

# **The SPACE (Strategic Position and Action Evaluation)-Driven Strategic Insight for the Pineapple Manufacturers and Traders**

**Nang Herk Leng Pyo**

School of Management, Mae Fah Luang University  
E-mail: saisaihsengherk@gmail.com

**Received** May 28, 2020; **Revised** June 10, 2020; **Accepted** July 20, 2020

## **Abstract**

SPACE (Strategic Position and Action Evaluation) matrix is a useful strategic management tool, and is used in this study to provide strategic insights for the pineapple manufacturers and traders in Chiang Rai. In the SPACE framework, competitive advantage and financial stability are the two important determinants for firms to position and formulate competitive strategies, and are shown to be positively related to operations resources determined by job resources, job demand, and motivational incentives. These factors provide the base to influence the perceived behavioral control of the employees, leading to the buildup of psychological thrust to commit to execute jobs to expectation. Numerous aspects of theoretical contributions, in the aspect of RBV (Resource-based View of competition), and linking employee-level contributions to competitive advantages and strategic postures, are thus made possible.

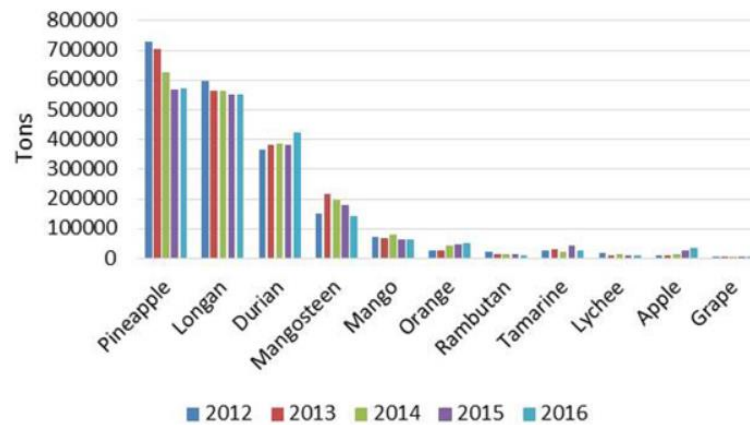
**Keywords:** Competitive advantage; JD-R, organizational performance; RBV; SPACE matrix

## **Introduction**

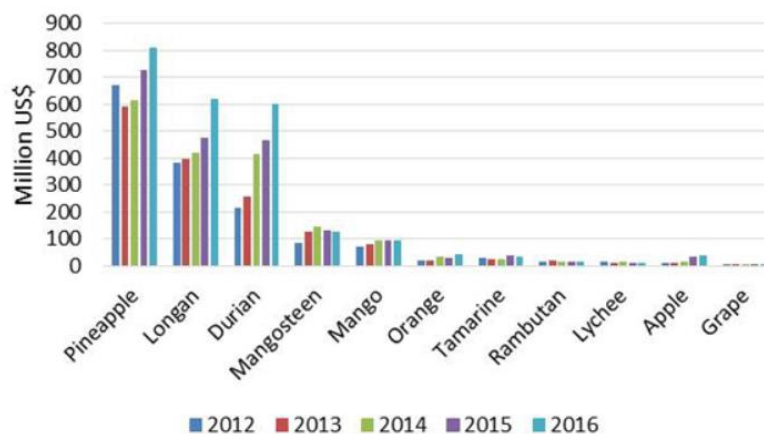
Without proper and clear strategic position, or long-term measures, the pineapple industry in Chiang Rai will continue to face periodic uncertainty in dealing with oversupply, which often cause prices to drop and farmers suffer. Until now, most measures are short-term basis, i.e., government setups emergency funds (Fruit Crop Online, 2019), and makes use of its institutional structure in the province to purchase pineapples for sales at various department stores and shops (The Thaiger, 2018).

There are many reasons, but mainly due to unorganized or systematic strategic management effort of the industry. Reasons often cited are that there are no local sales or collective points to help distribute the over-supplied pineapples, and further argued that the farmers are required to travel long distances to reach pineapple manufacturers, such as those in the eastern province of Rayong or the province of Prachuap Khiri Khan in the upper southern region. Associated with the far-distance on logistics and lacking of the financial ability of the farmers to hire workers for harvesting, many farmers are forced to leave their pineapples to ripen and rot in the fields. Albeit the inherent weaknesses unresolved, Thailand is still one of

the largest producers and exporters of agricultural products that are acceptable to international markets, and pineapple industry is among the leading potentiality (Eapsirimetee, Suthikarnnarunai & Harnhiran, 2013). Fig. 1-2 show that pineapples lead other agricultural product exports from Thailand.



