

ROLE OF LEARNING CAPABILITY IN THE RELATIONSHIP BETWEEN COMPETITIVE STRATEGIES AND BUSINESS PERFORMANCE: A REVIEW DURING THE COVID-19 PANDEMIC PERIOD

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ABSTRACT

The goal of this study is to reveal the mediating role of learning capability in the relationship between competitive strategies and business performance and to expand and to contribute to the literature in this field. In line with this purpose, a theoretical framework investigating the role of mediation effect has been put forward and hypotheses have been developed. Within the scope of the theoretical framework, previous literature has been reviewed. A quantitative study was performed for the analysis of the developed hypotheses, the data obtained from 137 companies within the ISO 500 companies list were used through the scale used, and the analysis results were obtained. Considering the findings obtained from the results collected during the Covid-19 Pandemic, although there is no relationship between cost leadership, one of the competitive strategies, and business performance, a strong relationship has been determined between differentiation and business performance. When we examine the mediating effect of learning capability in the relationship between these concepts, it has been revealed that learning capability does not have a mediating effect on the relationship between cost leadership and business performance, on the other hand, learning capability has a mediating effect on the relationship between differentiation and business performance. Based on the findings achieved at the end of the study, some suggestions for researchers were presented regarding mediating role of competitive strategies, business performance effects and learning capability in the changing environment with the Covid-19 pandemic process.

Keywords: *Competitive strategies, cost leadership, differentiation, learning capability, business performance*

INTRODUCTION

Many global changes today, together with environmental, political, socio-economic and technological developments, increase the dose of competition for businesses. For businesses to survive in this changing environment, they need to follow environmental changes and adapt quickly to such changes. In this respect, gaining competitive advantage has become the main goal of businesses.

On the other hand. The importance of creating competitive advantage has become even more evident during the Covid-19 pandemic period. The increase in cases and measures during the Covid-19 pandemic period have put businesses in an economically difficult situation (Şenol, 2020). The risk perception and uncertain environment related to Covid-19, on the other hand, the measures taken due to the epidemic, brought the businesses to a standstill and caused them to enter an economic bottleneck. Especially in this period, the survival and endurance of businesses depended on how quickly they managed to adopt changing conditions and their strategic preferences during the Covid period.

It is possible to maintain or increase the performance of the business by gaining competitive advantage. From this perspective, businesses shall do environmental analysis very well and closely monitor data analysis regarding economy, environment, market and competition. Thanks to these analyzes, businesses create the business strategies they will follow in the light of the information they have obtained. As it is known, the strategies and attitudes developed as result of such analyzes, play a key role in creating competitive advantage.

Competitive strategies are one of the important elements of competitive advantage that enable businesses to maintain their performance and survive in current conditions. Competitive strategies, the strategies that

businesses will create based on these advantages, can be the most important weapons to create competitive advantage. To create a competitive advantage, a business may gain higher profits than its competitors through by using the cost advantage strategy, or it may focus on the features valued by the customers through using the differentiation strategy. Porter (1980), refers strategic preferences he created based on these advantages as competitive strategies. Studies have generally focused on the effect of competitive strategies on performance, and it was indicated in the literature that Porter's competitive strategies affected business performance (Dess & Davis, 1984; Yamin et al., 1999; Hoffman, 2000).984; Yamin et al.,1999; Hoffman, 2000).

This study suggests a model for improving and sustaining business performance through developing organizational capabilities. The aim of the study is to reveal the mediating effect of organizational learning capability on the relationship between competitive strategies and business performance through research to be conducted on companies operating and producing in various sectors. In this study, it is examined what kind of skills businesses should develop to survive and achieve a sustainable performance in today's competitive environment, and practical results that can contribute to the strategic perspective of businesses are presented to better understand the factors affecting this. In addition, it contributes to the management activities by explaining the organizational measures that the businesses can take in addition to the strategic measures to increase their performance in the competitive market environment in practice.

The first part of the study includes the theoretical information in which the concepts of learning capability and competitive strategies are defined. The second part is the research part consisting of the survey study and its results. The results obtained from the application part of the study will be included.

LITERATURE SEARCH AND HYPOTHESES

Competitive Strategies

In today's business world, the intensity of competition between businesses is increasing day by day with globalization, environmental, social, political, economic and technological changes. In this competitive environment, businesses need to follow the changes closely and adapt to such changes to survive. Thus, it has become the main objective for businesses to try to gain competitive advantage against changing environmental factors.

