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ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE

***THE EFFECT OF STRATEGIC ORIENTATION ON
ORGANIZATIONAL PERFORMANCE: THE CASE OF ADDIS
INTERNATIONAL BANK S.C.***

BY
ENDESHAW AZAJ

**A RESEARCH PROJECT SUBMITTED TO ADDIS ABABA
UNIVERSITY SCHOOL OF COMMERCE IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR MASTERS OF
ART DEGREE IN BUSINESS LEADERSHIP**

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Addis Ababa University
College of Business and Economics
School of commerce

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Leadership**

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Certification

Addis Ababa University

School of graduate studies

This is to certify that the project made by Endeshaw Azaj entitled, *“The effect of strategic orientation on organizational performance : The case of Addis International Bank S.C.”* and submitted to partial fulfillment of the requirement of the award of Master’s of Art Degree in Business Leadership complies with regulation of the university and meets the accepted standards with respect to its originality and quality.

Signed by the examining committee

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Abbreviations and Acronyms

AdIB- Addis International Bank

SO- Strategic Orientation

MO-Market Orientation

LO – Learning Orientation

EO- Entrepreneurial Orientation

OP- Organizational Performance

VRIO-Valuable, Rare, Costly to imitate, and Organized

ROE- Return on Equity

ROA- Return on Asset

ROI- Returns on Investment

NIM- Net Investment Margin

ANOVA- Analysis of Variance

SPSS- Statistical Package for Social Sciences

Abstract

The objective of the study was to examine the effect of strategic orientation on organizational performance in the case of Addis International Bank. To investigate such effect, most commonly used dimensions of strategic orientation such as market, entrepreneurial, learning and technology orientations were assessed. Data were collected from targeted population of 139 individuals, with census survey, 105 of them responded to the self administered questionnaire. The study employed explanatory research designs and quantitative research approach. Among several analytical techniques, Pearson correlation and multiple linear regressions were used to assess the relationship and effect among variables. The findings of the study have shown a significant effect of entrepreneurial and technology orientation on organizational performance as level of significance (α) is less than 0.05 while the effect of market and learning orientations have no significant effect on organizational performance as $\alpha > 0.05$. The regression result also showed that the adjusted R Square value was .474 and this implied that SO dimensions (predictors) accounts for 47.4% of the variation in organizational performance and 52.6% were other extraneous variables that can affect organizational performance. Only entrepreneurial orientation and technology orientation were predictors of organizational performance with beta value of .347 and .283 respectively that have positive contribution for the variation in organizational performance. Therefore, it can be concluded that entrepreneurial and technology orientations were dominant contributors to the performance of the bank; and Market and Learning orientations were not dominant in their contribution. Thus, to make these strategic orientations add value to the increase in performance, the bank has to make strategic co-alignment in strategy, structure, processes and culture. Therefore, it is recommended for Addis International Bank to fully implement and configure strategic orientations as a source of competitive advantage over its competitors in the industry and thereby achieve superior performance. Findings also indicated that the need for more research related to relationship between strategic orientation and performance with possible mediators and moderators that will explain the relationship more.

Key words: Strategic Orientation, Organizational Performance. Addis International Bank

CHAPTER ONE

INTRODUCTION

This chapter introduces the reader about the effect of strategic orientation on business performance in the case of Addis International Bank. It comprises of background of the study, statement of the problem, research questions, objectives, significance, scope, limitation and organization of the study.

1.1. Background of the Study

According to a study made Ahmed, et al (2017), business organizations face multiple challenges in their regular operations: The rapidly changing technological developments and frequent changes in customers' tastes and preferences and uncertain future needs can be mentioned among others. These challenges forced organizations to continuously re-evaluate both the internal and external environmental factors which help in achieving the competitive advantage and superior performance (ibid). However, how the superior performance can be achieved and what type of business strategies should be followed by the management have long been unresolved and inquire further investigation (ibid). To this end, Hakala (2015) suggested that, in today's globalizing world, analyzing the dynamics between exploiting the current market opportunities and exploring new possibilities and dealing with challenges with appropriate strategic orientations play greater role in business organization.

In the field of strategic management, as stated by Krazkiewicz, & Cyfert (2019), there are various approaches to describe strategic orientation dimensions. Market orientation that derives managers to strive on customer value creation, entrepreneurial orientation that deals with exploring new market opportunities, learning orientation that focuses on developing , acquiring and sharing knowledge and technology orientation that derives manages to focus on innovation in the organization, are among the most important strategic orientation dimensions. However, Hussain et al, (2013) argued that there is no main strategic orientation that can be applied across the board because each orientation has its own parameters, expectations and contextual requirements to fit into the organization's environment.

According to Balodi (2014), orientations and their contributions to organization's performance have been studied in marketing, entrepreneurship, and strategy literatures; but, as the research focus and unit of analysis in these disciplines significantly differ, so many constructs such as entrepreneurial, learning, innovation, product, customer, market, marketing, selling, production and technology, have been developed in the research literature.

As per the study made by Beliaeva, (2019), the strategic orientation-performance relationship becomes more complex when analyzed with universal effect model; and most of the studies rely on contingency models. Recent studies on strategic orientation suggest that market, entrepreneurial, and learning orientations individually improve organization performance. But, Lonial, (2015) argued that although each of the orientations can improve an organization's performance, the potential impact of each orientation should not be viewed in isolation. Instead, Lonial (2015) suggested that the integrated approach or the combination effect of the strategic orientations should be investigated; and each of the orientations plays the mediating and moderating role in the relation between strategic orientation and organizational performance in the configuration.

In the Ethiopian financial sector, as per the researcher's knowledge, there is no study on the impact of strategic orientation on business performance. Most of the studies deal with the formulation and implementation aspect of strategies instead of their impact on organizational performance. In the banking industry in Ethiopia, with the increased pressure on attracting new customer and scrambling for financial resources like deposits and foreign currency across the industry, banks now have to be more innovative in their strategies, and to achieve a significant return on their investment and increase their market share, they now rely on a combination of traditional and digital channels. As explained by Papulova (2006) in order to ensure strategic success, organizations are required to have a clear understanding of the needs of the market, and the satisfaction of targeted customers more effectively and more profitably than competitors. Thus, the study intends to assess the type of strategic orientation of Addis International Bank.

1.2. Background of the Organization

Addis International Bank S.C. was established on February 21, 2011 with paid up capital of Birr 109.4 million and started full-fledged banking operation on May 30, 2011 with five branches. As stated in the website, the bank was established mainly by cooperatives and their unions, micro finance institutions, Idirs and individual investors.

As stated in the bank's monthly report of February 2020, the total paid-up capital of the bank reached Birr 912.9 million, total Asset of Birr 5.9 billion, total number of braches 70 and 641 total number of employees. In the preliminary survey, it has been learnt that the bank has registered profit from the first year of operation and its figure in profitability has been increasing year-on-year.

The organizational structure of the bank shows that the Board of Directors comprising of twelve members is the upper governing organ. The Board of Directors oversees the bank's policies and procedures; and it is the higher governing body of the bank and handles the corporate governance of the bank and endure the bank's compliance with the regulatory framework of National Bank of Ethiopia.. Under the supervision of the board of directors there is a president with one vice president. There are eight departments and one service.

It has been learnt that during the organization of this research, the bank has been preparing the second five year strategic plan. The first strategic plan comprised of functional strategies of the departments. But, whether the bank has been living up on these strategies or not was not confirmed. Thus, the body of this research intends to confirm the type of business strategy the bank follows.

As any conventional bank, Addis International Bank is providing full-fledged banking services like accepting deposits, financing different projects and domestic and international trade services. Thus, with these major banking activities, the Bank has been playing its intermediary role in the national economy.

1.3. Statement of the Problem

It has long been known that, to be more competitive, organizations must develop a sound business strategy and properly re-align structure, culture, systems, leadership behavior, human resource policies, values and management processes. According to a study made by Obeidat (2016), by developing and implementing effective business strategy, organizations can enhance their performance through exploiting opportunities in the marketplace and capitalizing available resources and capabilities and exploring new possibilities to be responsive to environmental changes. However, it has been understood that not all organizations respond to the environmental changes in the same manner. Moreover, in their studies, Slater, Hult, & Oslon (2018), argued that the results of prior studies made on strategic orientation and performance relationships are not clear and no conclusive statement and no consensus has been reached on the best strategic orientation of an organization.

Therefore, albeit there are numerous studies related to strategic orientation and its impact on business performance in developed countries, to the researcher's knowledge, there has been almost no empirical study conducted in the banking sector in Ethiopia which can examine the relationship between strategic orientation and business performance. Prior studies in the subject area have mostly focused on process aspects, from strategy formulation, and implementation to evaluation processes.

Besides, as explained by Lelisa (2014), in most Ethiopian banks, performance is mainly measured with profitability measures such as ROA, ROC and NIM. The impact of strategic orientations as measure of bank performance has been given little attention. In addition, the preliminary survey made on Addis International Bank shows that although there were corporate, business and functional strategies, there was no clearly defined strategic orientation in the bank.

As observed in the industry and explained by Mekonnin, (2014), banking business in Ethiopia is increasingly becoming a challenge for both established and new banks especially for private ones. This was evidenced by the fact that more than 62 percent of the market share in terms of assets and deposit was accounted to the giant commercial bank of Ethiopia and regulatory framework designed in favor of the public banks. As result, there observed fierce competition in collecting deposits and foreign currency.

Moreover, in the Ethiopian banking sector, customers perceive little difference in the products and services offered by banks; as any new offering is developed by one bank it will quickly be imitated by others. These witnesses the limitations of the resource based view of VRIO which states that competitive advantage of an organization will be sustainable when it can be valuable, rare, not imitable by competitors, and manageable by organization.

Therefore, with the approach adopted from Hakala (2011) & Bapat, (2017), the study deploys performance measures based on employees' perception; and the study intends to fill the knowledge gap in the literature of strategic orientation-business performance relationship and assess the strategic orientation practice of Addis International Bank.

1.4. Objectives of the Study

1.4.1. General Objective

The main objective of the study was to investigate the effect of strategic orientation on the perceived performance of Addis International Bank.

1.4.2. Specific Objectives

The specific objectives were:

- To measure the impact of market orientation on performance of the bank
- To measure the impact of technology orientation on performance of the bank
- To measure the impact of entrepreneurial orientation on performance of the bank
- To measure the impact of learning orientations on performance of the bank
- To evaluate the joint impact of strategic orientation dimensions on performance of the bank.