**Fig. 1:** Export Volume of Fruits in Thailand  
Source: Win (2017)



**Fig. 2:** Export Value of Fruits in Thailand  
Source: Win (2017)

Thailand occupies about fifty per cents of the global market share in the production and export of pineapples (Thai Pineapple Industry Association, 2017), mainly contributed by the Southern part of the country (Kodanmal Group Limited Company, 2017). Ranked among the pineapple by-products exported are canned pineapples, at USD 615 million in 2016 (Department of Agricultural Extension, 2017), followed by juice, frozen and dried pineapples.

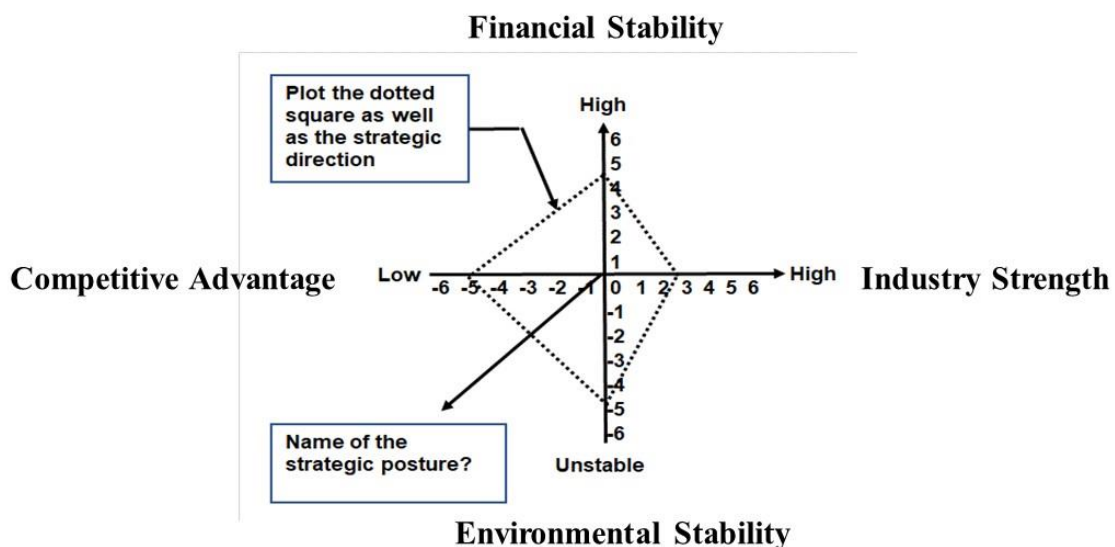
The objective of this study is to provide a snapshot of some representative manufacturers and traders of pineapples in A. Mueang of Chiang Rai in terms of their perceived competitiveness states in the industry, and suggest strategy position posture that could help them improve their business performances. Along with this objective, a comparison of their perceptions, in between manufacturers and traders, and their managers and workers, is presented. In addition, a relationship of organizational factors in support of workforce-

contributed organizational performance, is examined, which is further linked to the resulting perceived competitiveness states, both internally and externally.

## Literature Review

Evidences in both academic publications and the practicing worlds recognize that competition is at the core of the success or failure of any organization (Tan, 2018). That is, organization develops business strategy in order to compete effectively (Jermias, 2008). Based on the “strategy as positioning” concept (Tan, 2018), to compete to one’s advantage, organization must find a suitable position in the industry.

The SPACE – which is a more objective approach of SWOT analysis – is a valuable method guiding organization to formulate a suitable strategic position in the industry to realistically and effectively make use of both internal and external competitiveness and performance conditions. The internal states are determined by: (1) Competitive advantage, (2) Financial stability, and the external states are determined by (1) Industry strength, and (2) Environmental stability, as shown schematically in Fig. 3.