For businesses to adapt to changing economic, political and technological conditions and to create a competitive advantage against their competitors, they need to do environmental analyzes well and evaluate strategies they will follow according to such analyzes. The ideas of the "Positioning School" developed by Porter (1980) are seen as a fundamental element in determining the strategies and future positions of businesses. The positioning school primarily focuses on market structure and competitive conditions in the strategy development process. According to Porter (1985), there are five forces that determine competition in the market, and in order for a business to have an advantageous position in competition, it shall have the ability to determine its position against these forces (Porter, 1985). These can be listed as new entrants to the sector in which the business operates, substitute goods, suppliers, buyers and the intensity of competition among competitors. All these forces are very important regarding strategy formulation and business performance (Porter, 2008). While creating their strategies, businesses shall analyze their internal environment as well as their external environment and determine their strengths and weaknesses. Thus, strategies that businesses will create based on these advantages can be the most important weapons in creating competitive advantage.

Each of Porter's competitive strategies refers strategic ways to a fundamentally different competitive advantage, combining the type of competitive advantage with the scope of strategic objectives from which competitive advantage will be achieved (Porter, 1980). Cost leadership and differentiation strategies provide competitive advantage in a wide segment in industry, on the other hand, focusing strategies aim at cost advantage or differentiation in a narrower industry segment.

Cost Leadership

The most prominent one among the competitive strategies is the cost leadership strategy. In this strategy that is argued by Porter, the company makes effort to be the manufacturer with the lowest cost in its industry. The business provides services in a wide range of activities, in several industries (Porter, 1985).

In the cost leadership strategy, businesses aim to be the market leader in the industry with their products or services that will be served to the whole industry and have the lowest cost. Thus, they create a competitive advantage in the market they belong with the low cost.

Businesses which apply cost leadership strategy, try to reduce their production costs by taking advantage of scale economy. The decrease in costs because of an increase in productivity and unit production of a business is referred as scale economy. Besides scale economy, use of proprietary technologies, access to raw materials and other resources are other facts that provide cost advantages to a business. For example, Intel has achieved cost leadership with a standard product at a global level, taking advantage of scale economy. In order to reduce the cost of the product in many manufacturing-related industries, a low-cost design, an efficient production facility, an automated assembly line and harmonizing R&D activities are among the steps that can be taken. On the other hand, to gain cost advantage in businesses in the service industry, training procedures should be implemented in the most efficient way due to the reduction of general expenses, low-cost human resources, and high enter-exit ratio (Porter, 1985).

The most significant detail in cost leadership is that businesses is able to distinguish the difference between cost leadership and price leadership while applying this strategy. The most significant detail in cost leadership is that businesses shall well distinguish cost leadership from price leadership while applying this strategy. The implementation of this strategy by businesses creates many advantages. To name few of them; since businesses generally benefit from scale economy when applying the cost leadership strategy, they try to make an above-average profit in the industry they serve through reducing their input costs. This, in turn, increases the bargaining power in dealing with suppliers. Another advantage is that, as stated in Porter's 5 power model, it composes a barrier to entry of new businesses to industry in question. On the other hand, that businesses which are only cost-oriented while applying the cost leadership strategy, may cause them to ignore customer demands and preferences (Çetinkaya, 2006)

It is necessary for businesses to provide a sustainable competitive advantage beyond the motivation to become a market leader with their cost strategy. Because only if a business can be and maintain a cost leader in its industry, then it can command prices close to the industry average, which means that it is performing above the average. However, at the equivalent or lower price relative to the competitors, the low-cost position of the cost leader brings higher returns. A disadvantage of cost leadership is that it is not resistant to differentiation. In case consumers do not perceive the product as comparable or acceptable, the company implementing the cost leadership strategy will have to cut a price well below its competitors to generate sales (Porter, 1985). This indicates that for a sustainable competitive advantage beyond being a cost leader, a sustainable cost leadership strategy is necessary.

Differentiation Strategy

In the differentiation strategy, businesses aim to be unique compared to other businesses in the industry in certain areas they consider important for consumers. Companies that implement the differentiation strategy select one or more features that many consumers perceive as important in the industry and position themselves to meet this expectation. This positioning brings high pricing. With the products and services, they differentiate, businesses enable consumers to afford the desired price and thus earn high profits.

Differentiation may vary from one industry to another industry. Differentiation strategy can be applied according to the product itself, distribution system, after-sales services, marketing approach or many other factors (Porter, 1985). For example, in some industries such as automotive, issues like product durability, after-sales service, easy accessibility of spare parts and a perfect dealer network are differentiated, while in the cosmetics industry, differentiation can be possible through product image and store design. In case businesses succeed in differentiating in the products or services they provide, they may have high profits and create a sheltered area to ensure their competitive advantage sustainability. Customers' adoption of differentiation in the product or service provided by the business ensures loyalty to the brand, which means less price sensitivity. Price sensitivity of consumers are important among the factors that increase the intensity of competition in the industry, therefore, less price sensitivity is an important competitive advantage issue for businesses. Brand loyalty and less price sensitivity for businesses also create barriers to entry of new businesses to the industry. Differentiation causes less price sensitivity, reducing the bargaining power of suppliers and, again, due to the absence of different alternatives from the customer's perspective. This is a factor that reduces the consumer power absolutely.

