

ACHIEVING SUSTAINABLE COMPETITIVE ADVANTAGES FOR VIETNAMESE SMALL AND MEDIUM SIZED ENTERPRISES: A SYSTEM THINKING APPROACH

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ABSTRACT

The purpose of the study is to use system thinking approach to describe the connection between market orientation and organizational learning on the road to SMEs' competitive advantages. The author formulates a mental model to check the relationship between these concepts. A causal loop diagram was designed to investigate the relationship. To develop the A causal loop diagram, the author discussed with 60 people (including SMEs' managers and experts working in various institutes and disciplines in Vietnam) to assess the root causes of the relationship between organizational learning and market orientation with the competitive advantages. The principal result is that innovation differentiation plays an intervening role in the relationship between organizational learning, market orientation and competitive advantages. The finding shows that in SMEs, organizational learning has an effect on the competitive advantages by innovation differentiation and cost leadership. At the same time, Market orientation supports enterprises to keep an eye on the market to improvement the competitive advantages from customer orientation and also competitor orientation. For well competitive advantages, companies need have learning abilities and identity accurate market and truth competitors.

Key words: The competitive advantages, causal loop diagram, system thinking, organizational learning, and market orientation.

1. Introduction

Achieving competitive advantage is increasingly considered to be one of the critical drivers to survive and grow in today's competitive and globalized markets of a firm, especially small and medium-sized enterprises (SMEs). Orienting competitive advantage, SMEs can sensationally escalate their economic values (Jahanshahi, Nawaser, Eizi and Etemadi, 2015). Vietnam is one of the developing countries that pay significant attention to SMEs because SMEs are the

economic backbone and also one of the economic indicators of the Vietnam economy. However, Vietnamese SMEs' contribution to the economy is relatively low compared to not only other developed countries but also developing nations (Pandya, 2012). It can be explained that SMEs are less competitive than larger enterprises. Therefore, SMEs need to create sustainable competitive advantages to continue and grow in an increasingly dynamic, globalized situation, (Liu, 2017; Prasanna et al., 2019).

The research models of competitive advantage are mostly founded upon big companies' characteristics, emphasizing their performances from the numerical viewpoint and their effective in some certain factors (Della Corte and Aria, 2016). However, this does not the processed in smaller enterprises; therefore, these research models of competitive advantage may not be suitable for Vietnamese SMEs. This study uses a system thinking approach and relies on a complex qualitative investigation into Vietnamese SMEs' situation and attempts to draw out some generalizations about how Vietnamese SMEs survive and grow in today's competitive business environments.

This paper focuses on the development of competitive advantages of the firm stage, particularly in the competitive advantage of SMEs in Vietnam. Thus, this study aims to provide a systemic view of competitive advantage in Vietnamese SMEs via a system thinking approach. This view considers gaining a competitive advantage through two factors: market orientation and organizational learning.

2. Review of the Literature

The literature and the previous studies state that market orientation and organizational learning influence SMEs' sustainable competitive advantages. Jogaratnam (2017) suggested that market orientation could be seen as the degree to which an organization's analysis of the external marketing situation impacts the strategic planning process. Additionally, it is reliant on the outcome of market information acquisition, dissemination, and interpretation activities about firm's customers, competitors, channel members, and strategic partners circles of firm (Hussain, Mu, Mohiuddin, Danish and Sair, 2020). Competitive advantage is multiple orientation linking to SMEs performance and competitive advantage has positive affection to SMEs' performance (Udriyah, Tham and Azam, 2019). Learning orientation is actively the presents to SMEs to gain their existing beliefs and utilize the highest firm performance (Choi, 2014). The learning process plays an essential role in the new model theories of competitive advantage (Hunt and Morgan, 1995; Srivastava, Fahey and Christensen, 2001). According to Porter and Kramer (2002), learning in SMEs is an wisely investment to provide long-term benefits. While organizational learning can help those advantages, improved market orientation can make SMEs achieve competitive advantages (Naidoo, 2010; Suliyanto and Rahab, 2012). Market-oriented SMEs can

deliver services and products that perfectly match their clients' needs and demand (Kara, Spillan and DeShields, 2005). The prepared SMEs must have an official learning process that continues to adapt to market alterations challenges (Appiah-Adu and Singh, 1998; Megicks and Warnaby, 2008), thereby resulting in competitive advantage (Keh, Nguyen, and Nguyen, 2007). An enterprise needs the observation and imitation of particular market orientation processes from other firms (Liu, 2017). However, it cannot imitate the mix of various cultures to form a unique synergistic competitive advantage (Hunt and Morgan, 1995).