**Fig. 3:** The SPACE Analysis Framework

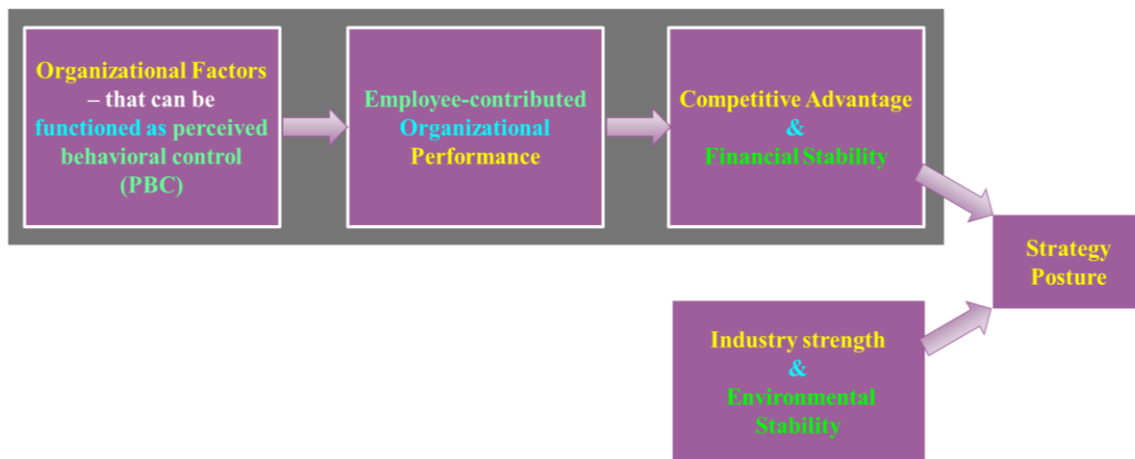
Two notable strategic positions for competitive advantage are widely acknowledged, namely price leadership and product differentiation. For product differentiation, company must attempt to identify unique value which the customers are willing to pay. Companies with unique competitive advantage, in that the companies choose product features strategically in response to existing or anticipated actions of competitors, can allow them to position competitively or advantageously in brand space uniquely. Companies with cost leadership positioning should demonstrate the ability to realize advantages of cost efficiency and acquire the ability to make use of economic profits (Spulber, 2009). The sources of competitive advantage, according to Porter (1985), have to be linked to the activities that pervade the value chain.

In reality, the nature of competitive advantage is beyond cost leadership and differentiation, and could involve product quality, delivery reliability, process flexibility

(Rosenzweig, Aleda & James, 2003) or a host of other factors. In short, competitive advantage demonstrates as anything separating the organization from the others and keeps it alive and growing (Švárová & Jaroslav, 2014). Companies need to recognize that competitive advantage can only be developed over long periods of time (i.e., path dependence) (Barney, 2001), such as in how organization trains its employees, and puts to efficient and effective contributions.

Though SPACE matrix concept has been examined and studied in many places, such as in Radder and Lynette (1998), the usage is isolated and independent of other context or variables. If that is so, SPACE usefulness would be very limited, and serves only as SWOT analysis. Thus, this research proposes that employees should be an important basis to contribute to the internal factors of SPACE states of the organization, namely 1) competitive advantage, and 2) financial stability to contribute to the strategy position posture of the organization.

In particular, the following theoretical direction, illustrated in Fig. 4, is assumed and to be empirically assessed:



**Fig. 4:** Theoretical Framework

Note that this framework, if validated with significant differences, statistically, can be another empirical test and example supporting the validity of the resource-based theory of competitive advantage. The performance measures employees-related and contributed organizational performance, and can be used to serve to track the implementation of the business strategies, and to indicate the effectiveness of the strategic position in the industry (Simons et al., 2000).

## Method

### *Qualitative*

This study conducts interviews to identify the factors to enrich the understanding according to the theoretical framework that aims to point out the competitiveness states of the business, suggest strategic postures, and to point out how the managerial perceptions of employee work contributions are supportive of the perceived competitiveness states as determined by the SPACE matrix.

### *Quantitative*

This study further conducts quantitative approach in order to design and get the managers and employees to fill up the questionnaires for comparative study purpose. The data is analyzed by use of correlations and simple regression analysis, and perceptual gap analysis.