Another advantage of differentiation for businesses is that they are better positioned against substitute products than their competitors (İlhan & Yücel, 2019). Another significant issue is the sustainability of returns such as high profits or market leadership achieved through implementing differentiation strategy. Businesses that can achieve and maintain differentiation will outperform the average in their industry if the price can meet the extra cost of being unique. The differentiating component should always be designed so that price return will be higher than the cost of price. The biggest threat for businesses is that they may ignore the cost position while implementing the differentiation strategy. In areas other than the differentiating factors, cost closeness or equality shall be aimed compared to other competitors in the industry through creating low costs (Porter, 1985). The risks of competitive strategies are presented in Table 1.

Table 1: Risks of the competitive strategies

<p>Cost Leadership Strategy</p>	<p>Cost leadership is not sustainable It can be imitated by competitors Technology can change Key variables of cost leadership may decrease Differentiation chance is lost It can reach the target at the lowest cost in its segment.</p>
<p>Differentiation Strategy</p>	<p>Differentiation is not sustainable It can be imitated by competitors The main variables of differentiation may become unimportant for buyers Chances of low cost are lost It can reach the target with the biggest differentiation in its segment..</p>

Adapted by Porter, Michael E. "Creating and sustaining superior performance." *Competitive advantage* 167 (1985): 167-206

Learning Capability

Today, the concepts of organization and organization are important because of the effects of organizations in creating competitive advantage in a competitive environment. The concept of learning capability is a concept that was initiated to develop in 1997, following the learning and organizational learning processes.

Although there are many different definitions of learning capability, Goh and Richards (1997, 577) define it as organizational and managerial characteristics or factors that facilitate the organizational learning process or allow an organization to learn. While Garvin (1993) defines organizational learning as "the ability of the organization to create, acquire and transfer knowledge, and the behavior that will change it to reflect new knowledge and understandings"; Hult and Ferrell (1997, 98) defined organizational learning as a behavior-based process that functions within the structure of the learning organization. To make the organization a learning organization and to mature the conditions to ensure that learning takes place faster requires organizational and administrative features to have a supporting quality for learning. Based on this, the concept of organizational learning capability includes the organizational and managerial features in organizations supporting the learning process and plays a fundamental role in the learning process (Svetlik et al., 2007,225).

Learning capability is the set of processes that shape the organization's learning of structural and administrative processes. Learning capability consists of a series of processes that establish patterns that determine how the organization will use its experience, develop knowledge based on this knowledge and experience, and archive this knowledge for use when needed.

Organizational learning capability has been examined in many dimensions by researchers. Alegre and Chiva (2008,316) examined organizational learning capability in five dimensions. These dimensions are; experience, taking risk, interaction with the external environment, dialogue and participatory decision making. Goh and Richards (1997, 578) handled learning capability in five dimensions; clarity of purpose and mission, commitment of leaders and personnel empowerment, experience and reward, transfer of knowledge, ability to solve problems as a group. The topics mentioned in the literature review related to learning are presented in the table below.

Table 2: Literature review about Learning concept

Authors	Subjects
Senge (1990)	Disciplines Mental model Shared vision Personal mastery Team learning Systems thinking
Leonard-Barton (1992)	Critic activities for learning Independent problem solving Integrated inside information Continuous experience Integrated external information
McGill ve ark. (1992)	Dimensions Openness Systems thinking Creativity Personal influence Empathy
Garvin (1993)	Main Activities Systematic problem solving Experience Learning from past experiences Learning from others Knowledge transfer
Goh ve Ricards (1997)	Basic conditions for learning Purpose and mission clarity Leadership commitment and empowerment Experience and reward Knowledge transfer Teamwork and group problem solving

Adapted by Jerez-Gómez, Pilar, José Céspedes-Lorente, and Ramón Valle-Cabrera. "Organizational learning and compensation strategies: evidence from the Spanish chemical industry." *Human Resource Management*: 44.3 (2005): 279-299.

In Table 2, literature reviews are indicated, in which the basic conditions for learning are given. As mentioned in Table 2, learning capability was examined in four dimensions in the literature published by Jerez-Gomez (2005). It has been stated that learning capability among these dimensions is the same as leader commitment and personnel empowerment in Goh and Ricadr's dimensions. Another dimension, the system perspective dimension, is similar with Goh and Richard's mission clarity. The other two dimensions, openness and experience and Knowledge transfer, are similar with Goh and Richard's concepts of experience and reward and knowledge transfer.