3.1 Market Orientation Gains Competitive Advantages

Several studies on Competitive Advantages conduct and describe market-orientation as a whole sense of behaviors and procedures, or an impact art to create superior customer value (Gainer and Padanyi, 2005). Through the strategic glance, market orientation includes three main components: i) earning and using purchaser information; ii) raising a strategic plan based on certain information; and iii) applying the strategy to respond to customers' needs (Keskin, 2006).

Market orientation has been expected as a requirement for success and effectiveness for most SMEs. It is a cognitive, behavioral, and cultural aspect of a company's marketing idea that considers the customer at the focus of its development in precisely and rapidly (Rhee, Park and Lee, 2010). In this theme, several researchers dedicate in their SME studies to offer small enterprises (Langerak, Hultink and Robben, 2004). The empirical studies on the effect of market-orientation on enterprises' superior performance revealed that results. A market-oriented enterprise with great market information source collecting and processing capabilities could predict the requirements as well as changes of market possible competitive advantage to compete large companies. SMEs have good chance to contact their clients for learning their consumer needs and demand sooner and more flexible than big enterprises. SMEs can rapidly transfer customer intelligence with less deterioration due to their reduced organizational layers and bureaucracy. SMEs can also implement the marketing plan fast because they are less formal (Appiah-Adu & Singh, 1998). The previous studies also note that SMEs should be establishing the right market orientation to get a competitive advantage due to their limited resources, vulnerability to uncertainty, turbulence in business environments, and the extensive powers of customers and suppliers (Blocker, Flint, Myers, & Slater, 2011). After a comprehensive review of literature on sustainable competitive advantage and marketing strategy, Kara et al. (2005) operationalized market orientation as consisting of two behavioral dimensions (customer orientation, and competitor orientation) and two decision-making criteria (long-term focus and profit focus).

3.2 Organizational Learning Creating Competitive Advantages

Market orientation has been assumed as a prerequisite to success, and Organizational learning is considered a vital source of creating and maintaining competitive advantages in SMEs (Kang, Morris, & Snell, 2007). However, achieving and maintaining the competitive advantage requires more than acquiring information from customers and competitors and responding to market requirements at a faster rate than competitors (Baker & Sinkula, 1999).

Organizational learning, which sometimes is a madness method, is more than just having employees returning to a school; Organization learning is about the ability of an organization to learn from itself, its mistakes, its inefficiency and its employees for competitive advantage. Thus, managers have to identify gaps between what they have and what they need to have if they are going to create the organizational structure to implement the strategy (Santos-Vijande, López-Sánchez, & Trespalacios, 2012).

Organizational learning is the process in which managers are aware of the qualities, patterns, and consequences of their own experiences and develop mental models to understand them (Madsen & Desai, 2010). In other words, organizational learning is conceived as the process composing of four modes: knowledge acquisition, knowledge distribution, knowledge interpretation, and knowledge storing. It is also the result of interactions among people (human and structural capital), and an outcome of relational capital, facilitates innovation by creating or paving the way for employees to work effectively with clear goals and to suggest many good unique ideas based on their experience, skill, competence, and learning (Argote & Miron-Spektor, 2011).

Organizational learning is conceived as a potential to influence company behaviors, improve the company's capabilities, and increase a sustainable competitive advantage (Oliver, 1997). It is necessary for the improvement of business performance. Organizational learning means that the enterprise can learn to stand to cope with environmental uncertainty and changes in the marketplace. As a result, the firm can respond to new changes and challenges faster than its competitors. Therefore, it can lead the enterprise to maintain long-term competitive advantages. In essence, the company creates a competitive advantage by redefining its industry and differentiating it by changing the rules that the company competes by (Ulrich & Lake, 1991). Also, the organizational learning process allows enterprises to identify business opportunities and generating new ideas. In this case, the new idea is dependent on the knowledge developed and used. Through the organizational learning process, the new knowledge will be distributed to all departments (Calantone, Cavusgil, & Zhao, 2002).

3.3 The Effects of both Organizational Learning and Market Orientation on the Competitive Advantage of SMEs

To date, some authors highlight the need to consider the role of both market orientation and organizational learning that affects SMEs' competitive advantages and performance (Baker & Sinkula, 1999). Recent studies generally confirm a positive effect of market orientation and organizational learning on the competitive advantages and performance of enterprises (Hurley & Hult, 1998; Keskin, 2006). For instance, Fang et al. (2014) examine the links between market orientation, organizational learning, and competitive advantages, but they do not include performance in their model. Choi (2014) does include performance, but not competitive advantages. As a result, it isn't easy to compare the effects of market orientation and learning orientation on both competitive advantages and performance.