### *SPACE Analysis*

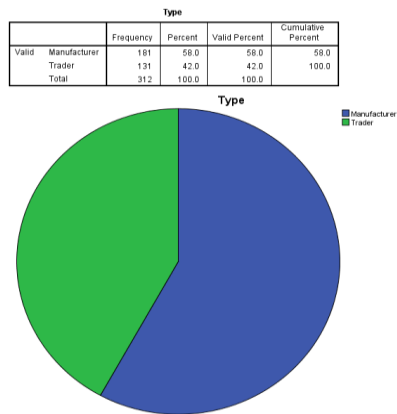
SPACE method exploits case study method, by taking the form of qualitative interviews with the managers. SPACE stands for Strategic Position and Action Evaluation, which is one of the strategic management tools that have gained “high reliability for considering macroeconomic, microeconomic and financial factors in the process of determining the position of the organization” (Tafti, Esmaeil & Leila, 2013).

The SPACE matrix is formed of both internal and external dimensions of strategic importance to organization. The internal dimension is described by competitive advantage and financial stability. The external dimension is described by environmental stability and industry strength.

The collective assessments of both internal and external dimensions of strategic conditions lead to four possible strategic postures an organization can position itself in its industry: (1) Aggressive, (2) Competitive, (3) Conservative, and (4) Defensive. Aggressive position posture – is typical in an attractive industry (high industry strength) with stable economic conditions. A competitive position posture – is characteristic of an attractive industry (high industry strength) in a relatively unstable environment. Conservative position posture – is distinctive of a low growth but stable market. The focus is on financial stability, while product competitiveness is the critical factor (Radder & Lynette, 1998). Defensive position posture – is an unattractive industry where competitiveness is the critical factor. In short, SPACE matrix is used to assess and propose coherency of business strategy in matching both the internal and external environment (Sabherwal & Yolande, 2001).

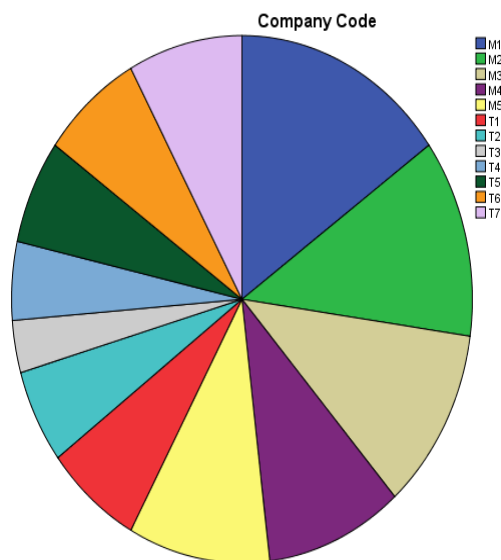
### **Data Analysis and Result**

The surveyed demographics are shown in Fig. 5-7, which highlights that 58% are manufacturers, and 42% are traders. There are 5 manufacturers (M) participated, and seven traders (T) participated. Twenty-six per cents are located in Thasud, Chiang Rai, 30.1% located in Nang Lae, Chiang Rai, and 43.9% located in Ban Du, Chiang Rai.

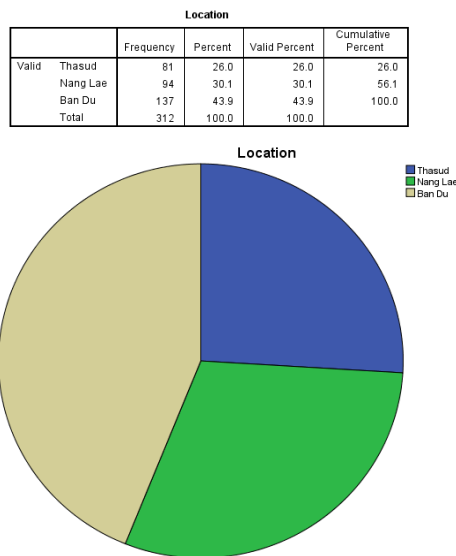


**Fig. 5:** Demographics – Business Type

Company Code					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	M1	47	15.1	15.1	15.1
	M2	38	12.2	12.2	27.2
	M3	35	11.2	11.2	38.5
	M4	30	9.6	9.6	48.1
	M5	31	9.9	9.9	58.0
	T1	21	6.7	6.7	64.7
	T2	18	5.8	5.8	70.5
	T3	10	3.2	3.2	73.7
	T4	15	4.8	4.8	78.5
	T5	20	6.4	6.4	84.9
	T6	22	7.1	7.1	92.0
	T7	25	8.0	8.0	100.0
	Total	312	100.0	100.0	