HYPOTHESES

When previous studies on the relationship between competitive strategies and business performance were examined, publications supporting those competitive strategies increase business performance were noted in many studies (Amoako-Gyampah and Acquah, 2008; Acar and Zehir, 2010; Yaşar, 2010). Different studies also confirm the positive relationship between low cost and differentiation strategies and work performance (Acquah and Yasai-Ardekani, 2008; Li and Li, 2008). Santos - Vijande et al. (2012) provides empirical evidence that both cost leadership and differentiation strategies have a positive and significant impact on customer performance, which in turn mediates the impact of competitive strategies on business performance. In another study, it was found that cost leadership strategy and differentiation strategy had a positive effect on performance (Ortega, 2010, 1279). In many studies conducted, the relationship between competitive strategies and business performance has been revealed.

Today, it is essential for businesses to gain competitive advantage and maintain it. On the other hand, it is very important for businesses to analyze their own resources and capabilities, in addition to internal and external environmental analysis, while determining the strategies they will implement to create competitive advantage. This view, known as the resource-based approach, argues that the resources and

capabilities of business shall be valuable, rare, inimitable and non-substitutable (VRIN) to create sustainable competitive advantage (Barney, 1991). According to the resource-based approach, the resources and capabilities of the companies form the basis of the design of competitive strategies (Hunt and Morgan, 1995, 1081).

The literature supports learning capability as a (VRIN) business resource and capability (Hult, Ketchen, & Nichols, 2003). Therefore, we can say that learning capability is an important element in creating sustainable competitive advantage.

Learning capability is a valuable ability for businesses for s developing superior performance. Santos-Vijande et al. In their study, they analyzed the effect of learning capability on Porter's competitive strategy. The result of the study supported that developed businesses with learning capability can apply a dual strategy, that is, both cost leadership and differentiation strategy can be applied at the same time (Santos-Vijande et al, 2012, 1085).

When other studies are scanned, it is estimated that learning will affect the performance results of the business (Day, 1994; Hult et al., 2002; Slater, 1997; Wernerfelt, 1984). Un a study conducted by Hult et al. on companied that yakr place in Fortune 500 List, learning and all its dimensions were found effective on performance (Hult, Ketchd n, & Nichols, 2003). Santos-Vijande et al., in a study conducted in (2012), pointed out that organizational learning affects competitive strategies. It has been found that learning supports the ability of the business to apply new ideas, methods, or tools to meet customer needs, and therefore has an impact on the differentiation strategy (Kaleka & Berthon, 2006). According to another study, learning organizations are more likely to implement cost leadership strategies supported by learning curves (Fang & Wang, 2006). If we define learning capability as a business resource or capability, we can say that it is an important element to create sustainable competitive advantage. Based on this point on, the following hypotheses were formed.

- H1.** There is a positive and significant relationship between learning capability and business performance.
- H2.** There is a positive and significant relationship between cost leadership strategy and business performance.
- H3.** There is a positive and significant relationship between differentiation strategy and business performance.
- H4.** There is a positive and significant relationship between cost leadership strategy and learning capability.
- H5.** There is a positive and significant relationship between differentiation strategy and learning capability.
- H6.** Learning capability has a mediating effect on the relationship between differentiation strategy and business performance.
- H7.** Learning capability has a mediating effect on the relationship between cost leadership strategy and business performance.

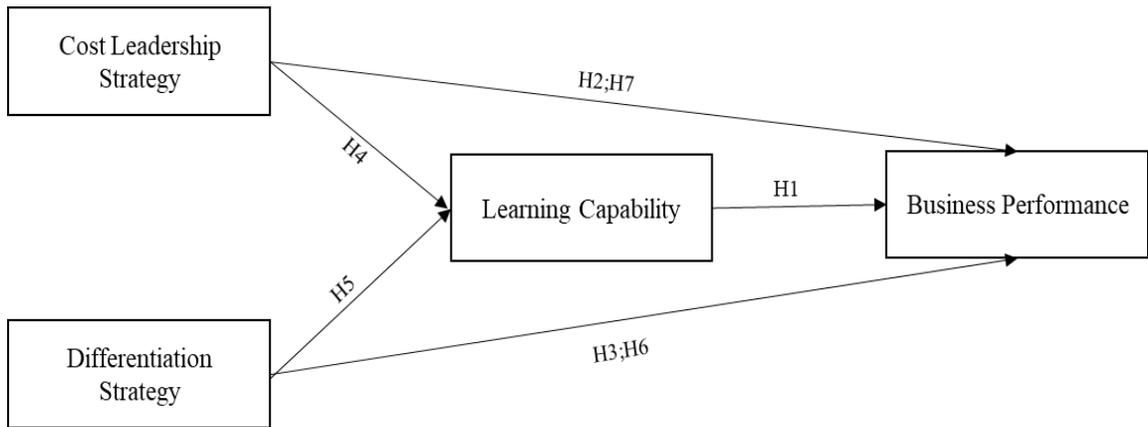


Figure 1 – Research Model

METHODOLOGY

Objective of the Study

The objective of the study is to reveal the mediating role of learning capability in the relationship between competitive strategies and business performance.