1.5. Research Questions

The study was conducted to answer the following research questions:

- How do strategic orientations jointly affect organizational performance?
- How do market orientations affect organizational performance?
- How do learning orientations affect organizational performance?
- How do entrepreneurial orientations affect organizational performance?

- How do technology orientations affect organization performance?

1.6. Hypotheses of the Study

For the purpose of examining the relationship between strategic orientation and organizational performance, the following hypotheses have been developed:

- H1: Market orientation has positive relation with bank's performance
- H2: Entrepreneurial orientation has positive relations with bank's performance
- H3: Learning orientation has positive relation with Bank's performance
- H4: Technology orientation has positive relation with bank's performance

1.7. Significance of the Study

The research would have significant contributions to the banking sector through evaluating strategic orientations in terms of organizational performance. As per the researcher's knowledge, the study was the first research in the banking sector; it could contribute a lot to fill the knowledge gap in the empirical literature to investigate the effect of strategic orientation on organizational performance in the Ethiopian context. In addition, it could be used as a basis for further research in the banking industry and other non bank organizations.

1.8. Scope of the Study

The study focused on the examination of the effect of strategic orientations such as market, entrepreneurial, learning and technology orientation on the performance of Addis International Bank from managers' perspective. As the research was made as a project work for academic purposes, it covered only a single case analysis of a bank. As such the study tried to see the bank's strategic choice that increases its performance. Previous studies in the literature show how these strategies individually affect organizational performance. In this study, however, the combined effect of market, entrepreneurial, learning and technology orientation on the bank's performance was investigated. As of march 31, 2020, the bank had 71 branches all over the country and 635 employees; but the study was limited only to directors, managers and senior officers in the bank; and these individuals were the unit of analysis in the study.

1.9. Limitation of the Study

The current Covid 19 pandemic had significantly affected the research process. As the national state of emergency was in place, the university's learning and teaching process was changed to online and it had created difficulty to make face to face discussion with the advisor and shortage of internet access to get resources. Furthermore, the researcher was unable to conduct interview with the bank's top management and Board of Directors because of the pandemic.

1.10. Definition of Terms

- **Orientation** – as per Merriam Webster's Dictionary, it is a general or lasting direction of thought, inclination, or interest
- **Strategic orientation:** According to Hakala (2011), strategic orientation can be defined as “principles of strategic management that direct and influence the activities of an organization and generate the behaviors intended to ensure the viability and performance of the organization”
- **Organizational performance:** As per the definition of Wikipedia.org, “organizational performance comprises the actual output or results of an organization as measured against its intended goals and objectives”.
- **Contingency theory:** as per Fiedler's contingency model, a contingency theory is an organizational theory which claims that there is no best way to organize a corporation, to lead a company, or to make decisions.
- **Market orientation-**According to Kohli and Jaworski (1990), market orientation (MO) refers to “the organization-wide generation of market intelligence for the current and future customer needs, dissemination of intelligence across departments and organization-wide responsiveness; and it is a customer value creation”.
- **Learning orientation-** is the organization's propensity to create and use knowledge, to have shared vision, open mindedness and commitment to learn.
- **Entrepreneurial orientation-** it is the top management's tendencies towards risk taking, innovativeness and pro-activeness.
- **Technology orientation-** as per the study of Halac, (2015), technology orientation refers to the organization's degree of commitment to research and development, acquisition of new technologies and applications of the latest one.

1.11. Organization of the Study

The research project has been organized into five chapters. The first chapter comprised of the general background of the study, background of the organization taken as a case study, problem statement identifying the gaps to be addressed, research questions, significance, scope and delimitation of the research. The second chapter dealt with review of related literatures on the relationship between strategic orientation and organizational performance including the conceptual and theoretical framework on the subject. Chapter three discusses about the research methodology including research design, sample design, data collection techniques, and data reliability test and data analysis. Chapter four comprised of result and discussion of findings and interpretation. The final chapter five draws summary of findings and conclusions and discussions on research questions and hypothesis and forward recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Introduction

This chapter presents the review of related literatures in the area of strategic orientation so as to enable readers to better understand the subject matter. Strategic perspectives, types of strategic orientations and their relationship with organizational performance were reviewed. Theoretical and empirical reviews and the conceptual framework of the study have also been presented in this chapter.

2.2. Theoretical Review

2.2.1 Theoretical Framework

As stated by Kaliappen, & Hilman (2015), there are various theories in the study of the relationship of strategy, structure and performance. Among others, resource based view (RBV) contingency theory, industrial organization theory (IO), transaction cost theory, agency theory, game theory, and dynamic capabilities (DC) can be mentioned. In this study, discussions will be made on three theories: the resource based view, the contingency theory and the industrial organization theory (I/O).

a) The Resource Based view

As stated by Innocent (2015), one of the theories that widely used in the study of organizational performance is the resource based view theory. The RBV focuses on the organizational unique resources and capabilities which differentiates one organization with the other organizations in the similar industry.

In this connection, Pratono, (2016), explained that with an intention to develop the classical resource-based theory, dynamic capability theory has been emerged; and this increased the understanding of how organizations value-creating strategies meet dynamic environment to achieve sustainable organizational performance. The classical RBT assume that organizations require deployment of valuable assets, capabilities, and information that organizations control to conceive and implement their strategy and thereby achieve competitive advantage (Ibid).

b) Industrial Organization Theory (IO)

As explained by Meilak, & Bonnici, (2015) the industrial organization (I/O) view of strategy assumes that the strategic deployment and actions of an organization is determined by the external environment. According to their study, an organization's strategic conduct and performance are likely determined by the Industry and market structures; and the implication of the I/O model for strategic management is that organizations should identify and seek to operate in environments that provide the best opportunities for competitiveness and profitability. In other words, the model indicated that the industries and geographic markets in which an organization chooses to operate have a higher impact on performance than strategic decisions concerning internal resources, capabilities, and core competencies (Ibid).

c) Contingency Theory

A study made by Tosi, & Slocum, (2015) explained that organization performance is the result of the fit between several factors such as structure, people, technology, strategy, and culture as a common proposition to all contingency approaches.

According to Pratono, (2016), the basic argument of contingency theory is that organizations achieve best performance when their structures are appropriate to deal with the contingencies imposed by their size, technology, and environment. Pratono, (2016) also noted that contingency theory views external environment as a key determinant to organizational performance. Therefore, contingency-based organizations gain competitive advantage through assessing their business environment and design strategy that is appropriate for each level of environmental turbulence.

2.2.2. Strategic Perspectives

As emphasized by Rizzo, (2011), business strategy has wider perspectives : Strategy from a Contingency, Configurationally or Universalist viewpoint; Strategy as fit or as congruence; Strategy as a unique and valuable position ; Strategy as 'orientation' or as 'stances'; Strategic types, archetypes or typologies ; Strategy as a 'map'; strategy as a generic classification; Strategy as a formalized plan of action , design and implementation of that plan; Strategy as 'intent'; Strategy as an outcome of unique resource configurations; Strategy as a pattern ; to Strategy as 'practice' and so on. With these perspectives, there are several schools of strategy like the design school and the planning school. From these perspectives, therefore, this study focuses on strategy as orientation.

In view of the above perspectives, Obeidat (2015) noted that having a sound business strategy enables organizations to find solutions to problems, create new capabilities, and improve business performance by allowing managers to deploy specific resources, recognize opportunities for providing valued products and services, and to promote those products and services to bring higher profits.

2.2.3. Strategic Orientation

As stated by Hakala (2015), numerous studies in the field of strategic management identified two views to describe the concept of strategy: strategy content and strategy process. The content perspective argues that competitive advantage derived from the content of the strategy that relate to competitors comprising of uniquely valuable resource combinations (Resource-Based View) or positions in the markets. While, the process perspective argues that processes such as analysis and planning, learning and development, or entrepreneurial behaviors can bring competitive advantage to the organization. However, some others may not make such distinctions, and suggest that managers in practice also integrate these views and perceive strategy as a combination of processes and content. Simply stated, Strategic orientation represents the strategy the firm implements to achieve and maintain performance

In the strategic orientation literature, there are three streams in the study of strategic orientation and business performance relationship: the first is the Milles and Snow typology of strategic orientations as defender, prospector, reactor and analyzer in response to environmental changes, the second stream deals with the Porter's generic strategies of cost leadership, differentiation and focus strategies to enhance organization 's performance and the third stream is developed by Hakala (2011) & Venkatraman (1989), who identified strategic orientations as a configuration of market , entrepreneurial, learning and technology orientations and studied the synergetic and combined effect of strategic orientations on organizational performance.

However, as emphasized by Kerdpitak, & Boonrattanakittibhumi, (2020), although there are numerous studies on the impact of strategic orientation on organization performance based on these three streams, the result is mixed and inconclusive.

On the other hand, Porter, (1985), characterized business strategy as a source of achieving competitive advantage while strategic orientation provides direction to the organization to create behaviors that can produce superior performance; and the concept of strategy embodied to the study of Porter's generic strategies of cost leadership, differentiation, focus strategies as well as Miles and Snow (1978) strategy typologies of defender, analyzers, prospector and reactor. Whereas, the term strategic orientations first used by Venkatraman (1989); and he defined it through the dimensions of strategic aggressiveness, analysis, defensiveness, futurity, pro-activeness and riskiness; and he also suggested that using managerial perceptions and beliefs the strategic orientation of an organization may be measured on the organizational processes on these six dimensions. On the other hand, as stated by Arafah (2018) strategic orientation refers to an organization's inclination towards allocating and coordinating resources in a manner to achieve competitive advantage and organization performance.

In addition, according to Faiz (2015), the term strategic orientation has been defined as the directing principles of an organization which significantly affect the strategic management process and organizational marketing activities. Hakala (2011) described strategic orientation as a set of strategic management principles that generate the behaviors of an organization intended to enhance its performance; and it represents the strategic direction of an organization, to create the proper organizational behavior and achieve the stated organizational goals. Zhou & Li, (2010) also added that Strategic orientation focuses on the way an organization adapts to and interacts with its external environments; and a study made by Okoroagu et al (2019) described it as strategic fit, strategic predisposition, strategic thrust, and strategic choice.