**Fig. 6:** Demographics – Company Code



**Fig. 7:** Demographics Data – Company Location

The interviews lead to the identification of themes “job resources-job demand”, and motivation-related organizational factors that the managers perceived important to drive workforce contribution to support organizational performances:

“Job resources i.e., guideline for production, work condition, supervisory support, and team spirit”, “job demand i.e., operations requirement for time to completion,” and “motivation i.e., salary.” From the theory of planned behavior, the employees would perceive these factors as perceived behavioral control (PBC).

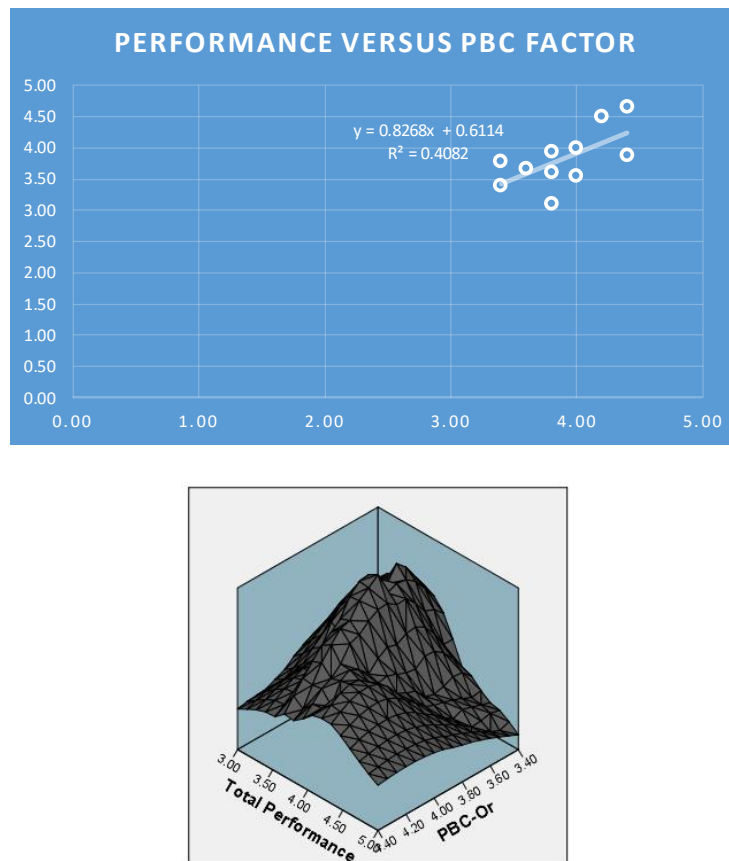
In the aspect of workforce-contributed organizational performance, the managers point out three important aspects, namely:

Cognitive – in terms of ideas and problem-solving contribution, which is a sort of extra-role and in-role behavioral contribution to the organization.

Organizational – i.e., process improvement, product quality, on-time delivery.

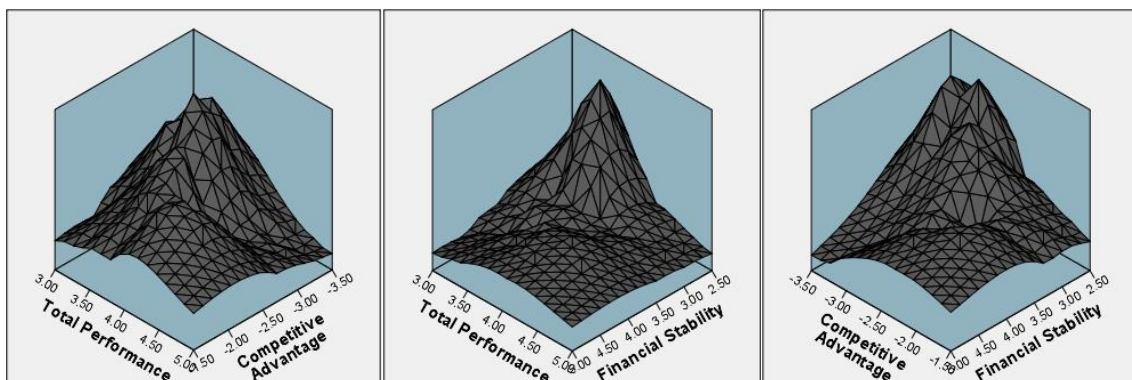
Affective – i.e., feeling and job commitment, which is the affective necessity for organizational performance.