Sampling and Data Collection

The main body of the study is medium and large-sized companies in the ISO 500 list, which is Turkey's top 500 industrial companies published in 2019. A total of 27 of 500 companies that make up the research universe did not allow the disclosure of their trade names. The sampling frame of the study was determined as 271 companies, which comply with definition of medium and large-scale companies, out of 473 companies of which business titles are known. Information about the study was given to these businesses and survey form was sent through e-mail. 137 companies were reached, and the return rate was 50.55%. The survey was collected between June 2020 and December 2021. When other studies conducted via mail are considered, it is seen that the return rate of the surveys varies between 10% and 26% (Akıncı et al., 2004,224; Özdevecioğlu and Biçkes, 2012,30; Lai et al., 2010, 488). Considering such rates in the literature return rate seems sufficient.

In the first part of the survey, there are questions about the demographic information of businesses and individuals. In the second part, there are learning capability, cost leadership among competitive strategies, differentiation strategy and business performance. In this study, in which validity and reliability of scales studies have been completed before, were used in a 5-point Likert type (1: Strongly disagree – 5: Strongly Agree).

In this study, a scale with 9-items developed by Chen (2005) was used to measure learning capability. The Turkish version of the learning ability scale in the study conducted by Acar and Zehir (2008) is included. In this study conducted by Acar and Zehir (2008), the Cronbach α value of the Turkish version of the learning capability scale was 0.887. As the cost leadership scale of competitive strategies, the scale consisting of 9 items developed by Porter (1980) was used. The differentiation scale (Kohli and Jaworski, 1990; Lynch et al., 2000; Dess and Davis, 1984; Porter 1980) consisted of 14 items. The validity and reliability of the scale was tested by Acar and Zehir (2010), and the Cronbach α value is 0.965. For the business performance scale, financial performance scale consisting of 5 items and market performance scale consisting of 7 items (Baker and Sininkula, 1999; Antoncic and Hisrich, 2001; Vickery, 1993; Yamin et al. 1999; King and Zeithaml, 2001; Morgan and Strong, 2003) was evaluated. In the business performance scale, which is a subjective performance measurement scale that measures how successful the employees see their companies based on various performance criteria; employees were asked to evaluate their companies regarding financial success of new products introduced to the market, the annual average increase in sales, the increase in the number of new products introduced to the market, the increase in market share in comparison with their competitors, the increase in the number of new

customers and their competitive position in the market in general. Such performance assessments are similar to the variables used in previous studies in the literature review (Vickery, 1993; Yamin et al. 1999; King & Zeithaml, 2001; Rosenzweig, 2003). The Cronbach α value of the financial performance scale previously tested by Zehir, Can, and Karaboğa (2015) is 0.930. The Cronbach α value of the market performance scale, which was previously validated and reliable by Zehir and Acar (2006), is 0.8794.

Analysis and Results:

97.8% of the sample consists of private and 2.2% public businesses. 75.2% of these businesses operate internationally, 20.2% nationally and 3.6% regionally. In addition, the operating sectors of the businesses are also given. While 49.6% of these businesses have less than 1000 employees, 27.7% have more than 3000 employees. In addition, approximately 84% of the businesses participating in our study started operating before 2000. Detailed information is given in Table 3.

Table 3. Descriptive Statistics

		Frequency	Percent	Cumulative Percent
Business Field	Public	3	2.2	2.2
	Private	134	97.8	100.0
Business Limitation	Local	5	3.6	3.6
	National	29	21.2	24.8
	International	103	75.2	100.0
Sector	Food/Beverage/Tobacco	12	8.8	8.8
	Pharmaceutical/Medical Device	4	2.9	11.7
	Clothing/Textile/Leather	9	6.6	18.2
	Mak-Tech/Metalware	9	6.6	24.8
	Automotive	13	9.5	34.3
	Furniture	2	1.5	35.8
	Chemistry/Oil/Tyre	10	7.3	43.1
	Base Metal	10	7.3	50.4
	Office/Electric Machine Device	4	2.9	53.3
	Other Manufacturing	64	46.7	100.0
Number of Employees	Lowest thru 1000	68	49.6	49.6
	1001 thru 2000	19	13.9	63.5
	2001 thru 3000	12	8.8	72.3
	3001 thru Highest	38	27.7	100.0
Foundation Year	Lowest thru 1945	13	9.5	9.5
	1945 thru 1964	22	16.1	25.6
	1965 thru 1984	33	24.1	49.7
	1985 thru 2000	47	34.3	84
	2000 thru Highest	22	16.0	100.0
Total	137	100.0	100.0	