However, Obeidat, (2016) claimed that although strategic orientation has got wide spread attention from management, marketing, and entrepreneurship scholars, researchers did not find universally accepted definition. In this regard, the very nature of orientation is a matter of debate, and literatures from different streams have developed diverse concepts. For the sake of consensus in this study, orientation refers to the general or lasting direction of thought, inclination, or interest. And, as Obeidat (2016) stated, strategic orientation refers to the manner in which an organization adapts to its external environment. Obiedat (2016)

further explained that strategic orientation can be defined as the pattern of responses that an organization makes to its operating environment in an effort to enhance performance and gain competitive advantage. In this paper, therefore, strategic orientation is viewed as 'principles that direct and influence the activities of an organization and generate the behaviors intended to ensure the viability and performance of the organization; and these principles can also be used to guide the activities of the organization'.

However, in the current era of globalization, the business environment is continuously changing and organizations are facing with several market challenges such as frequent changes in technology and consumer behaviors. The study made by Faiz (2015) stated that, to deal with these market challenges, organizations need to evaluate both the internal and external environmental factors that help in achieving the competitive advantage and superior organizational performance. However, how the enhanced performance can be achieved and what organizational strategies should be followed by the management is still the issue that needs to be further investigated.

While operating their businesses, the top management of Banks faces with many challenges in strategic implementations with respective strategic orientations. Ahmed et al (2018) emphasized that, to deal with these challenges and to ensure the enhanced organizational performance, adopting proper organizational strategies are required. Therefore, it can be understood that the reason why the performance of organizations differs from one another in the similar industry is due to the different strategic orientation level in the organization (ibid). In this regard, Weinzimmer *et al.*, (2012) argued that strategic orientation should be considered as an important organizational tool to produce the organizational outcomes needed for enhanced organizational performance and longevity.

The study made by Ahmed, & Othman, (2018), stated that strategic orientation, organizational culture and management commitment are the internal factors that determine the performance of an organization. In the studies of Rani, Seheba, & Zergaw, (2017) the determinants factors of bank performance have been classified into three categories; internal factors (bank specific factors), industry specific factors and macroeconomic factors. In this regard, strategic orientations are the internal factors that determine the performance of an organization.

2.2.4. Dimensions of Strategic Orientation

According to a study made by Krzakiewicz, & Cyfert, (2018), organizational strategy determines the organization's internal processes and helps it adapt to environmental conditions. Thus, a strategy can be defined as a set of specific "pathways" whereby an organization can achieve its basic goals by shaping and directing its activities. And, the search for key strategy components and attempts to the implementation of strategy are linked to the sources of strategic orientation (Ibid).

According to Zhou, & Li, (2007), studies on strategic orientation arise from two distinct research streams: strategic management and strategic marketing, each of which has a set of typology. The strategic management stream follows Miles and Snow's (1978) traditional typology to conceptualize strategic orientation in terms of reactors, defenders, analyzers, and prospectors. Whereas, as per the strategic marketing stream stems from the dynamic market orientation literature, originally developed by Kohli and Jaworski (1990) and Narver and Slater (1990), and further refined by Gatignon and Xuereb (1997), strategic orientation includes market (customer and competitor) orientation, technology orientation, entrepreneurial orientation, production orientation, and selling orientation. In addition, Arafah, (2018) stated that the main strategic orientation typology proposed by Narver and Slater (1990) studied first the impact of market orientation on organizational performance; entrepreneurial orientation studied by Lumpkin and Dess (1996); then technological orientation by Gatignon and Xuereb (1997) and Sinkula et al. (1997) studied learning orientation. Furthermore, as emphasized by Ibrahim & Shariff, (2016) a number of studies have indicated that market orientation, technological orientation, entrepreneurship orientation, and learning orientation are the most important corporate resources that can give organizations a competitive advantage and bring enhanced organizational performance.

In this regard, Li & Zhou (2007) explained that as per the strategic management stream, reactors lack a consistent strategy; and they added that defenders endeavor to serve stable product or market domains that contain a particular customer group and established market structure. Li & Zhou (2007) also claimed that prospectors focus on innovation and change and strive to compete primarily by stimulating new market opportunities and grabbing emerging

trends and technologies; while defenders and prospectors reside at opposite ends of a continuum of strategic pro-activeness, and analyzers the prospector and defender orientations. It has also been reported that an analyzer orientation leads to better performance than prospector or defender orientations, possibly because it aligns better with the rapidly changing market (ibid).

In addition, although these strategic management and marketing management streams differ each other, these two major strategic orientation typologies have common characteristic. For example, organizations that use a competitor orientation attempt to put their strengths against their rivals' weaknesses, share many commonalities with analyzers. Technology and entrepreneurial oriented organizations, with their inherent needs for state-of-the-art technology and market opportunities, possess a similar nature to that of prospectors. A customer orientation, which strives to serve customers, shares similar characteristics with the concepts of prospectors and analyzers (ibid).

when it comes to comparing strategies used by different organizations, Hussain et al., (2013) underlined that strategic orientation that laid the ground for long-term success for an organization and develops appropriate behavior within the organization to ensure superior performance are more important; and their study added that the prime motive of strategic orientation is to predict the uncertainty that occurs in the environment and to create a strategic match between internal organizational resources and external forces. In connection to this notion, Hakala, (2011) listed many constructs of strategic orientation i.e. entrepreneurial, market, learning, innovation, product, customer, marketing, sales, production and technology, as needs, indicating a scope of reconciliation of the strategic orientation literature. However, as per the study made by Krzakiewicz & Cyfert, (2018) the three most commonly cited strategic orientations are: entrepreneurial orientation, market orientation and learning orientation. These strategic orientations direct various company behaviors, each of them addressing in its own way how to compete in any given market segment

Ibrahim& Shariff (2016) have also provide insights from strategic orientation dimensions by integrating market orientation, technological orientation, entrepreneurial orientation, and learning orientation and elaborating on how these orientations interact with each other's and affects organizational performance. Therefore, the interplay between different strategic

orientations may provide organizations with competitive advantages which can lead to better performance (Ibid)

In addition, as explained by Krzakiewicz, & Cyfert, (2018), the positive effect of strategic orientations on organizational performance is enhanced when a number of orientations are pursued simultaneously. Krzakiewicz, & Cyfert, (2018) concluded that when strategic orientations are integrated or used in a configuration, better results achieved than would be on only one line of strategic behaviors is followed. As stated by Okoroagu, (2019), since strategic orientation may differ from one organization to the other; and vary based on contextual organizational variables, strategic orientation is viewed as a multidimensional construct.

In his study of strategic orientations' systematic review of literature, Hakala (2011) developed three approaches to understand the interaction between Market, Technology, Entrepreneurial and Learning Orientations. These are the sequential, alternatives and complementary approaches to perceiving the relationship between orientations and organizational performance. The following table clarifies the conceptualization of each of the three approaches:

Table 1. Framework for organizing the different approaches to analyzing multiple strategic orientations in the management literature

| Orientation as sequences | Orientation as alternative | Orientation as complementary pattern |
|---|---|--|
| <ul style="list-style-type: none"> • There is a best orientation • Orientations develop into other orientations. • The approach asks <ul style="list-style-type: none"> •What is the best? •How to get there? | <ul style="list-style-type: none"> • There is a best orientation depending on the contingency. • Orientation may be actively influenced • The approach asks <ul style="list-style-type: none"> • Which orientation? • When should it be chosen? | <ul style="list-style-type: none"> • There is a unique pattern of several orientations that fits. • The pattern may develop and/or be actively influenced. • The approach asks <ul style="list-style-type: none"> •What patterns are created? •How should the orientations be combined ? |

Source: adapted from Hakala (2011)

In general, according to Obeidat, (2016), both technology orientation and market orientation focuses on customer's value while market orientation mainly focuses on the external environment of the organization in terms of its customers and competitors and turning market knowledge in to valuable actions; whereas technology orientation has internal perspectives and focused on the development of new technologies, products and services thereby creating customers value and providing competitive advantage to the organization. Entrepreneurial orientation includes certain attributes or processes, namely innovativeness, pro-activeness, and risk-taking behaviors that are crucial for success.

a) Market Orientation

In the study of market orientation, Kohli and Jaworski (1990) and Narver and Slater (1990) are pioneers to measure the impact of market orientation on organizational performance. According to a study made by Kohli and Jaworski (1990), market orientation (MO) refers to the organization-wide generation of market intelligence for the current and future customer needs, dissemination of intelligence across departments and organization-wide responsiveness. According to Narver and Slater (1990), these concepts represent a sustainable competitive advantage. They also added that "Market orientation can also be the organization's culture that creates the necessary behaviors that derives superior value for buyer's superior performance for organizations". Furthermore, it can be termed as a competitive strategy that most efficiently generates the appropriate behavior to create enhanced value for the consumer and ensure sustainable performance for the organizations. In this regard, the orientation shall be towards the customer and the competitor with inter-functional coordination (Ibid).

As stated by Richard, et al (2018), Market orientation is defined as the company's ability to continue learning about customers, competitors and environmental factors in both existing and potential markets. And, according to Narver & Slater, (1990) market orientation refers to an organizational culture in which organizations strive to create and maintain superior value for their customers.

As per a study made by Richard, et al (2018), although much research has been conducted on market orientation, the two views below are considered the most important: the behavioral perspectives and cultural perspectives. Behavioral Perspective focuses on organizational

characteristics such as strategy, structure, processes and activities. From a behavioral perspective, market intelligence of organizations related to current and future customer needs, and intelligence dissemination across departments and organization's response to it. And, from a cultural perspective, market orientation builds a culture that focuses on satisfying the needs and desires of the customers and striving to be better than their competitors.

Narver & Slater, (1990) stressed that the cultural perspective of market orientation defines the term as an organizational culture that encompasses values and norms. This view brings about market orientation as the most effective organizational culture that creates the behaviors necessary for superior value creation for buyers and makes sustainable superior performance for the company. Narver and Slater consider market orientation to be an organizational culture consisting of three components, namely, customer orientation, competitor orientation and inter-functional coordination. Thus, market orientation is defined as an aspect of corporate culture that places the highest priority on the superior customer value creation and delivery (ibid). In connection with this understanding, Kohli and Jaworski (1990) argued that sometimes market orientation can also be referred as the "implementation of the marketing Philosophy".