The positive relationship between PBCs and the perceived organizational performance is evidenced in Fig. 8.



**Fig 8:** Performance versus Perceived Behaviors Control Factor

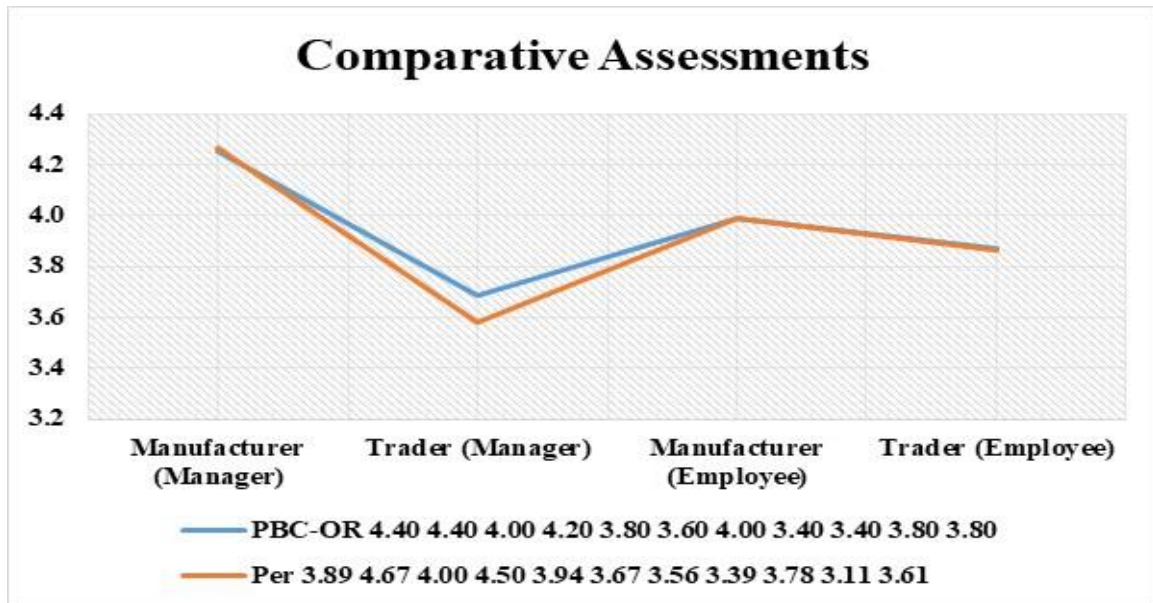
The employee-induced performance can directly contribute to improve the competitive advantage and financial stability of the organization, as shown in Fig. 9. Nevertheless, Fig. 9 indicate two obvious clusters, namely the manufacturers and the traders, with the lower level of values corresponding to the traders shown in the front portions of the 3D density plots. The companies with higher perceived competitive advantages also show better financial stability.