In the study, firstly, the values related to the questions included in the factors are given in Table 4. Accordingly, in order to create a strong model in PLS-SEM studies, it is preferred that the load values to be greater than 0.70 (Hair et al., 2016). When Table 4 is examined, it is seen that all the values in the table are greater than 0.70.

From the dimensions given in Table 4, 3 items of learning capability, 4 items of cost leadership, 4 items of differentiation strategies, 1 items of business performance were eliminated due to low factor loads.

Table 4. Factor indicators and loading values

Factor	Indicator	Loading	Std. Error	z-value
Learning Capability	OY1	0.795	0.071	11.199
	OY2	0.846	0.070	12.048
	OY3	0.818	0.071	11.574
	OY4	0.814	0.071	11.508
	OY5	0.742	0.072	10.323
	OY8	0.745	0.072	10.363
Cost Leadership Strategy	MLS1	0.804	0.071	11.350
	MLS3	0.854	0.070	12.190
	MLS4	0.748	0.072	10.416
	MLS6	0.735	0.072	10.206
	MLS7	0.832	0.070	11.822
Differentiation Strategy	FS8	0.800	0.071	11.278
	FS9	0.722	0.072	10.001
	FS11	0.739	0.072	10.271
	FS13	0.718	0.072	9.931
	FS14	0.717	0.072	9.916
	FS15	0.735	0.072	10.199
	FS17	0.822	0.071	11.637
	FS18	0.750	0.072	10.441
	FS19	0.786	0.071	11.037
	FS20	0.783	0.071	10.993
Business Performance	ISL_FP1	0.815	0.071	11.528
	ISL_FP2	0.749	0.072	10.428
	ISL_FP3	0.833	0.070	11.829
	ISL_FP4	0.726	0.072	10.064
	ISL_FP5	0.804	0.071	11.344
	ISL_PP6	0.752	0.072	10.476
	ISL_PP7	0.760	0.072	10.611
	ISL_PP8	0.761	0.072	10.631
	ISL_PP10	0.709	0.072	9.787
	ISL_PP11	0.703	0.073	9.694
	ISL_PP12	0.889	0.069	12.796

In Table 5, the mean and standard deviation values were evaluated as well as validity and reliability. In order to ensure measurement consistency from the values given in the table, Cronbach's Alpha Coefficient (CA) should be greater than 0.7 (Tabachnic and Fidell, 2012; Field, 2009). When the obtained values are examined, it is seen that all CA values are higher than 0.80 and the measurement consistency of each scale has been ensured. To examine the convergent validity of the scales, the Integrated Reliability Coefficient (CR) and Mean Derived Variance (AVE) values were used. It is recommended that the AVE value be at least more than 0.5 (Fornell and Larcker, 1981; Henseler et al., 2009). It is seen that the smallest of the AVE values given in the table is 0.575. On the other hand, the CR values for each structure are expected to be higher than the AVE value and greater than 0.70 (Bagozzi and Yi, 1988; Hair et al., 2016). The minor CR value obtained in the table was found to be 0.896. Thus, it is understood that the internal consistency and convergent validity of the examined scales have been ensured. Another condition is to ensure the discriminant validity of the scales. In order to ensure discriminant validity, the square root of the AVE values and the correlation values between the constructs are examined. Thus, Accordingly, the AVE values on the diagonal should be greater than the correlation values in the row and

column with the square root (Cheung & Wang, 2017). When the values given in the table are examined, it is understood that discriminant validity has been also ensured.

Table 5. Scale Validity and Reliability Statistics

	Mean	Std. Err.	CR	CA	AVE	1	2	3	4
Learning Capability	4.045	0.505	0.911	0.882	0.631	0.794	0.229	0.640	0.569
Cost Leadership Strategy	3.987	0.633	0.896	0.854	0.634		0.796	0.185	0.141
Differentiation Strategy	4.018	0.562	0.931	0.917	0.575			0.758	0.636
Business Performance	3.781	0.555	0.943	0.933	0.600				0.775

Notes: Diagonal values are square root of AVE of the relevant value

All correlation values are significant at the $p < 0.01$ level.