However, both organizational learning and market orientation allow the firm to develop those abilities that enhance performance, and that performance is related to increasing competitive advantages. It should be assumed, therefore, that they have an impact directly on the competitive advantages. Both organizational learning and market orientation also help to explain the critical organizational capability of market sensing as well as concerned with understanding organization-wide phenomena such as corporate culture and norms (Santos-Vijande et al., 2012).

The organizations that can be active and proactive learning about clients, competition, and the environment can succeed in being adequately market-oriented, providing their clients with more excellent value. As a result of this, they are more competitive than other competitors in a sustained way in the long term (Calantone et al., 2002). On the other hand, the well market-oriented firm can obtain information about current and latent needs from the firm's clients and also can both know and anticipate the competitors' actions (Fang, Chang, Ou, & Chou, 2014). The market-oriented organization is to react to the market's needs and wants as well as anticipate them with a more satisfactory offer than that of its competitors (Kang et al., 2007). Market-oriented firms can, therefore, be seen, in themselves, as learning oriented organizations.

In short, scholars in general management and marketing literature support the interrelated relationships among market-orientation, organizational learning, and their combined impact on firm competitiveness in SMEs. However, we know surprisingly little about the interrelationships among market-orientation, organizational learning, and firm competitiveness in SMEs. In particular, a systematic or holistic investigation of market-orientation, organizational learning, and firm competitiveness is required if firm managers and scholars are to uncover the homological web of marketing, education, and improved firm competitiveness. To address this deficiency, this study using a system thinking approach that addressed the role of organizational learning and market orientation in firm competitiveness.

3.4 System thinking Toward Competitive Advantages

The world of business is changing rapidly and discontinuously. To cope with today's challenges, and help their companies, especially SMEs achieve competitive advantages, managers have to be able to create strategy in a general picture by using system thinking. According to Senge and Sterman (1992), systems thinking is described as "a discipline for seeing wholes". Systems Thinking is also considered as a framework for seeing interrelationships rather than things, for seeing patterns of change rather than static snapshots. Therefore, it can help to create a Competitive Advantage, which equips managers with the skills to meet those challenges (Prasanna et al., 2019). Systems thinking in developing a business strategy is considered a disciplined approach to promoting firms' competitive behavior in a marketplace (Stacey, Griffin and Shaw, 2000). Moreover, systems thinking is an approach that can provide a rational view of the situation and the identification of strategies that are intended to produce the desired result. However, in order to develop systems thinking approach in a business organization, it requires a substantial change in the organizational culture (Senge and Sterman, 1992).

The role of organizational learning and market orientation in increasing SMEs' competitive advantages is reflected in the development of information-based consumer-centric business strategies that seek a niche market and right customer (Gainer and Padanyi, 2005). In designing such a strategy, systems thinking would be able to develop with the cognitive analysis of consumers to improve firms' competitive advantages. Systems thinking enriched the process of developing a business strategy (Jahanshahi et al., 2015). The convergence of market orientation with organizational learning provides a higher competitive advantage to the business that has frequent interactions among the SMEs and customers that are complex and important in achieving success in business (Jogaratham, 2017).

3.5 System thinking approach as a new way to achieve the competitive advantages for small and medium sized enterprises.

The systems thinking approach is considered as a 'new way of thinking' to understand and manage complex problems (for instant organization, a policy, a biological system), systems thinking approach requires an understanding of the multiple relationships between various parts or segments of a system (Bosch, Maani and Smith, 2007). Systems thinking is usually driven by many smaller systems or subsystems. For example, the firm' competitive advantage is made up of the quality of products and services, price of products and services, the brand of products and services, and so on. Therefore, if one part of the system is changed, the nature of the overall system is often changed as well (Rajagopal, 2012). Systems thinking as an idea has been widely applied in various scientific fields including medicine (Leischow and Milstein, 2006; Waring, 2007), business and management (Nguyen, Nguyen and Bosch, 2017; Rajagopal, 2012), psychology (Schwartz, 1990), from economics (Forrester, 1993; Martin and Sunley, 2007), art (Root-Bernstein, 1985), and so on. This approach is particularly relevant for showing the power

of business management when placed in a systems thinking context. It is important for business management because it provides a powerful new perspective, an overseeing framework, and a set of tools that can be used to address the most complex problems in everyday business operations (Nguyen et al., 2017). It would therefore have not only high potential to apply in business management, but will also have application for enhancing the firm' competitiveness contexts.