Numerous studies in the area of marketing like Ferdous & Polonsky, (2011), Narver & Slater, (1990), Kohli and Jaworski (1990) posited that organizations with market-oriented behavior (internal and external) perform better and likely to gain competitive advantage over competitors, which in turn leads to superior organizational performance. The study made by Ahmed & Othman, (2017) also added that if organizations develop a strong organizational culture through considering market orientation as a culture, organizational performance will be enhanced. Therefore, the following hypothesis can be developed:

H1: market orientation has positive relation with organizational performance

b) Entrepreneurial Orientation

Richard, et al, (2018) explained that in the entrepreneurial orientation construct, there are various perspectives at the organization level. For example, the entrepreneurial style of top management in terms of their propensity for risk-taking, innovation, and pro-activeness are the widely used constructs in most researches. Entrepreneurial orientation is a strategic

orientation which captures specifically entrepreneurial aspects of organizations' strategies. According to a study made by Hakala, (2010), the top management's tendencies toward risk taking, innovativeness and pro-activeness are considered as fundamental to entrepreneurial orientation. The study stressed that when organizations are entrepreneurially-oriented, they can change and shape the environment, explore new and creative ideas that may lead to changes in the marketplace and are willing to commit resources to exploit uncertain opportunities; and they do so proactively ahead of the competition with anticipating future demand. Thus, according to Hakala (2010), this kind of better adjustment and reshaping of the environment should have positive effects on organization performance. In the study, it has been emphasized that the roots of entrepreneurial orientation can be traced in the grounds of strategic choice perspective on strategy; and the success of the organization cannot be determined by the environment alone, but strategic decision making also has an impact on it. However, it has been acknowledged by entrepreneurial orientation literature that environmental characteristics, resource deployment and other organizational factors are contingent to the entrepreneurial orientation and performance relationship. Therefore, the following hypothesis can be developed:

H2: entrepreneurial orientation has positive relations with organizational performance

c) Technology Orientation

As stated by Obeidat, (2016), technology is an important tool to connect customers and organizations and used to improve the ability to collect customer information. A technology oriented organization seeks to acquire new and advanced technologies to develop new processes, products, and services, even though the rate of technological change within its industry might affect its technological adoption or development. Therefore, technology orientation is defined as an organization's inclination to introduce or use new technologies, products, or innovations (Ibid)

As per the study of Halac, (2015), technology orientation refers to the organization's degree of commitment to research and development, acquisition of new technologies and applications of the latest one. Technology orientation as a strategic orientation is a culture-based, organization-specific and consisting of complex capabilities built up on Resource Based View of technology intensive products that are hard to imitate, hard to substitute, rare

and valuable capabilities that provide competitiveness and superior performance as expected from a strategic orientation.

The study made by Obeidat, (2016) suggested that an organization's technology orientation could lead to the development of more innovative, technologically superior products compared to those offered by competitors. Technology orientation would have significant contribution to the improvement of product performance and business performance. In addition, Zhou et al. (2005) discovered that technology orientation has a positive effect on technology-based innovations, which in turn have a positive effect on organization performance. On the contrary, the study made by Hakala & Kohtamaki, (2010) that examined the interplay between EO, TO and customer orientation argued that technology orientation has no direct significant relationship with performance. Hortinha *et al.* (2011) also reported that technology orientation does not affect performance directly.

Hence, the following hypothesis can be developed:

H3: technology orientation has positive relation with organizational performance

d). Learning Orientation

As explained by Hakala (2011) learning may be viewed as the development or acquisition of new knowledge which has the potential to influence behavior; a more rigorous view assumes that learning actually results in new behaviors or value creation. So, learning orientation is viewed as the organization's propensity to create and use knowledge. Therefore, the dimensions of learning orientation can be conceptualized as shared vision, open mindedness and commitment to learn.

Furthermore, Hakala, (2011) emphasized the possibility to see learning orientation as encompassing the market and technology orientations, as obtaining, sharing and using market knowledge. Hakala (2011) also argued that the development of new technologies, products or processes can also be seen as specific forms of learning. On the contrary, as per Sinkula *et al.* (1997) as cited by Hakala, (2011) it has been stated that the commonly used measures of learning orientation do not deal specifically with the aspects of customers, competitors or technologies.

The study made by Lonial (2015) also stated that employees can be encouraged to challenge the prevailing norms by ‘thinking outside the box ‘ and thereby re-inventing themselves in the face of complex, challenging, and dynamic environments if organizations have strong learning orientations. It has been also noted that the positive relationship between learning orientation and performance is based on the notion that organizations that can learn from their environment are more quickly adapt to changing business scenarios than their respective competitors, provided that there is rapid improvements in product and/or service quality. In turn, these tendencies lead to enhanced firm outcomes and ongoing competitive advantage and superior performance. However, Lonial (2017) argued that the impact of LO on performance of the organization may vary by company size. In particular, smaller firms may exhibit less commitment to learning than their larger counterparts. Therefore, the following hypothesis can be developed:

H4: Learning orientation has positive relation with organizational performance

2.2.5. Organizational Performance

As stated by Faisal, Hermawan, & Arafah, (2018), Performance is generally known as a measure of success in strategic decision making that increases the efficient and effective usage of resources to maintain business continuity.

As explained by Meilak, & Bonnici, (2015) strategists focus on profitability, efficiency, product quality, and technical progress when they measure performance; and they claimed that organizational performance can be affected by several industry factors, including the concentration of competitors in the industry, barriers to enter the market, economies of scale, product differentiation, and diversification.

Regarding the relationship with strategic orientation, the study made by Altunta et al (2013) stated that numerous studies reflect a positive relationship between strategic orientation and superior performance; and strategic orientation determines the organization’s response to changes in the industry environment and becomes a primary driver of the extent and kinds of innovation efforts the organization makes.

Ahmed, Khuwaja, & Othman, (2018) described three items, namely strategic orientation, organizational culture and organizational commitment as the organizational unique internal

resources and strategic attributes which helps in achieving the superior organizational performance and competitive advantage over rivals.

The study made by Aghazadeh, (2015), explained that business performance composed of three main components: customer performance (satisfied and loyal customer), market performance (sales volume and market share) and financial performance (profit, ROI). Therefore, in order to evaluate business performance, market performance and financial performance were employed.

2.2.6. Strategic Orientation and Organizational Performance

In connection with the study of the relation between strategic orientation and organizational performance, a number of studies such as Saebi, Lien, & Foss, (2017), have identified different variables including market orientation, entrepreneurial orientation, learning orientation, technology orientation as the predictors of organizational performance and dimensions of strategic orientation.

Regarding the relationship between strategic orientation and organizational performance, Hakala (2010) proposed a commonplace terminology for strategic orientation dimensions in a way that the concerns of market orientation is mainly with the external environment of the organization, its customers, and competitors and changing market knowledge into valuable actions, while technology orientation deals with the same dilemma of customer value from an internal perspective. In order to create customer value and seize competitive advantage, new technologies, products and services can be seen as key for the organization's performance. Furthermore, entrepreneurial orientation suggests that certain kinds of behaviors or processes –namely the innovative, proactive and risk-taking activities of the organization- drive successful development (Ibid). The views of learning orientation takes a general perspective suggesting that learning, be it from markets, or with regard to technology or processes, changes the recognized opportunities into actions and can be taken as the key enabler of an organization's performance. Hakala (2010) argued that Performance is a multidimensional, relative and subjective construct that relates to managerial insight about the outcomes of the organization in relation to the goals they have set.

2.3. Empirical Review

Barrett et al. (2005) posit that creativity and its link with LO, MO, EO and organizational flexibility and creativity's effect on the Learning orientation -Performance relationship by taking data with snowball sample of 267 from 23 US non-profit firms and found out that Market Orientation, Learning Orientation, Entrepreneurial Orientation correlates with each other and with performance. On the contrary, Becherer and Maurer (1997) studied on the relationship of marketing orientation and entrepreneurial orientation to organizational performance and the moderating effects of the environment, taking 215 entrepreneurs led US firms and found that MO and EO correlate, but MO does not affect performance. In addition, Berry (1996) conducted a study on small high-tech firm's evolution from a technology-driven to a market-led management philosophy with survey of 257 firms in UK science parks and more than 30 interviews and found out that firms develop from technology orientation to Market orientation as they grow. Farrell and Oczkowski (2002) as cited by Hakal (2010) had also empirically tested the relationship of market orientation, learning orientation and organizational performance using 340 of the top 2000 manufacturing firms in Australia and found out that firms may have market orientation without learning orientation or both and market orientation explains performance better.

Furthermore, Hult et al. (2004) studied the relationship of market orientation, entrepreneurial orientation and Learning orientation as antecedents of innovativeness, and further relationship between innovativeness – business performance in the context of varying market turbulence using 181 large US industrial firms and found out that market orientation, entrepreneurial orientation and learning orientation positively affect innovation, the effect of market orientation is greater under strong market turbulence. Li (2005) studied on impact of MO, TO and EO on managerial networking on firm performance using 181 foreign invested firms in China and concluded that MO, TO and EO have different effects on managerial networking that has positive impact on performance.