**Fig. 9:** Linking between Organizational Factors and Performance

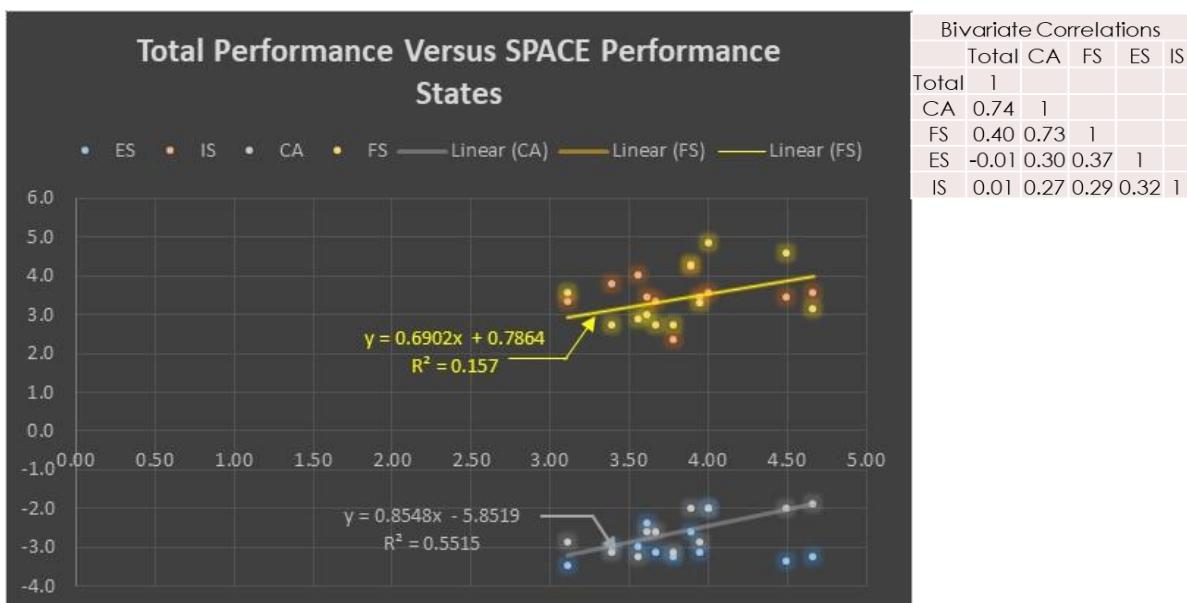


Apart from the 3D density plots, the perceptual gaps between the manufacturers (5 of them) and the traders (7 of them), and between the managers (12) and the employees (312) participated in the surveys can also be shown in Fig. 10.



**Fig. 10:** Perceptual Gaps between Manufacturers and Traders, and between Managers and Employees

We also found that the workforce-contributed organizational performance is shown more able to predict the internal competitive advantage of the company than financial stability. No significant pattern is obvious on the external conditions – both environmental stability and industrial strength, as shown in Fig. 11.



**Fig. 11:** Simple Regression Analysis and Correlations

In view of the external competitive conditions (industry strength and environmental stability) and the strengths and weaknesses of the pineapple factories (characterized by competitive advantage and financial stability), the SPACE analysis, as shown in Table 1, suggests it is more appropriate to formulate competitive strategies using “aggressive posture” for the manufacturers, and “competitive posture” for the traders.

**Table 1:** The SPACE Outcome

	ES	IS	CA	FS	CA+FS		IS+CA	FS+ES	Strategic Position
	Average	Average	Average	Average	CA+FS	ES+IS			
	ES	IS	CA	FS					
	-2.6	4.2	-2.0	4.3	5.9	5.4	2.2	1.7	Aggressive Posture
	-3.3	3.6	-1.9	3.1	5.2	4.5	1.7	-0.1	Competitive Posture
	-2.0	3.6	-2.0	4.9	6.3	5.4	1.6	2.9	Aggressive Posture
	-3.4	3.4	-2.0	4.6	6.1	4.3	1.4	1.2	Aggressive Posture
	-3.1	3.4	-2.9	3.3	4.5	4.5	0.6	0.2	Aggressive Posture
	-3.1	3.3	-2.6	2.7	4.3	4.4	0.7	-0.4	Competitive Posture
	-3.0	4.0	-3.3	2.9	4.0	5.0	0.8	-0.1	Competitive Posture
	-3.0	3.8	-3.1	2.7	4.0	4.8	0.7	-0.3	Competitive Posture
	-3.3	2.3	-3.1	2.7	4.0	3.6	-0.8	-0.5	Defensive Posture
	-3.5	3.3	-2.9	3.6	4.7	4.2	0.5	0.1	Aggressive Posture
	-2.4	3.4	-2.6	3.0	4.5	5.0	0.8	0.6	Aggressive Posture
Manufacturer	-2.8	3.7	-2.0	4.2			1.7	1.4	Aggressive Posture
Trader	-3.1	3.4	-2.9	3.0			0.5	-0.1	Competitive Posture

Regarding aggressive posture, we discussed with the managers and recognized their strategies of how they are being aggressive, as follows:

*“We are expanding our targeted markets, not only to China, but also to Myanmar. Furthermore, we are expanding our product lines such as export not only fresh-cut mini-pineapples but also other tropical fruits like mangosteen and durian, making use of the resources we already have or can acquire further.” (Manufacturer with aggressive posture)*