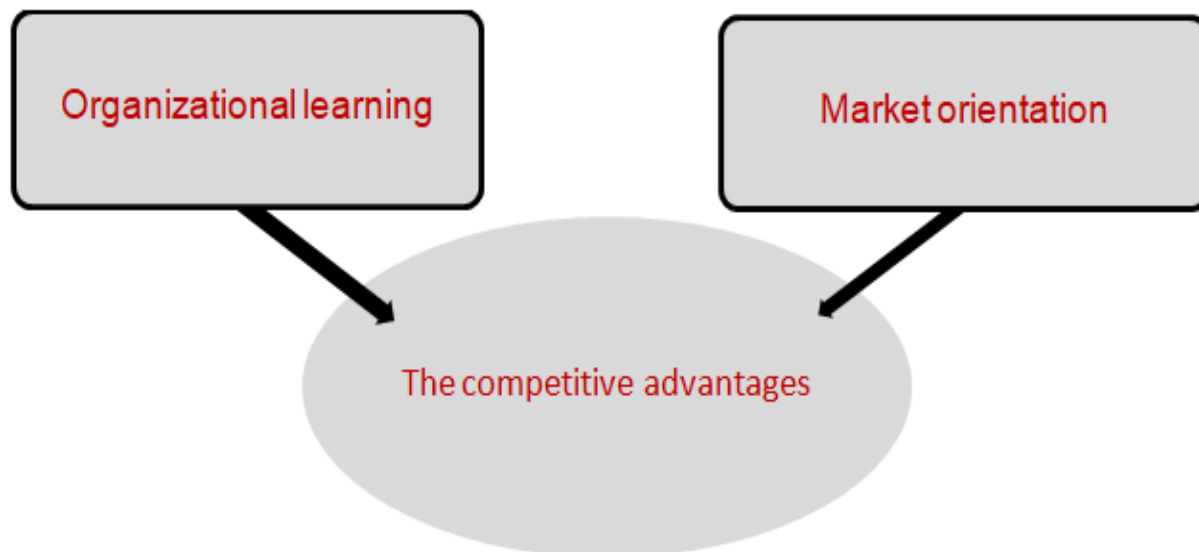
In this paper, the systems thinking approach is applied to capture the interactions between organizational learning and market orientation, which influence Vietnamese SMEs' competitive advantages.

The study was conducted with 40 representatives of Vietnamese SMEs working for different disciplines and 20 experts working in various institutes and government offices in Vietnam. The participants were invited to engage in this study to (1) consolidate existing knowledge of the nature of the competitive strategy and their association with the SMEs; (2) use causal loop diagrams to analyze the characteristics, content, and impact of organizational learning and market orientation on the competitiveness in Vietnamese SMEs; and (3) to assess the root causes of the relationship between organizational learning and market orientation with the competitive advantages..

Several workshops were organized in Hanoi and Ho Chi Minh city of Vietnam. During these workshops, a list of organizational learning and market orientation advantages as defined by individuals who are familiar with the actual Vietnamese SMEs situation. Business management literature was also studied to add to the experiential knowledge of the participants. Workshop attendees were then asked to review the information on factors that's effects on the SMEs' competitive advantages from literature beforehand, and these were then added to the list. Based on this list of factors that are effects on the SMEs' competitive advantages, causal loop diagrams (CLDs) were constructed to explore the correlations among organization learning and market orientation to influent SMEs' ability. "A CLD is a systems thinking tool that helps modelers to conceptualize a real-world system in terms of feedback loops. It has been applied in various areas such as business management, supply chain management, hospitality management, corporate planning, quality management, and to name just a few. CLDs also provide a framework for understanding the patterns of behavior and interactions between components. In a causal loop diagram, the arrows indicate the direction of influence that connects different types of variables, and 'S'/ 'O' signs are used to indicate the type of the influence. The 'S' sign indicates that the variables change in the same direction while the 'O' sign symbolizes that change is taking place in the opposite direction." (Bala, Arshad, and Noh, 2017; Bui, Nguyen, Bosch, and Nguyen, 2013; Nguyen et al., 2017; Stacey et al., 2000; Year worth and White, 2013). The CLDs in this study are categorized into two groups (organizational learning and market orientation), which will be separately analyzed in the following section.

4.1 Model development and discussion

Market orientation and learning orientation is considered as the true source of SMEs competitive advantages (Choi, 2014; Megicks and Warnaby, 2008). While market orientation can be viewed as the degree to which a firm's analysis of the external marketing environment influences the competitive advantages, learning orientation is considered as the degree to which firms' proactively question whether their existing beliefs and practices maximize the competitive advantages (Keskin, 2006). Therefore, both market orientation and learning orientation have strong main effects on the competitive advantages of SMEs. Their strength is also characterized by different learning approaches, which determine the SMEs' competitive advantages.



