	0.95	
EO4	The enterprise continuously studies competitors' actions	3.60	0.99	
	Proactiveness t = 5.25 (0.000)	3.82	0.78	**High**
EO6	The enterprise aims to regularly innovate new products and services	3.43	1.07	
EO7	The enterprise leverages customer relationships to generate innovation ideas	3.47	1.02	
EO8	The enterprise uses advanced techniques and technologies in manufacturing	3.88	1.03	
	Innovativeness t = 2.06 (0.041)	3.59	0.91	**High**
EO9	The enterprise considers risk-taking a positive factor (e.g., entering new investments)	3.21	1.09	
EO10	The enterprise usually opts for high-risk opportunities compared to available ones	2.68	1.07	
EO11	Enterprise managers possess strong skills in managing risky projects	3.41	1.04	
	Risk-Taking t = -3.47 (0.001)	3.10	0.87	**Low**
EO	**Entrepreneurial Orientation** (t = 1.74 (0.085)	3.54	0.74	**Medium**

Source: Prepared by the researcher based on Smart PLS3 software.

The results presented in the table 3 allow us to understand the responses of the sample members in the studied economic institutions regarding the items related to the strategic orientation dimension. A review

of the values shows that the level of the phenomenon concerning entrepreneurial orientation is around the average, particularly the risk-taking component, which has a negative t value. This is expected, as most Algerian institutions tend to prioritize stability and profitability rather than engaging in high-risk investments—in other words, they seek "acceptable profit with no certain loss."

As for the respondents' answers regarding the creative capabilities dimension, they are presented in the following table.

Table 4: Respondents' Answers Regarding the Dimensions of Creative Capabilities

Statement No.	**Statement**	**Mean**	**Std. Dev.**	**Phenomenon Level**
OIC12	The organization adopts innovative work designs proposed by its members	3.15	1.02	
OIC13	The organization is better than its competitors in improving work processes	3.43	1.07	
OIC14	The organization supports employees in taking initiatives and proposing new ideas involved in decision-making	3.16	1.04	
OIC15	There is effective coordination between departments in the organization	3.45	0.95	
OIC16	The organization is capable of generating appropriate solutions to the problems it faces	3.59	0.91	
OIC17	The organization is capable of utilizing its resources effectively (financial, human, material...)	3.67	0.94	
Organizational Creative Capabilities t = 0.03 (0.97)		3.41	0.80	Moderate
PIC18	The organization is highly flexible, allowing it to offer products and services aligned with customer needs	3.66	0.93	
PIC19	The organization's products have unique features that give it an advantage over competitors	3.80	1.02	
PIC20	The organization provides fast products and services to customers	3.73	0.93	

PIC21	The organization updates its technology in response to changes in the business environment	3.54	1.01	
Operational Creative Capabilities t = 3.42 (0.001)		3.68	0.80	High
MIC22	The organization makes continuous modifications to product appearance (packaging style, package size, etc.)	3.36	1.11	
MIC23	The organization constantly innovates modern promotional methods for its products	3.26	1.20	
MIC24	The organization uses customer ideas and suggestions to develop its products	3.47	1.00	
MIC25	The organization continuously develops new communication methods with customers to manage their orders	3.84	0.99	
Marketing Creative Capabilities t = -0.14 (0.888)		3.39	0.95	Moderate

Source: Prepared by the researcher based on the outputs of SmartPLS3 software.

The results extracted from the table 4 indicate that the values of the arithmetic means and standard deviations fall within a high range, and that the level of the phenomenon is high with regard to the operational dimension, unlike the organizational and marketing dimensions, which fall within the moderate range. This is confirmed by the *t*-test values for the marketing dimension, which are negative and statistically significant—this has affected the overall level of the phenomenon. As for the organizational and operational dimensions, their *t*-values are positive and statistically significant. Accordingly, the institutions included in the study possess greater capabilities in the operational aspect compared to the other areas.

First, it will be verified that there is no high correlation between the latent variables by using the Variance Inflation Factor (VIF) criterion, the results of which are shown in the following table:

Table 5: Variance Inflation Factor (VIF) Values

	EO			**Creative Capabilities**		
	Proactiveness	**Innovativeness**	**Risk-Taking**	**Organizational Capabilities**	**Operational Capabilities**	**Marketing Capabilities**
VIF	2.569	3.352	1.857	3.551	3.551	3.551

Coefficient						

Source: Prepared by the researcher based on outputs from SmartPLS 3.

The results indicate that all VIF (Variance Inflation Factor) values are less than 5, which shows that there is no high correlation between the latent variables. Therefore, this allows us to proceed with testing the direct effect hypotheses in the study model.

Three sub-hypotheses were proposed regarding the effect of the dimensions of strategic orientation on each level of creative capabilities, and each hypothesis will be tested individually.

- **Testing the First Hypothesis:**

The first hypothesis stated:

"**Entrepreneurial orientation as a dimension of strategic orientation has a positive and direct effect on organizational capabilities.**"

The following table shows the results of testing this hypothesis:

Table 6: Results of Hypothesis 1 Test

Path		**Path Coefficient**	**t-Value**	**Significance Level**	**Decision**
Entrepreneurial Orientation → Organizational Capabilities		0.408	4.545	0.000	Accepted

Source: Prepared by the researcher based on outputs from SmartPLS 3.