CA; Cronbach's Alpha. **CR;** Composite Reliability. **AVE;** Average Variance Extracted

Finally, the relationships between the variables were tested. When Table 6 is examined, it is seen that learning capability has a positive and significant effect on business performance ($\beta = 0.293^{***}$; $p < 0.001$). So, hypothesis H1 was supported. In the H2 hypothesis, the relationship between cost leadership strategy and business performance has been examined. When the relationship is examined, it is understood that the cost leadership strategy does not have a significant effect on business performance ($\beta = 0.067$ (ns)). Thus, the H2 hypothesis was not supported. The relationship between differentiation strategy and business performance is examined in the H3 hypothesis. Accordingly, it was stated that the effect of differentiation strategy on business performance was significant and positive ($\beta = 0.471^{***}$; $p < 0.001$). In the H4 and H5 hypotheses, it is understood that the cost leadership strategy and the differentiation strategy have a positive and significant effect on learning capability. In the last two hypotheses, the mediating role of learning capability in the effect of cost leadership strategy and differentiation strategy on business performance has been examined. In hypothesis H6, learning capability has a mediating role in the effect of differentiation strategy on business performance ($\beta = 0.171^{***}$; $p < 0.001$). On the other hand, in H7 hypothesis, it is understood that learning capability does not have a mediating role in the effect of cost leadership strategy on business performance ($\beta = 0.050$ (ns)).

The individual contributions of the independent variables on the dependent variable are examined with the effect size value Cohen (1988). Effect sizes are divided into 3 classes as small (0.02), medium (0.15) or large (0.35). When the effect sizes of the variables are examined, it is understood that the effect sizes are large and moderate, except for the non-significant β coefficients. While the R2 value of business performance was 0.467, the R2 value of learning capability was calculated as 0.450. The Q2 coefficient is the value that shows how much of the independent variables can predict the dependent variable (Wamba et al., 2019). The high value of this indicates that the predictability of the dependent variable by the independent variable is high. When the obtained values are examined, the Q2 value of the business performance was found to be 0.463, while the Q2 value of the learning capability was found as 0.461. It can be said that the predictability of these two variables by the cost leadership strategy and the differentiation strategy is high.

Table 6. Hypothesis Tests

Hypothesis	Independent variable	Dependent variable	Standardized (Critical Value)	β Effect Size	Total Effect	VIF
H1	Learning Capability	→ Business Performance	0.293*** (3.67)	0.167	0.293***	1.732
H2	Cost Leadership Strategy	→ Business Performance	0.067 (ns) (0.80)	0.011	0.118 (ns)	1.128
H3	Differentiation Strategy	→ Business Performance	0.471*** (6.15)	0.301	0.645***	1.697
H4	Cost Leadership Strategy	→ Learning Capability	0.173* (2.11)	0.068	0.173*	1.162
H5	Differentiation Strategy	→ Learning Capability	0.593*** (7.96)	0.390	0.593***	1.162
H6	(Med) Differentiation Strategy* Learning Capability	→ Business Performance	0.171*** (3.28)	0.111	0.174***	---
H7	(Med) Cost Leadership Strategy * Learning capability	→ Business Performance	0.050 (ns) (1.75)	0.008	0.051	---

Notes
 R^2 (Business Performance=0.467; Learning Ability=0.450)
 Q^2 (Business Performance=0.463; Learning Ability=0.461)