4.2. Causal loop diagram of the role of Organizational Learning in achieving the competitive advantages of SMEs

Organizational learning is the process by which members of an organization learned to invent and apply, in concerted regulatory action, the strategies most appropriate to the task of winning the game in which they are engaged with others. It is also identified as a critical source of creating and maintaining competitive advantages (Beneke, Blampied, Dewar, and Soriano, 2016). As can be seen from figure 1 Organization learning affects the differentiation and the cost of leadership, which are the key source of the SMEs' competitive advantages. Therefore, increasing organizational learning capabilities can constitute to enhance the competitive advantages of SMEs.

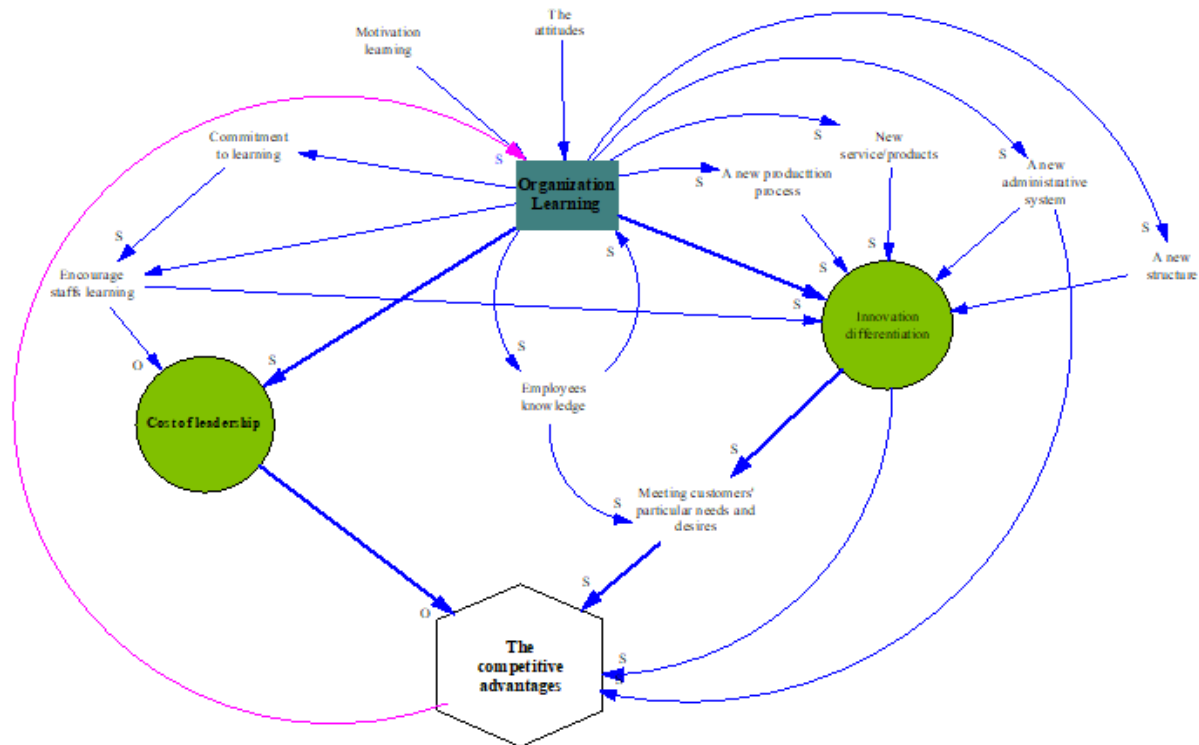


Figure 1. Inter-relationships between organizational learning and the competitive advantages of SMEs.

Organizational learning is a valuable capability to help achieve a more excellent knowledge and a more in-depth understanding of the business environment and inside the firm as a whole so that the enterprise can satisfy its clients more efficiently' latent and actual needs through its products and services (Calantone et al., 2002; Santos-Vijande et al., 2012). In this sense, organizational learning helps SMEs to increase the ability to create differentiation in its products and services in strategic market decisions (Argote and Miron-Spektor, 2011). SMEs with a big differentiation strategy can create customer value utilizing innovative products superior quality and technology, differentiated brand image, and excellent service, thus enabling the SMEs to set premium prices (Loop: *Organization learning – Innovation differentiation – Meeting customer need and desires – The competitive advantages*). Besides, Organization learning may also lead to creative learning, which leads to administrative forms of radical innovation that create competitive advantage without a radical change in the product itself (Loop: *Organization learning – A new administrative system – The competitive advantages*). Organizational learning also reduces the cost of leaders because it can help to achieve a more excellent knowledge and more profound understanding in designing an efficient firm structure so that it can pay less salary due to less

staff in the firm. As a result, the cost of the firm's products and services, which consist of leader cost, will decrease. The firm's products and services' price is lower than its competitors; it means that the firm has more competitive advantages than its competitors. In other words, the cost leadership strategy provides customers with standard products and services at the most competitive prices, so that firms can offer lower prices to match or beat their rivals and still make profits. Whereas a differentiation strategy creates customer value through innovative products, superior quality and technology, differentiated brand image, and excellent service, thus enable the firm to set premium prices.