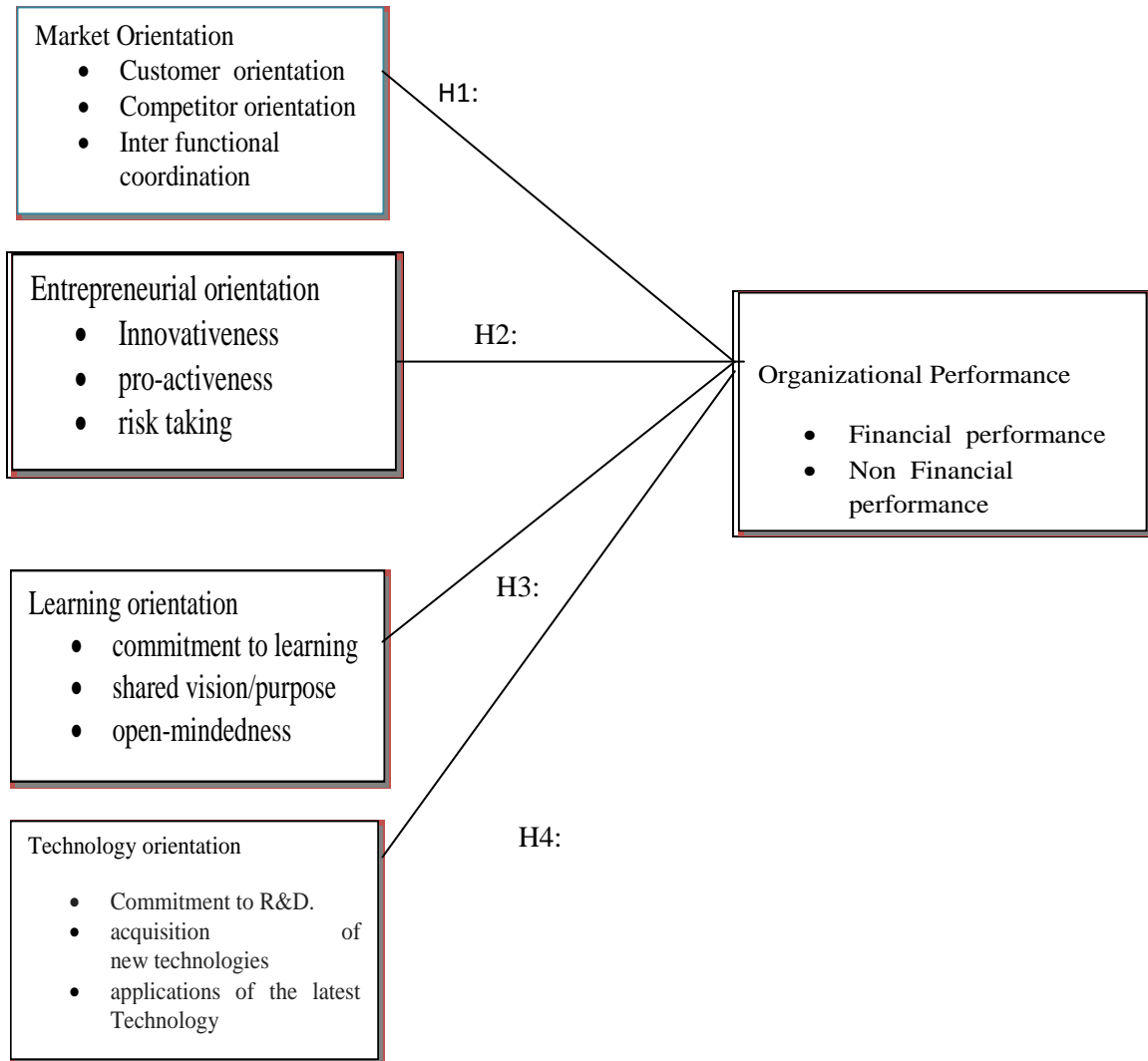
As cited by Hakala(2010), Zhou et al. (2005), conducted a study on conceptualizing and testing of a model that links different types of strategic orientations and market forces, through organizational learning, to breakthrough innovations and firm performance using 350 Chinese respondents in consumer product sectors and found out that MO facilitates technology-based innovations but inhibits innovations that target emerging market segments (i.e., market-based innovations), TO beneficial to technology-based innovations but has no impact on market-based innovations and EO facilitates both types of innovations. A study made by Hakala (2010)

concluded that the current state of knowledge appears to suggest that the effective level of the focus of a firm on markets or technologies, entrepreneurial or learning appears to depend on the level of environmental dynamism and its internal culture.

In general, several empirical studies have attempted to explain the relationship between strategic orientation and organizational performance. For example, a study made by Innocent, (2015), showed positive correlation, a study made by Lee et al., (2001) indicated weak correlation and a study made by Slater and Narver, (2000) showed no correlation. Although, some past studies such as Obeidat, (2016); Al-Ansaari, Bederr, & Chen, (2015); Altuntaş, Semercioz, & Eregez, (2013); Deshpandé et al. (2013), showed that strategic orientation did not affect the organizational performance. In contrast, as cited by Hakala (2010) some studies like Innocent, (2015); Eris & Ozmen, (2012); Altindag, Zehir, & Acar, (2011) found that strategic orientation has a positive effect on organizational performance. Song & Jing, (2017) argued that this contradiction of results is due to the adoption of different measures of strategic orientation and organizational performance.

2.4. Conceptual framework

Figure 1: Conceptual framework



Source: Researcher (2020)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter presents the research methodology applied in the study including the research approach, research design, population of the study, sample design, sample size, data reliability and validity and ethical consideration in the research process.

3.2. Research Approach

According to Creswell, (2009), research approaches are plans and procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. There are three research approaches; namely qualitative, quantitative and mixed methods.

As stated by Creswell (2009), *Qualitative research* is an approach for exploring and understanding the meaning that individuals or groups ascribe to a social or human problem.; and data analysis is inductively built from particulars to general themes, and the final written report has a flexible structure with a prime concern of establishing answers to the 'why and how' questions of the phenomenon and the findings are subjectively presented in a written format instead of numerical. While, *quantitative research* is an approach for testing objective theories by examining the relationship among variables. And, *mixed methods research* is an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. Creswell (2009) argued that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone

In view of the above concepts, this research was designed to use the quantitative approach where the relationship between different variables was empirically tested. That is, strategic orientations such as market, entrepreneurial, learning and technology orientations were taken

as independent variable and organizational performance was dependent variable. In addition, the inter-relation between the independent variables was tested.

3.3. Research Design

According to Creswell, (2009), research designs are types of inquiry within qualitative, quantitative, and mixed approaches that provide specific direction for procedures in a research. In other word, research design is the overall strategy that the researcher chooses to integrate the different components of the study in a coherent and logical way, thereby, ensuring the researcher will effectively address the research problem and research questions. It is the conceptual blueprint within which research is conducted.

According to Akhtar , (2016) , there are four types of research designs, namely exploratory, descriptive, explanatory and experimental.

An exploratory research design is conducted when there are few or no earlier studies about the research problem and has a purpose to achieve new insights into a phenomenon. The focus is on gaining insights for further investigation. Exploratory studies are usually more appropriate in case of problems about which little research knowledge is available; and mainly concerned with an area of subject matter in which hypothesis have not been formulated. The researcher's task is, therefore, to review the available material with the possibilities of developing a hypothesis from it.

Descriptive research, also known as statistical research, is used to describe phenomena as they exist. This type of research describes social events, social structure, social situations, etc. As stated by Akhtar, (2016), descriptive research answers the questions, what, who, where, how and when; and used to study the current situation. Descriptive research aim at portraying accurately the characteristics of a particular group or situation, one may undertake a descriptive study about the works in a factory, their age distribution, their community-wise, distribution, their educational level, their state of their physical health and so on also one may study the conditions of work in a factory health, safety and welfare.

Explanatory research design is conducted when the research is mainly concerned with causes or 'why' factor about some phenomenon. The research purpose in this case is to gain familiarity in unknown areas. Often explanatory research design is used to formulate a

problem for specific investigations, or aim at formulating research design. The hypothesis in an explanatory research states the relationship between two or more variables.

Experimental Research is research design that is used to test a causal relationship under controlled situation. In other words, it is a design in which some of the variables being studied are manipulated or which seek to control the condition within which persons are observed.

In view of the above research design typologies, this research was designed as both descriptive and explanatory in that the relationship between independent variables (market, entrepreneurial, learning and technology orientations) and organizational performance; and the interrelationship between the independent variables and correlations were empirically tested with regression model; and descriptive analysis was used to describe the statistical composition of the respondents.

3.4. Research Population

As defined by Mann, (1995) a population consists of all elements of individuals, items or objects whose characteristics are being studied. The study has targeted on individuals and groups who have involvement on strategic aspects. Therefore, the target population in this study involves all managers and professionals working at both corporate and branch levels of Addis International Bank. In this regard the target population included directors, customer service managers and division managers, and senior officers of the bank. The total number of targeted population was 139. The very reason for targeting these managerial and professional workers was due to the fact that most of the strategic issues and performance measures are assumed to be handled by them.

3.5. Data collection

A self administered structured questionnaire was used to collect data from the targeted respondents. Since the survey was self administered, the participants were requested to return the questionnaire within a week time. Since the total number of the population in strategic issues in the bank is small, a census was preferred for collecting data.

The study was a quantitative type of research with the structured questionnaire that contains questions about the dependent and independent variables. The constructs of the dependent and Independent variables are adapted from the studies of Narver et al. (2004), Olson et al,

(2005), Han et al., (1998), Babu (2017), Dutta, Gupta & Chen (2016), XIE Hongming, LIU Changyong, CHEN Chunhui (2007), Hakala, (2010) & obeidat (2019).

The questionnaire contains six questions for demographic information, 17 questions for market orientation measures, 10 questions for entrepreneurial orientation, 14 questions for learning orientation, 9 questions for technology orientations and 9 questions for organizational performance measures. The five point Likert scale of measurement was used to measure the independent variables in the form of 1 for 'strongly disagree', 2 for 'disagree', 3 for 'neutral', 4 for 'agree' and 5 for 'strongly agree'. While in the measure of organizational performance, respondents will respond 1 for very low, 2 for low, 3 for average, 4 for high and 5 for very high.

3.6. Data Analysis

With regard to data analysis, the study used both descriptive and explanatory analyses; and linear regression and correlation to analyze the impact and relationship between variables using statistical package for social sciences (SPSS v 24). Descriptive statistics used mainly to organize and summarize the general information's of the respondent. In inferential Cronbach's Alpha test was utilized to ensure reliability of the items.

In the survey, the variable used to indicate market orientation was computed from the mean scores of the constructs of customer orientation, competitor orientation and inter-functional coordination. Similarly, the computed variable, entrepreneurial orientation was computed from the constructs of pro-activeness, risk taking and innovativeness. The mean scores of learning orientation were computed from commitment to learning, shared vision and open-mindedness. The mean scores of technology orientation were computed from commitment to R&D, acquisition of new technology and application of latest technology.