*“We always get in touch with our employees by listening to their suggestions, ideas and problems. And when we see there is something wrong, we correct it immediately, or when their ideas help on, we invest on them to improve our competitiveness i.e., productivity of our process, and quality.” (Trader with aggressive posture)*

*“It is true that we are doing business for profit. But what we do more is that we treat our final customers like we treat ourselves and the person we love or care. What we do should meet the requirement and expectation of our final customers. Thus, we continue to invest on ways to improve our businesses and our products to meet not only our immediate customers but the consumers. Success depends on us investing on our market” (Manufacturer with aggressive posture)*

However, there are two traders that are in aggressive posture, and both are trying to become a manufacturer by collaborating with each other (that is: collaborative strategy, in order to implement the competitive strategy, such as to improve financial conditions and competitive advantages). Their opinions on competitive strategies are reflected in the following:

*“We know our traders have certain weaknesses, probably lacking of financial resources. Thus, we share our knowledge with them to help them improve their competitive edge.”*

*“When compare we with the manufacturers, we think they are in better advantage, both financially and in certain resources. This motivates us to become a manufacturer, but our financial situation is not strong enough.”*  
(Trader with competitive posture)

Thus, we observe that traders are not in aggressive posture in which most of them are having financial instability. The manufacturer positions exhibit the appropriateness for an aggressive strategic posture, and the government policy should support the manufacturers as the factories of fresh-cut mini-pineapples to become more aggressive to have more competitive advantage in Chiang Rai.

## Conclusion

The SPACE analysis suggests aggressive posture for the manufacturers, and competitive posture for the traders, based on the systematic planning and implementation of organizational factor support i.e., job resources and job demand, as they contribute to workforce's ability to support organizational performance, and also the competitive advantage of the firm.

The organizational factor support provides the bases for employee perceived behavioral control to drive contribution, which aligns with and connotes the workability of the theory of planned behavior (TPB).

The aggressive strategic posture of the manufacturers is underpinned on the SPACE logics that the manufacturers are still in stable economic condition, and the organization should examine to exploit its economic strength to protect and improve its competitive advantage. In addition, the aggressive strategic position should also carefully study its industry and broad environment conditions, and take full advantages of their opportunities.

On the other hand, as manifested with a competitive strategic posture, the traders recognize a relatively unstable environment as compared to its upstream value-chain player, namely the manufacturer, including weaknesses financially. Traders with the competitive strategy posture can aim to selectively improve and sharpen its competitive strength, and then invest appropriately to find a slot in the industry and environment for stability.

This research contributes to support the validity and usefulness of resource-based theory of competitive advantage, that is applicable to the pineapple industry, which, in this research, the resource is relating to, in particular, the human resource strategy. Due to the

positive correlation shown between financial stability and competitive advantage (bivariate coefficient at 0.73\*\* sig. to 0.01 level, 2 tails), financial resource is equally important.

The three organizational performance domains should simultaneously be targeted, as it shows significant contribution to creating competitive advantage, and also certain level of financial stability: namely (1) Cognitive – which is aligned with the concept of in-role and extra-role behaviors, (2) Affective – which manifests job commitment and loyalty, and (3) Organizational – which defines job performance i.e. ability to deliver jobs on-time and up to the standard quality requirement.

Two aspects of theoretical contributions are noted: 1) Theory of job resource-demand can be used to implement perceived behavioral control advocated in the theory of planned behavior, which provides a motivational trust for employee contribution to organizational performance, and 2) Workforce contribution and organizational factor supports should be systematically targeted and invested for contributing to the competitive advantage of the organization.

In the aspect of practical implications, the perceptual and competency gaps between the manufacturers and traders, and between the managers and employees reveal that they should be consciously resolved and considered in strategic management, as this could lead to strategic synergy and sustainable performance.

### Limitation

The industry, without the views and actual performance states of the farmers, and the customers, would not be sufficient to provide a realistic and holistic picture of the industry. Thus, further research should incorporate these perspectives to yield a more accurate and valid picture, through informant-based triangulation. This is particularly important especially the most suffered in price-slumped situation is the farmer, which is due to a lack of financial capability to invest on hiring workers for harvesting, and far-distance from manufacturers.

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