Besides, learning organizations are also able to capture the relevant information at any given time more precisely, anticipating in this regard market tendencies and discarding the routines that are no longer operative. This leads to an enterprise can develop its business strategy more precisely to match with customer need and want than its competitors (Beneke et al., 2016). This reasoning sees learning organization as allowing greater strategic flexibility to neutralize environmental threats, to shape market evolution (Liu, 2017).

4.3. Causal loop diagram of the role of Market Orientation in achieving the competitive advantages of SMEs

Market orientation is not a discrete phenomenon but as continuous. Hence, reliable market-oriented firms can improve their market-driven processes (Megicks and Warnaby, 2008). It provides a condition for SMEs to achieve competitive advantages and establish procedures to sustain their competitive advantages in the long run. Two focal components of market orientation are customer and competitor orientations, which organizes company resources to create superior value for target customers (Suliyanto and Rahab, 2012). However, customer orientation is parallel to the marketing concept, and therefore, in two such components, customer orientation is perhaps the most fundamental element the main focus of market orientation.

Figure 2 indicates that the competitive advantages of SMEs depend on customer orientation. Customer orientation emphasizes understanding the target customers to help the firm to create superior value for its clients continuously. Customer orientation also requires a clear understanding of the cost and revenue dynamics of value customers in both the present and the future (Megicks and Warnaby, 2008). Therefore, the firm with the right customer orientation can anticipate its customers' changing needs and respond to them through continuous innovation of the firm's products and services. Meeting customers' changing needs and wants is usually the most significant contributor to customer satisfaction, a vital component to increase the competitive advantages of enterprises. An advantage of SMEs over competitors also is gained by two types of differentiation advantages: innovation differentiation and market differentiation (Naidoo, 2010). A firm can differentiate itself in various ways, such as offering new innovative

products, launching effective structure, providing superior service and the cost value of the product, developing a reliable brand name, and so on. Therefore, the high differentiation of firms they have, the more top competitive advantages they get on the market.

A market differentiation of SMEs occurs when they can create a unique image in the market and achieves customer satisfaction and loyalty through meeting customers' particular needs and desires (Rhee et al., 2010). A customer-oriented enterprise can make its market offerings more differentiated by adjusting its marketing mix through the knowledge of the customers' needs and wants.