In the study, three type statistical analyses were applied i.e. descriptive statistics, correlation and multiple regression analysis. Descriptive analysis were used to summarize the demographic characteristics of the respondents and to know the level of employees perception of strategic orientations and organizational performance based on the response of respondents and hence analyzed by comparing the mean and standard deviation score of each variable. According to Zaidatol & Bagheri (2009), the mean score *below 3.39* is considered

as *low*; the mean score from **3.40 up to 3.79** is considered as *moderate* and mean score *above 3.8* is considered as *high* as shown below:

Table 2. Comparison Bases of Mean Score of Five Point Likert Scale Instruments

| s/n | Mean score | Description |
|-----|-------------|-------------|
| | ≤ 3.39 | Low |
| | 3.4- 3.79 | Moderate |
| | ≥ 3.8 | High |

Source: Zaidatol & Bagheri (2009)

Multiple linear regression analysis was used to test the relationship between the explanatory variables and the dependent variable; and the relationship among the predictor variables was tested by Pearson’s Correlation. In addition, normality, multicolliniarity, homoscedasticity have been confirmed before conducting regression.

3.7. Reliability and Validity

As stated by Heale & Twycross (2015) reliability and validity are the two distinct criteria by which researchers evaluate their measures. They defined reliability as a consistency across time (test-retest reliability), across items (internal consistency), and across researchers (inter-rater reliability), and validity is the extent to which the scores actually represent the variable they are intended to (ibid).

Homogeneity refers to the internal consistency of the data and can be assessed using item-to-total correlation, split-half reliability, Kuder Richardson coefficient and Cronbach’s Alpha. According to Heale & Tycross (2015), Cronbach’s Alpha is the most commonly used test to determine the internal consistency of an instrument. The Cronbach’s α result is a number between 0 and 1; and it will be acceptable if the reliability score is 0.7 and higher. But, because of the reason that the study was conducted only for one time purpose, no need of testing the stability test. Equivalence is assessed through inter-rater reliability. This test includes a process for qualitatively determining the level of agreement between two or more observers or between researchers. But, as there only one researcher and the study was meant for academic purposes, there was no need of testing equivalence. Therefore, reliability

measure was assessed for only homogeneity or internal data consistency using Cronbach Alpha test. Hence, the data were found to have better consistency within items if the coefficient of Cronbach Alpha is in the scale closer to 1. George and Mallery (2003), provides the following rules of thumb: >0.9-Excellent, >0.8-Good, >0.7-Acceptable, >0.6-Questionable, >0.5-Poor.

Table 3- Cronbach's Alpha of all variables

| Variable | Reliability Statistics | |
|-----------------------------|------------------------|------------|
| | Cronbach's Alpha | N of Items |
| Market orientation | 0.904 | 17 |
| Entrepreneurial orientation | 0.915 | 10 |
| Learning orientation | 0.940 | 14 |
| Technology orientation | 0.917 | 9 |
| Organizational performance | 0.914 | 9 |

Source: survey result, 2020

As indicated in the above table, Cronbach's alpha of each of the variables was found to be excellent as per George and Mallery (2003) rule of thumb.

3.8. Ethical Consideration

The research was made using primary data collected from the employees and managers of Addis international Bank. The data collection instrument was structured self administered questionnaire filled by respondents through confirming their volunteerism. The researcher had support letter from the university. The respondent's opinion and response were presumed to be kept confidential and for their convenience no need of writing their name was added on the questionnaire. In the body of the research, all the views and opinions of the scholars were properly referenced.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1. Introduction

This chapter presents data analysis and discussion. The collected raw data were analyzed through SPSS version 24 software. The chapter consists of the response rate, the results of demographic characteristic of the respondents, descriptive analysis and inferential statistics and hypotheses testing. The inferential statistical analysis includes the Pearson correlation and multiple linear regressions.

4.2 Response Rate

A total of 139 questionnaires were issued and distributed in person and through email and 105 questionnaires were returned representing a response rate of 75.5% during two weeks time. According to Mugenda & Mugenda, (2003), as cited by Tiberious et al, (2016) a response rate of 50% to 60% is adequate for analysis and a return rate of 60% to 70% and above 70% is excellent.

4.3 Demographic Characteristics of the Respondents

Demographic characteristic of respondents has been gathered with questionnaire to know the age, gender, title or position, work experience and educational level of the respondents. This information is mainly important to the researcher to have some general insights about the collected data. Accordingly, the following table 4 shows the age, gender, position, work experience and educational qualification of the respondents:

Table 4- Demographic characteristic of respondents

| Category | | Frequency | Percentage |
|-----------|--------------------|-----------|------------|
| Work unit | Head office | 54 | 51.4 |
| | Branch | 51 | 48.6 |
| | Total | 105 | 100 |
| Gender | Male | 79 | 75.2 |
| | Female | 26 | 24.8 |
| | Total | 105 | 100 |
| Age | Less than 25 years | 6 | 5.7 |
| | 26-35 years | 54 | 51.4 |
| | 36-45 years | 36 | 34.3 |
| | Above 45 yr | 9 | 8.6 |

| | | | |
|----------------------------|-------------------------------|-----|------|
| | Total | 105 | 100 |
| Title/position in the Bank | Directors and Service Manager | 10 | 9.5 |
| | Division Manager | 22 | 21 |
| | Branch Manager | 40 | 38.1 |
| | Customer service Manager | 11 | 10.5 |
| | Senior officer | 22 | 21.0 |
| | Total | 105 | 100 |
| Educational qualification | Diploma | 2 | 1.9 |
| | Bachelor's Degree | 61 | 59.1 |
| | Master's degree | 42 | 40 |
| | Total | 105 | 100 |

Source: Researcher's computation, 2020

Survey result indicated that the 75.2 % of the respondents are male and 24.8% are female in the gender distribution; and in the age distribution, 51.4 % of the respondents are between the age of 26 up to 35 years and 34.3 % are in the range of 36 and 45 years. This indicates that most of the workers in the strategic area of the bank are male and fall in the age range of 26-35 years. As observed in the statistics of educational qualification, 59.1 percent of the respondents hold Bachelor's degree and 40 percent hold Master's degree. This indicates that the strategic issues are mainly handled by highly academic professionals.

4.4. Descriptive Analysis

The descriptive analysis has been made using the mean score of each independent variable for the aim of achieving partial research objectives of the study. Therefore, according to Zaidatol & Bagheri (2009), the mean score below 3.39 is considered as low; the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.8 is considered as high.

Table 5- Descriptive statistic of strategic orientation dimensions

| Descriptive Statistics | | | | | |
|-----------------------------|-----|---------|---------|------|----------------|
| SO- Dimension | N | Minimum | Maximum | Mean | Std. Deviation |
| Market orientation | 105 | 2 | 5 | 3.28 | .583 |
| Entrepreneurial orientation | 105 | 1 | 5 | 2.93 | .776 |
| Learning orientation | 105 | 1 | 5 | 3.30 | .734 |
| Technology orientation | 105 | 1 | 5 | 2.71 | .778 |
| Organizational performance | 105 | 1 | 5 | 2.74 | .603 |
| Valid N (listwise) | 105 | | | | |

Source: survey data, 2020

As observed in the above table 5, all the mean scores of the strategic orientation dimensions were in the range of low scale per the stipulation of Zaidatol & Bagheri (2009). These mean scores and standard deviation of strategic orientation dimensions show the strategic orientation practices observed in the bank. Therefore, viewed from the cultural perspectives, the market orientation of the bank has a low extent of customer value creation, competitors' analysis and inter-functional coordination ($M=3.28$, $SD=.583$), and the low standard deviation indicates that the variation in responses of the observation is low. Similarly, the entrepreneurial orientation represented by pro-activeness, risk taking and innovativeness of the bank found to be in lower position ($M=2.93$, $SD=.776$). In the same manner, learning orientation expressed by commitment to learning, shared vision and open mindedness were also found to be in lower level ($M=3.30$, $SD=.734$). Furthermore, technology orientation represented by the bank's commitment to research and development, acquisition of new technology and application of the latest technology have been found to be in a lower extent ($M=2.71$, $SD=.771$). In addition, the mean scores of marketing orientation and learning orientation, 3.28 and 3.3 respectively were higher than the mean scores of organizational performance (2.74) indicating that the large scale marketing and learning activities were not ended with high organizational performance. This situation implies that there were no positive relationships between these strategic orientations with organizational performance. On the other hand, the mean score of technology orientation was smaller than the mean score of organizational performance. This indicates that although the technological activities were in a lower level of measurement, it created positive relation with organizational performance.

4.4.1. Descriptive Analysis of Market Orientation

Statistical analysis of market orientation has been made using three constructs: customer orientation, competitor orientation and inter functional coordination: The following tables show the descriptive statistic of independent variables and constructs:

Table 6 Mean and standard deviation of market orientation dimensions

| Descriptive Statistics | | | | | |
|--------------------------------|-----|---------|---------|------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Customer orientation | 105 | 2 | 5 | 3.38 | .641 |
| Competitor orientation | 105 | 1 | 5 | 3.21 | .685 |
| Inter functional coordination. | 105 | 2 | 5 | 3.13 | .724 |
| Valid N (listwise) | 105 | | | | |

Source: survey result, 2020

As indicated in the above table 6, all the mean scores of market orientation major constructs are on low scale of measurement according Zaidatol & Bagheri (2009) definition. This implies that the bank has low extent of customer value creation (M= 3.38, SD=.641) and low degree of competitors' analysis (M= 3.21, SD=.685) with low inter-functional coordination. This might negatively affect the customer base, the bank's competitiveness in the industry and result in decline in market share and functional disintegration.

Table 7. Mean and standard deviation of customer orientation

| Customer orientation | N | Mean | Std. Deviation |
|---|-----|-------------|----------------|
| In the present banking business , customers' product preferences change rapidly | 105 | 4.05 | .903 |
| Our customers regularly ask for new products and services | 105 | 4.02 | .808 |
| Our Bank is increasingly offering financial solution to customers | 105 | 3.33 | .840 |
| Our bank is continuously trying to discuss additional services | 105 | 3.16 | .942 |
| Employees regularly discuss how customers use our products /services | 105 | 3.10 | 1.018 |
| The bank strongly emphasize customer satisfaction | 104 | 3.41 | .972 |
| The bank places strong emphasis on understanding customers' needs | 105 | 3.18 | 1.045 |
| The bank is willing to respond quickly to customer suggestions | 105 | 2.98 | .990 |
| The bank focuses on providing customers with superior service | 104 | 3.21 | 1.058 |
| Valid N (listwise) | 103 | | |
| Overall mean | | 3.38 | |

Source: survey result, 2020

As shown in the above table 7, the overall mean in the descriptive statistics of customer orientation of the bank was 3.38, indicating that the bank has low customer orientation as per Zaidatol & Bagheri (2009), stipulation of mean score. In addition, the highest mean score (M=4.05, SD=0.903) indicates that the present banking business, customers' product preferences change rapidly; and customers regularly ask new products and services (M=.4.02, SD=.808). However, the bank has low extent of offering financial solutions to customers (M=3.33, SD=.840) and the bank has low intention to try additional services (M=3.16,SD=.942) and low employees discussion how customers use the bank's products and services (M=3.10, SD=1.018) where the higher standard deviation indicates that the variation in responses from the mean is high. On the other hand, the bank gives moderate emphasis to customer satisfaction (M=3.41, SD=.942) and give lower emphasis to understanding customers' needs (M=3.18, SD=1.045). Similarly, the bank's promptness to respond quickly to customers' suggestions was low (M=2.98, SD=.990). In the same manner, the bank has low focus on providing customers with superior services (M=3.21, SD=1.058) but the respondents variation was high.