* $p < 0.05$. ** $p < 0.01$. *** $p < 0.001$

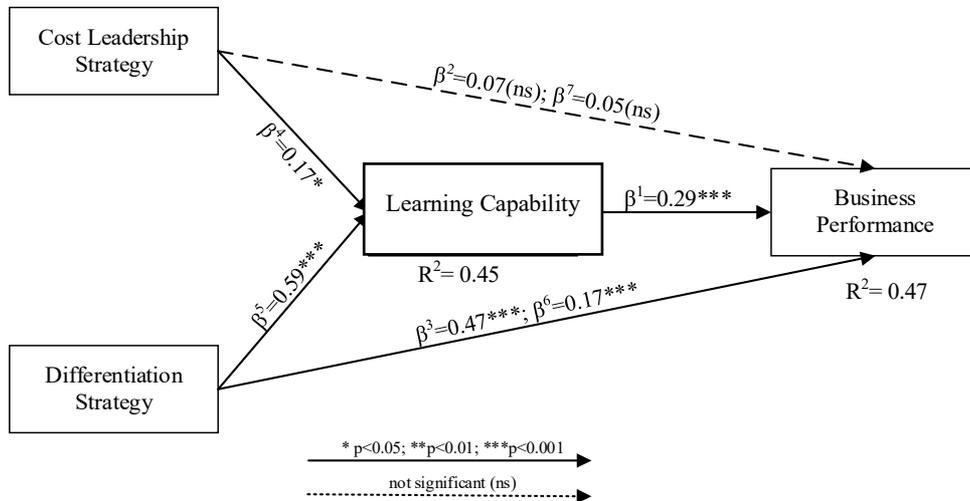


Figure 2. Graphical Representation of Hypothesis Tests

4. DISCUSSION AND CONCLUSION:

Looking at today's competitive environment, there are important strategic choices that businesses need to make in order to reach the position they want to achieve in their business line. These strategic choices have become even more important during the Covid-19 pandemic. Especially considering the Covid-19 Pandemic, does using competitive strategies to create competitive advantage increase business performance? In addition to all this, can the skills developed by the business and the knowledge gained by the business be used to guide the situation of the business in the market? Can learning capability increase the impact of competitive strategies, which are thought to be necessary in increasing business performance and providing competitive advantage?

In this study, the effects of cost leadership and differentiation, one of Porter's competitive strategies, on business performance were examined, and the mediating role of learning capability in this relationship was investigated within the scope of the Covid-19 Pandemic period.

Since the mediating effect of learning capability was tested in the research model, the effect of the mediating variable on the dependent variable was examined. In this context, the effect of learning ability, whose mediating effect on business performance, which is the dependent variable, was investigated. As a

result of our study, it has been proven that learning capability has a positive and significant effect on business performance. In previous literature, many studies have been observed that learning capability positively affects business performance (Baker & Sinkula, 1999; Calantone, Cavusgil, & Zhao, 2002; Celuch, Kasouf, & Peruvemba 2002; Farrell & Oczkowski, 2002; Farrell et al., 2008) .

In the study, the effect of cost leadership and differentiation strategy, which is one of the competitive strategies, on business performance has been examined and it has been concluded that while cost leadership has no effect on business performance, differentiation strategy has a positive effect on business performance. The purpose of implementing competitive strategies is to increase business performance by creating competitive advantage. While the cost leadership strategy aims to increase business performance by offering standard products and services to its customers at the most competitive prices, the differentiation strategy uses elements such as innovative products, superior service quality, and a differentiated brand image to enable customers to pay the price they have determined set for this product or service, thereby increasing business performance. (Santos-Vijande et al., 2021; Acquaaah and Yasai-Ardekani, 2008; Li and Li, 2008). There are many literatures examining the impact of competitive strategies on business performance. Although there are literatures expressing that cost leadership has no effect on performance (Dursun, 2021; Yılmaz, 2019), there are also literatures that argue that cost leadership has a stronger relationship with business performance than differentiation strategy (Dess and Davis, 1984; Miller, 1986; Yamin et al. ., 1999; Dröge et al., 1994; Acar and Zehir, 2010).

The effect of cost leadership and differentiation strategies on learning capability was also investigated and proved to have a significant positive effect. When previous studies are examined, it is supported that there is a significant relationship between competitive strategies, cost and differentiation strategies and learning capability (Santos-Vijande et al. ,2012,1082; Day, 1994; Slater and Narver,1995; Martinette and Obenchain-Leeson, 2012). In a different study, while the relationship between differentiation strategy and learning capability was supported, the relationship between cost leadership and learning capability was rejected (Kharabsheh, Jarrar, & Simeonova, 2015).

The mediating role of learning capability in the effect of cost leadership strategy and differentiation strategy on business performance has been examined. It is understood that learning capability does not have a mediating role in the effect of cost leadership on business performance. On the other hand, the mediating role of learning capability in the effect of differentiation on business performance has been confirmed. When we examined the literature, similar results can be found. In the study conducted by Kalmuk and Acar (2015), it was proved that learning capability positively affects innovation and business performance, and learning capability has a mediating effect in the relationship between these variables (Kalmuk and Acar, 2015). In a different study, it was stated that competitive strategies have a partial mediation effect on the relationship between learning capability and business performance. (Martinette and Obenchain-Leeson,2012,53). In the study conducted by Ferreira, Cardim, and Coelho (2021), it has been proven that learning capability has a moderator effect on the effect of competitive strategies on business performance (Ferreira, Cardim, & Coelho, 2021).

The Covid-19 Pandemic can be seen as a serious test for businesses to survive. Managing such a global crisis requires adopting a good strategic choice and competitive strategy. In this crisis that threatens the whole world, businesses need to better use their existing resources and analyze the sector in which they operate. In today's competitive environment, businesses gaining competitive advantage can be an important criterion for performance. Businesses should understand the needs of the industry they are in with a competitive perspective and develop strategies according to market needs by processing the learned information.

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