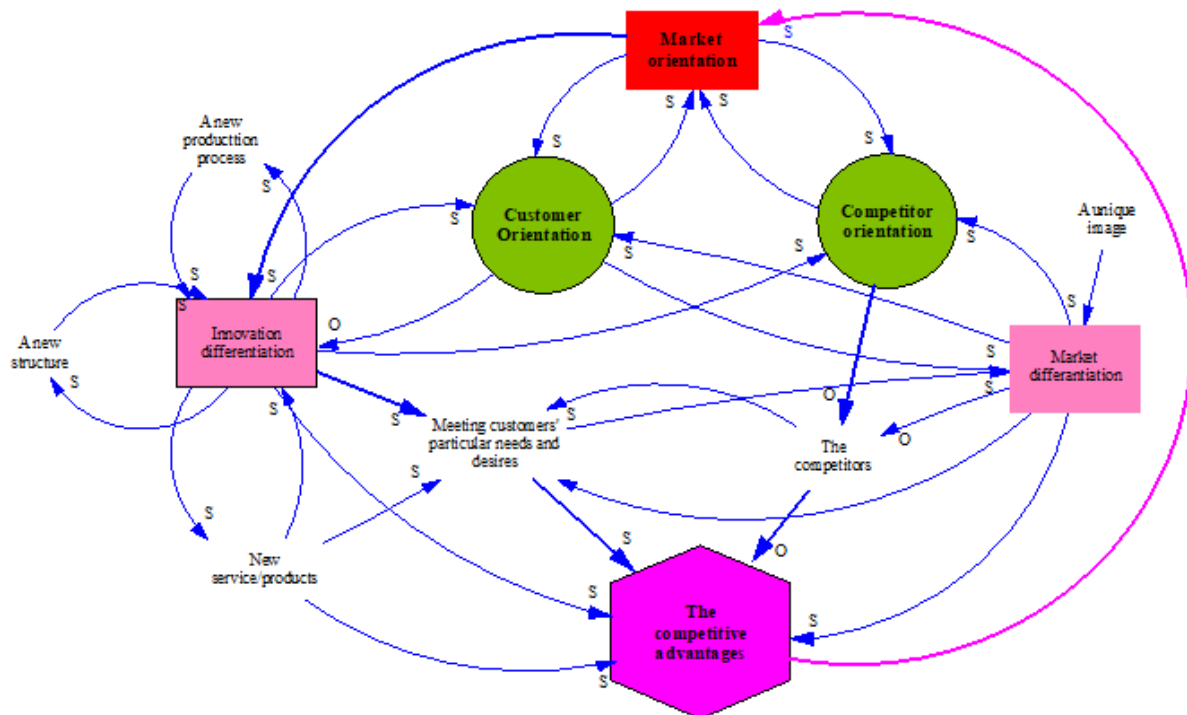


Figure 2. Inter-relationships between Market Orientation and The competitive advantages

Another route to competitive advantage relates to creating the superior value of the Vietnamese SMEs is competitor orientations. Figure 1 also shows that competitor orientation is influenced by two components, namely innovation differentiation, and market differentiation. When the level of those two components of SMEs increases, it causes a higher level of competitor orientations. It leads to enhancing the competitive advantages for SMEs. (Loop: *Competitor orientation - market differentiation and Competitor orientation - Innovation differentiation*). It can explain that understanding the principal competitors' short-term strengths and weaknesses, also competitors' long-term capabilities and strategies can help the SMEs offering better specific

attractive elements (differentiation), SMEs can also meet all their customer needs and wants in the best way to compete with their competitors (Srivastava et al., 2001).

Moreover, competitor-oriented means that the enterprises try to identify their strengths and weaknesses compared with their competitors in terms of resources, cost position, market segment, and financial performance via actively collecting competitor-related information and monitoring rivals' behavior (Suliyanto and Rahab, 2012). In case the firms can deeply understand their opponents, they can assess their position, determine appropriate strategies, and respond quickly to their competitors' actions. Because the objective of a competitor-centered approach is to keep pace with or remain ahead of competitors, a competitor orientation can facilitate firms' capability to adapt to the changing market environments (Porter, 2011). A competitor orientation helps firms configure or reconfigure their market segment and products to cope with competitive situations (Jahanshahi et al., 2015). Thus, we expect the SMEs with a higher level of customer orientation and competitor orientation to have a higher level of competitive advantage.

To sum up, strong market orientation is capable of compelling, driven incremental competitive advantages through two primary components, including customer orientation and competitor orientation.

4.4. General Causal loop diagram of Organizational Learning and Market Orientation on the Competitive Advantages of SMEs

In the field of strategic management, learning orientation and market orientation are considering best viewed in creating the competitive advantage of the firm, especially small and medium-sized enterprises. Learning orientation is an antecedent of market orientation. They maintain that because of their proactive efforts to glean information about customers, competitors, and the changing environment. Whereas, learning orientations can succeed in being adequately market-oriented, providing their customers with more value in the marketplace (Beneke et al., 2016). Loop (*Learning orientation – innovation differentiation – meeting customer needs and desires – The competitive advantages – Encourage staff learning*) in Figure 3 considers learning as a principal component of any effort to reinforce competitive advantage. SMEs with higher learning capabilities might have higher innovation ability in their products and services to meet customer needs and wants. As a result, the competitive advantages of those SMEs increase. Moreover, SMEs with higher learning capabilities might have a more flexible construction of market orientation. SMEs with proper market orientation means that they have well not only customer orientation but also competitors orientation, these two components directly affects to the complete advantages of the firms (see Loop: *Learning Orientation - Market orientation - Customer orientation- Competitors orientation – Market differentiation/competitors orientation – The competitive advantages*).

If members of an organization have an enhanced learning orientation, they will not only gather and disseminate exactly information about markets but also regularly examine the quality of their works and the validity and logic of departments in the structure of a firm that can reduce the management cost. Reducing the cost of managing leads to a decrease in the total cost, which means that the firm is the leading cost in the market and competitive advantages (Loop: *Learning orientation – Cost of leadership – the competitive advantages*).