The lower mean score indicates that the bank has low performance in customer orientations. This situation negatively affects the profitability and market share growth of the bank and endangers its survival. Therefore, the bank need to take corrective measures through enhancing its customer service in line with the rapidly changing customer preferences, offering enhanced financial services to customers, enhancing its responsiveness to customer suggestions and conducting periodic customer satisfaction survey.

Table 8. Mean and standard deviation of competitor orientation

| Descriptive Statistics | | | |
|--|-----|-------------|----------------|
| Competitor orientation | N | Mean | Std. Deviation |
| Employees throughout the organization discuss competitive activities | 105 | 3.20 | .801 |
| Our bank regularly collects competitors' activities | 104 | 3.30 | .858 |
| The Bank continuously evaluates the key strength and weakness of key competitors | 105 | 3.13 | .921 |
| Valid N (listwise) | 104 | | |
| Overall Mean | | 3.21 | |

Source: survey result, 2020

As indicated in the above table 8, the overall mean score was 3.21 implying that the bank has low competitors' orientation. In clear terms, employees in the bank discuss, in a lower extent, about competitive activities (M=3.2,SD=.801); there was low regularity in collecting competitors' activities (M=3.3,SD=.858) and there was low continuity in evaluating the key strengths and weakness of the key competitor (M=3.13,SD=.921).

Table 9 Mean and standard deviation of inter-functional coordination

| Descriptive Statistics | | | |
|--|----------|-------------|-----------------------|
| | N | Mean | Std. Deviation |
| Inter –functional coordination | | | |
| The Bank's managers discuss how everyone in the bank can contribute to creating customer value | 105 | 3.50 | .911 |
| The bank's staff communicate information about our good and bad customer experiences across all departments | 105 | 2.99 | .935 |
| The Bank's top management from every function regularly visit the branch's current and prospective customers | 105 | 2.76 | 1.088 |
| All of our business functions and departments are responsive to one another's needs and requests | 103 | 3.21 | .882 |
| All of our departments are integrated in serving the needs of our target markets | 104 | 3.17 | .929 |
| Valid N (listwise) | 102 | | |
| Over all Mean | | 3.13 | |

Source: survey result, 2020

As indicated in the above table 9, the bank has low inter departmental coordination as the overall mean was 3.13. This low overall mean was the result of the following: on the average, managers in the bank discuss how everyone can contribute to creating customer value (M=3.50, SD=.911) and the bank's staff communicates in lower extent with each other about the bad and good experience of customers (M= 2.99, SD=.935). Similarly, there was low regular visit to existing and potential customers by top management (M=2.76, SD=1.088) but the high standard deviation indicates the high variation in responses from the mean in the observation. In the same manner, there was low responsiveness to one another's needs and requests of all the business functions and departments (M= 3.21, SD=.882); and

there was low integration of all departments in serving the needs of the bank’s target customers.

In general, although the bank’s top management had average discussions on how everyone in the bank can contribute in creating customer value, there was low experience in internal communication and knowing the bank’s customers, lower regular visit to existing and attracting potential customers, and lower inter functional coordination. This, in turn, was an indication for lack of strategic alignment on functional strategies.

4.4.2. Descriptive Analysis of Entrepreneurial Orientation

Statistical analysis of entrepreneurial orientation has been made using three constructs: pro-activeness, Risk taking and Innovativeness. The following tables show the descriptive statistic of these constructs variables.

Table 10- mean and standard deviation of Entrepreneurial orientation variables

| Descriptive Statistics | | | | | |
|------------------------|-----|---------|---------|------|----------------|
| Entrepreneurial orient | N | Minimum | Maximum | Mean | Std. Deviation |
| PROACTIVENESS | 105 | 1 | 5 | 2.83 | .895 |
| RISK TAKING | 105 | 1 | 5 | 2.99 | .781 |
| INNOVATIVENESS | 105 | 1 | 5 | 2.97 | .927 |
| Valid N (listwise) | 105 | | | | |

Source: survey result, 2020

As observed in the above table 10, the mean scores of the dimensions of entrepreneurial orientation show low scale. This indicates that the entrepreneurial orientation of pro-activeness, risk taking and innovativeness of the bank was in lower extent. But, the study made by Hakala, (2010), argued that the top management’s tendencies toward risk taking, innovativeness and pro-activeness are considered as fundamental to entrepreneurial orientation. The study stressed that when organizations are entrepreneurially-oriented, they can change and shape the environment, explore new and creative ideas that may lead to changes in the marketplace and are willing to commit resources to exploit uncertain opportunities; and they do so proactively ahead of the competition with anticipating future demand.

Table 11 Mean and standard deviation of pro-activeness

| Descriptive Statistics | | | |
|--|-----|------|----------------|
| Pro-activeness | N | Mean | Std. Deviation |
| Our Bank proactively introduces new products and services to customers | 105 | 3.20 | 1.130 |
| Our Bank has a strong tendency to be ahead of others | 104 | 2.77 | 1.017 |
| Our Bank usually takes initiative, rather than be a follower | 103 | 2.49 | 1.008 |
| Valid N (listwise) | 103 | | |
| Overall Mean | | 2.82 | |

Source: survey Result, 2020

As shown in the above table 11, the lower mean scores in the pro-activeness constructs indicates that with small extent the bank proactively introduces new products and services to customers (M=3.20,SD=1.130) but the high standard deviation implies that there was higher variation in responses. Similarly, the bank has low tendency to be ahead of others (M=2.77, SD=1.017) and the bank has low degree of taking initiatives and usually it becomes a follower (M=2.49, SD=1.008).

Table 12 Mean and standard deviation of Risk taking

| Descriptive Statistics | | | |
|---|-----|------|----------------|
| Risk Taking | N | Mean | Std. Deviation |
| Managers of the Bank are willing to take calculated risks | 105 | 3.30 | 1.009 |
| The Bank managers have a tendency to take bold and aggressive decisions | 105 | 2.90 | .894 |
| The Bank is open to pursuing risky projects | 103 | 2.74 | .980 |
| Valid N (listwise) | 103 | | |
| Over all Mean | | 2.99 | |

Source: survey result, 2020

As indicated in above table 12, the bank's risk taking practice was low since the overall mean was 2.98; and pursuing risk projects in the bank was limited. Therefore, lower degree of managers' willingness to take calculated risks (M=3.30, SD=1.009); lower proclivity to

take bold and aggressive decisions (M=2.90, SD=.894) and low degree openness to pursue risky projects (M=2.74, SD=.980).

Table 13 Mean and standard deviation of innovativeness

| Innovativeness | N | Mean | Std. Deviation |
|---|-----|------|----------------|
| Our Bank used to look for new ways to do things | 104 | 2.95 | 1.046 |
| Our Bank continuously improves and innovate its way of doing business | 103 | 2.76 | 1.033 |
| Managers in the Bank are willing to engage in new innovations | 105 | 3.12 | 1.062 |
| Our Bank managers have a strong proclivity/ tendency for innovation | 105 | 3.01 | 1.005 |
| Valid N (listwise) | 103 | | |
| Overall mean | | 2.97 | |

Source: survey result, 2020

As indicated in the above table 13, innovativeness as one dimension of entrepreneurial orientation has mean score of 2.96. This shows that the bank has low innovativeness resulted from managers' proclivity, willingness and engagement in new innovations. But, the bank in general has limited experience in looking for new ways to do things and continuous improvement in its way of doing business through innovation. In clear terms, to a small extent, the bank used to look for new ways of doing things (M=2.95, SD=1.046); there was a low extent of continuous improvement to innovate its way of doing business (M=2.76, SD=1.033). similarly, managers in the bank , were less willing to engage in new innovations (M=3.12,Sd=1.062) and manager had low tendency to innovation(M=3.01,Sd=1..005).

4.4.3. Descriptive Analysis of Learning Orientation

Descriptive statistic of learning orientation has been analyzed using mean and standard deviation of three constructs; namely, commitment to learning, shared vision and open mindedness. The following tables show the mean and standard deviation of these constructs:

Table 14 Mean and standard deviation of learning orientation variables

| Descriptive Statistics | | | | | |
|------------------------|-----|---------|---------|------|----------------|
| Learning orientation | N | Minimum | Maximum | Mean | Std. Deviation |
| COMMITMENT TO LEARN | 105 | 1 | 5 | 3.51 | .806 |
| SHARED VIION | 105 | 1 | 5 | 3.13 | .839 |
| OPEN_MINDEDNESS | 105 | 1 | 5 | 3.24 | .881 |
| Valid N (listwise) | 105 | | | | |

Source: survey result, 2020

As observed in the above table 14, mean scores of one of the constructs of learning orientation (commitment to learning) falls in the range of moderate score (M= 3.51 and SD=.806) and the other two , shared vision and open mindedness show low mean score (M= 3.13,SD0.839) and (M=3.24, SD=.881), respectively. This indicates that the bank has lower learning orientations with average commitment to learn and the bank has been giving low emphasis to learning as the key to competitive advantage. However, Hakala (2011) argued that learning may be viewed as the development or acquisition of new knowledge which has the potential to influence behavior; a more rigorous view assumes that learning actually results in new behaviors or value creation. So, learning orientation can be viewed as the organization’s propensity to create and use knowledge. In his study, it has been emphasized that the possibility to see learning orientation as encompassing the market and technology orientations, as obtaining, sharing and using market knowledge; and the development of new technologies, products or processes can also be seen as specific forms of learning. On the contrary, as per Sinkula *et al.* (1997) as cited by Hakala, (2011) it has been stated that the commonly used measures of learning orientation do not deal specifically with the aspects of customers, competitors or technologies.