The results shown in the table allow us to determine the significance of the effect of entrepreneurial orientation on the organizational capabilities of the study sample. The findings indicate that Hypothesis 1 is confirmed, as the effect of entrepreneurial orientation on OIC (organizational capabilities) is significant — the t-value is greater than **0.05**, and thus the hypothesis is accepted.

To support the study results, the strength of the positive effects found will be confirmed by measuring regression coefficients and effect size coefficient, as shown in the following table:

Table 7: Results of Effect Size (F^2), Regression, and Adjusted Regression for Hypothesis **1**

	Entrepreneurial Orientation
F^2	0.223
Effect Size Strength	Medium
R^2 (Regression)	0.790
Adjusted R^2	0.783

Source: Prepared by the researcher based on outputs from SmartPLS 3.

The interpretation of table 7 results indicates that the entrepreneurial dimension has a positive but moderate effect on operational capabilities. This is because the regression coefficient value was 0.641, which is greater than 0.13. As for the **F²** value, it fell between 0.15 and 0.35, specifically reaching 0.241.

Hypothesis Test 3:

The third hypothesis stated that "Entrepreneurial orientation has a positive and direct effect on marketing capabilities."

The following table shows the results of this test:

Table 8: Results of Testing the Third Hypothesis

Path	**Path Coefficient**	**t-Value**	**Significance Level**	**Decision**
Entrepreneurial Orientation → Marketing Capabilities	0.355	2.845	0.005	Accepted

Source: Prepared by the researcher based on outputs from SmartPLS 3.

The results shown in the table 8 allow us to judge the significance of the impact of strategic orientation in its entrepreneurial dimension on the marketing capabilities of a sample of Algerian economic institutions. The results indicate that the third hypothesis is also confirmed, as the t-test value is positive for the path and greater than 0.05. Therefore, the hypothesis is accepted.

To support the study's results, we verify the strength of the observed positive effects by measuring regression coefficients and the effect size (F^2), as shown in the following table:

Table 9: Results of the Regression Coefficient, Adjusted Regression, and Effect Size (F^2) for the Third Hypothesis

	Entrepreneurial Orientation
F^2	0.076
Effect Size	Weak
Regression Coefficient	0.534
Adjusted Regression Coefficient	0.519

Source: Prepared by the researcher based on outputs from SmartPLS 3.

Table 9 values indicate the effect strength (F^2), which must be interpreted alongside the regression and adjusted regression coefficients to understand the impact. These results suggest that the entrepreneurial dimension positively affects marketing capabilities, but this effect is weak. This is because the regression coefficient was 0.534, which is greater than 0.13, while the F^2 value was below 0.15, specifically 0.076.

4. Conclusion

Based on the above, the study reached the following results:

- The findings relate to the extent of attention given by the institutions under study to strategic orientation, where the results showed that the level of focus on entrepreneurial orientation was moderate. This reflects the perspective of managers and executives in the concerned institutions.
- The institutions under study possess creative capabilities at a high level operationally, followed by organizational and marketing capabilities at a moderate level. This also reflects the outlook of the managers and executives in these institutions.
- Entrepreneurial orientation has a positive impact on organizational creative capabilities (OIC), particularly through learning orientation (LO), which strongly influences the organizational dimension of capabilities. Although implementing learning is challenging, it yields significant benefits. The progression from commitment to learning, to open-mindedness, to shared vision transforms it into an organizational culture that enhances many internal aspects. Moreover, the three dimensions of entrepreneurship—proactiveness, innovativeness, and risk-taking—have a moderate impact on OIC, even though the results showed risk-taking had a negative effect. This is natural, especially for small and medium-sized enterprises (SMEs) that prefer stability and profitability. In other words, entrepreneurship generally encourages investments and the pursuit of new market opportunities or experimenting with new technologies—all of which improve organizational creative capabilities.
- The results support the hypothesis that entrepreneurial strategic orientation has a positive effect on operational creative capabilities (PIC). This indicates that the institution's internal operations improve and become more creative if it adopts an entrepreneurial orientation. This is logical—if the institution invests, for example, in expanding its branches or production units, this will positively impact its operations. To keep up with this change, creativity must be shown by improving these operations. Over time, the institution develops creative capabilities that manifest in its operations (PIC), which are a result of adopting entrepreneurial orientation (EO).
- The hypothesis also confirmed that entrepreneurial strategic orientation affects marketing creative capabilities (MIC). In other words, entrepreneurship enhances the institution's creative marketing dimension. If an institution adopts this orientation—evident in its innovativeness, proactiveness, and willingness to take risks in projects of any type—it improves its overall marketing mix, reflected in the product/service it offers, whether in terms of pricing, promotion, or distribution channels. It may also be reflected in the product itself. This helps create a strong image and

reputation for the institution, allowing it to position itself in customers' minds. In the long run, the institution develops creative capabilities in the marketing field (MIC).

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