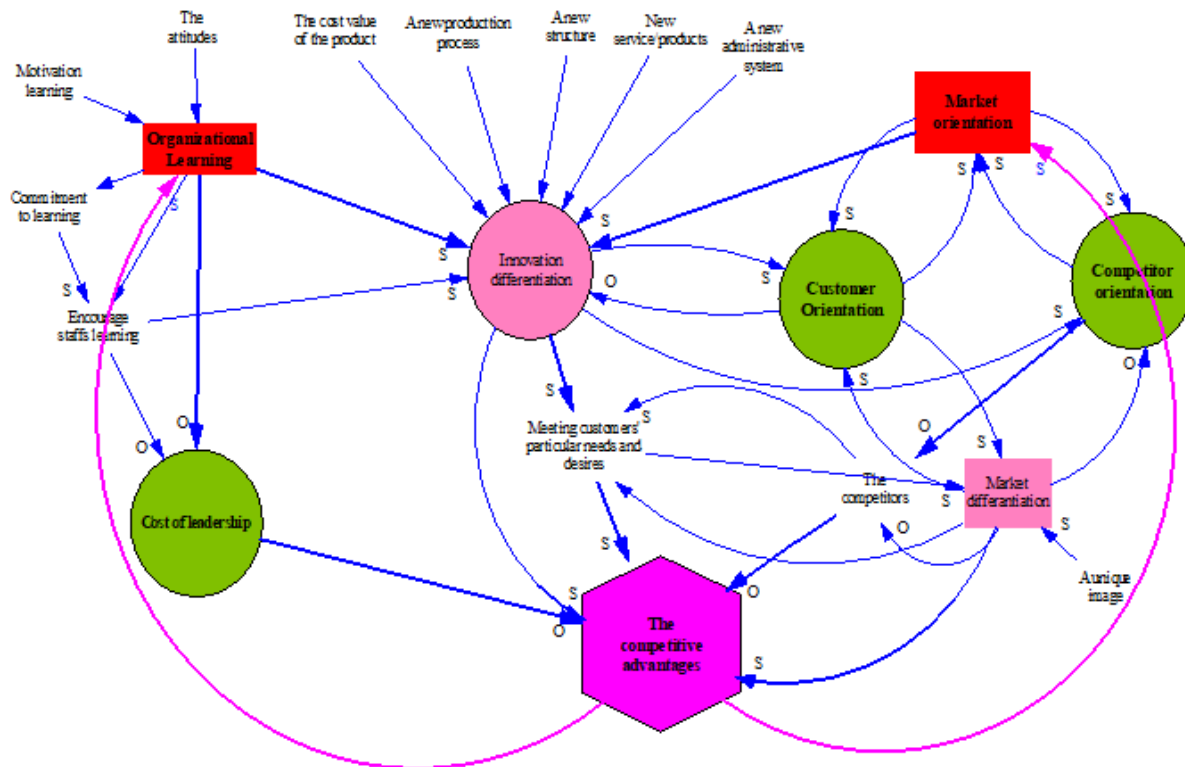


Figure 3. Inter-relationships between Market orientation, Organizational learning and the Competitive advantages

On the other hand, market orientation and learning orientation is the principal of innovation differentiation. It can be explained that without the ability to learn, the market orientation would not have a positive effect on creating the differentiation of infirm' products and services. The firm with profoundly different in its product and services may meet customer' needs and wants. Hence, it has a higher competitive advantage than its competitors in the market (Loop: *Market orientation/learning orientation – differentiation –meeting customer' need and desires – The competitive advantage*).

To sum up, it seems reasonable to assume that market orientation and learning orientation ability may be of tremendous potential value in attaining a competitive advantage. Its value can be maximized when combined with a relevant capability. As shown in figure 3, both learning orientation and market orientation positively affect SMEs' performance. However, the potential value of those components should be considered together with other essential capabilities of SMEs, such as differentiation capabilities.

Conclusions

The primary aim of this article is to provide evidence on the role of organizational learning and market orientation to gain competitive advantage by using a system thinking approach. First, research up to this point has focused on using a system thinking approach to develop the causal loops for identifying the factors that affect the firm's competitive advantages, especially Vietnamese SMEs. To date, no one has operationalized and examined the firm's competitive advantages in such a manner. The findings from this study have been significant in depicting the importance of market orientation and learning orientation as a source of competitive advantage. It also highlights other components that can contribute to enhancing the firm's competitive advantages: customer orientation, competitor orientation, innovation differentiation, and cost of leadership. This research confirms that organizational learning orientation helps firms to implement basic competitive strategies via reducing the cost of leadership and innovation differentiation. In contrast, market orientation helps enterprises increase the competitiveness ability by identifying precisely its customers and its competitors in the potential markets. Therefore, it constitutes a suitable basis from which to approach a precise strategy for increasing the competitive advantages of SMEs. This study also has limitations such as it is only focused on developing the casual loop diagrams that show the factors affecting the competitive advantages of SMEs. At the same time, it does not assess the degree of those factors impacting competitive advantages. Thus, further research in the future would be using data to validate this problem.

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