Table 15 mean and standard deviation of commitment to learning

| Descriptive Statistics | | | |
|---|----------|-------------|-----------------------|
| Commitment to Learning | N | Mean | Std. Deviation |
| Managers basically agree that our employees' ability to learn is the key to our competitive advantage | 104 | 3.66 | .931 |
| The basic values of the bank include learning as key to improvement | 105 | 3.65 | .888 |
| The bank at all levels senses that employee learning is an investment, not an expense | 105 | 3.39 | 1.014 |
| Learning in the bank is seen as a key item necessary to guarantee organizational survival | 105 | 3.51 | .931 |
| The collective wisdom in this bank is that once we quit learning, we endanger our future | 103 | 3.34 | .966 |
| Valid N (listwise) | 102 | | |
| overall Mean | | 3.51 | .806 |

Source: survey result, 2020

The survey result of table 15 shows that the overall mean for commitment to learning is in moderate extent (M=3.51, SD=.806). And, in the moderate extent, managers in the bank agreed that employees' ability to learn is a source of competitive advantage (M=3.66,SD=.931), learning was taken an investment instead of an expense (M=3.39, SD=1.014), and in a lower extent, the collective wisdom that quitting learning endanger the bank's future (M=3.34, SD=.966) and on the average, learning guarantee the bank's survival (M=3.51,SD=.931) learning as a key to improvement (M=3.65, SD=.888). The low standard deviation implies that the respondents were in agreement to the respective observation.

Table 16 Mean and standard deviation of shared vision

| Descriptive Statistics | | | |
|--|----------|-------------|-----------------------|
| Shared vision | N | Mean | Std. Deviation |
| There is a well-expressed concept of ‘who we are’ and ‘where we are going’ as a business unit | 105 | 3.20 | 1.013 |
| There is a total agreement on our bank’s vision across all levels, functions, divisions and branches | 105 | 3.06 | 1.036 |
| All employees are committed to the goals of this bank | 105 | 3.14 | .965 |
| Employees consider themselves as partners in charting the direction of the bank | 104 | 3.11 | .923 |
| Top management of the bank believes in sharing the vision for bank with the lower levels | 103 | 3.10 | 1.043 |
| Valid N (listwise) | 103 | | |
| Grand Mean | | 3.12 | |

Source: survey result, 2020

As observed in the above table 16, the over mean scores in the descriptive statistics of shared vision were in the range of low scale. Therefore, the employees in the bank have low shared vision. Among the employees, there is a lower extent of well expressed concept of ‘who we are’ and ‘where we are going’ as a business unit. Similarly, there is a lower extent of agreement on the bank’s vision across all levels: functions, divisions and branches. In addition, all the employees of the bank are committed in a lower extent to the goals of the bank and somehow they consider themselves as partners in charting the direction of the bank. In the same manner, the top management of the bank believes with a lower extent in sharing the vision of the bank to lower levels. However, the higher standard deviation indicates that there is variance of respondents in the observations.

Table 17 mean and standard deviation of open-mindedness

| Descriptive Statistics | | | |
|--|-----|------|----------------|
| Open mindedness | N | Mean | Std. Deviation |
| We are not afraid to reflect critically on the shared assumptions we have about the way we do business | 103 | 3.30 | .958 |
| Our business unit places a high value on open-mindedness | 104 | 3.34 | .961 |
| Managers encourage employees to “think outside of the box.” | 105 | 3.19 | 1.029 |
| Original ideas are highly valued in our bank | 105 | 3.12 | 1.133 |
| Valid N (listwise) | 103 | | |
| Over all Mean | | 3.24 | |

Source: survey result, 2020

As shown in the above statistical result, the overall mean scores are in the range of low scale. Therefore, there was low extent of open mindedness in the bank ($M=3.24$, $SD=.888$). It also indicates that employees in the bank afraid to reflect critically on the shared assumption they have about the way they do business ($M=3.3$, $SD=.958$); business units in the bank place lower value on open mindedness ($M=3.34$, $SD=.961$). Similarly, managers encourage employees in a lower extent to ‘think outside the box’ ($M=3.19$, $SD=1.029$); employees’ original ideas were valued in low extent in the bank ($M=3.12$, $SD=1.133$). High standard deviation ($SD>1.0$), there is high variance of responses in the observation. In contrast this survey result, the study made by Lonial (2015) stressed that employees can be encouraged to challenge the prevailing norms by ‘thinking outside the box ‘ and thereby re-inventing themselves in the face of complex, challenging, and dynamic environments if organizations have strong learning orientations.

4.4.4. Descriptive analysis of Technology orientation

Descriptive analysis of technology orientation has been made by using the mean and standard deviation of three constructs, namely, commitment to research and development, acquisition of new technology, and application of latest technology. Therefore, the mean and the standard deviation of these variables were indicated in the following tables:

Table 18 Mean and standard deviation of technology orientation variables

| Descriptive Statistics | | | | | |
|---|----------|----------------|----------------|-------------|-----------------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Commitment to R&D | 105 | 1 | 5 | 2.60 | .849 |
| Acquisition of new technology | 105 | 1 | 5 | 2.59 | .892 |
| Application of latest technology | 105 | 1 | 5 | 2.93 | .881 |
| Valid N (listwise) | 105 | | | | |

Source: survey Result, 2020

The above table 18, show that the mean score of the respondents were very low indicating that the information technology function has low commitment to research and development, acquisition and application of new and latest technology. This low extent of technology orientation was in contrast to the study made by Halac, (2015), where technology orientated organizations emphasized on living up with high degree of commitment to research and development, acquisition of new technologies and applications of the latest one; and technology orientation as a strategic orientation can be thought as a culture-based, organization-specific and consisting of complex capabilities built up on Resource Based View of technology intensive products that were hard to imitate, hard to substitute, rare and valuable capabilities that provide competitiveness and superior performance as expected from a strategic orientation.

Table- 19. Mean and standard deviation of commitment to R&D

| Descriptive Statistics | | | |
|---|-----|------|----------------|
| Commitment to R&D | N | Mean | Std. Deviation |
| Our bank’s product development programs are more ambitious than our competitors | 105 | 2.60 | 1.006 |
| Our bank is very active in developing new technologies | 105 | 2.59 | .978 |
| Our bank is often strives to be first to try out new methods and technologies | 105 | 2.61 | 1.024 |
| Valid N (listwise) | 105 | | |
| Grand Mean | | 2.60 | .849 |

Source: survey result, 2020

As shown in the above table 19, the overall mean scores of the commitment to research and development is low ($M=2.60, SD=.849$); indicating that the bank’s product development programs were lesser ambitious than competitors ($M=2.6, SD=1.006$), but there is high variance in the responses of observations. Similarly, the bank has low activity in developing new activities ($M=2.59, SD=.978$). Furthermore, the bank strives with a lower effort to be first to try out new methods and technologies ($M=2.61, SD=1.024$), but there was high standard deviation indicating that there was high variation in responses on the observation.

Table 20 Mean and standard deviation of acquisition of new Technology

| Descriptive Statistics | | | |
|--|-----|------|----------------|
| Acquisition of new Technologies | N | Mean | Std. Deviation |
| Our bank’s investment to acquire the latest technologies and future forecasted technological changes is high | 105 | 2.52 | 1.029 |
| Our bank purchases and uses new technologies to position itself ahead of competitors | 105 | 2.46 | .981 |
| The bank’s Management actively seeks innovative ideas | 104 | 2.77 | 1.026 |
| Valid N (listwise) | 104 | | |
| Grand Mean | | 2.58 | |

Source: survey result 2020

The above table 20 shows that the bank has low investment to acquire the latest technologies that fulfill future needs of customers (M=2.52,SD=1.029) but there was high variations in responses on the observation; and the bank’s management has low experience in seeking and acknowledging innovative ideas(M=2.77,SD=1.026); and the extent to which the bank purchases and uses new technologies to position itself ahead of competitors was low.(M=2.46,SD=.981) . In other words, the bank has low performance in acquiring new technologies.

Table 21 Mean and standard deviations of Application of the latest technology

| Descriptive Statistics | | | |
|--|-----|------|----------------|
| Application of Latest Technology | N | Mean | Std. Deviation |
| Our bank’s policy is to adopt up-to-date technologies | 105 | 2.96 | 1.028 |
| Our bank intends to develop new technologies in order to respond to the changing expectations of our customers | 104 | 2.92 | 1.031 |
| In our bank ‘s employees are encouraged to have new ideas for new services | 105 | 2.92 | .937 |
| Valid N (listwise) | 104 | | |
| Grand Mean | | 2.93 | |

Source: survey result, 2020

As indicated in the above table 21, the mean scores of each construct were low indicating that the bank’s policy to adopt up to date technologies, responding customers’ rapidly changing expectations and encouraging employees for new ideas for new services were low.

4.4.5 Descriptive Statistic of Organizational Performance

Measures of organizational performance can be explained by two dimensions, namely financial performance and non financial performance. The following tables show the mean and standard deviation of these dimensions of organizational performance:

Table 22 Mean score and standard deviation of organizational performance dimensions

| Descriptive Statistics | | | | | |
|------------------------|-----|---------|---------|------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| FIN_PERF | 105 | 1 | 5 | 2.63 | .652 |
| NON_FIN_PERF | 105 | 1 | 5 | 2.88 | .680 |
| OVER ALL PERF | 105 | 1 | 5 | 2.84 | .786 |
| Valid N (listwise) | 105 | | | | |

Source: survey result, 2020

As shown in the above table 22, the overall performance of the bank was found to be low as perceived by branch managers, customer service managers, division managers, senior officers and directors of the bank. The results of the study also indicated that the bank's performance in both financial and non financial performance measures was low. This low organizational performance was resulted from low market orientations in the form of low customer and competitor orientation and lower scale inter-functional coordination, low responsiveness to rapidly changing customer needs and preferences, low innovativeness, pro-activeness and low product development activities and non-abundant technology based products and services.

Table 23 Mean and standard deviation of financial performance

| Descriptive Statistics | | | |
|--------------------------------------|-----|-------------|----------------|
| Financial Performance | N | Mean | Std. Deviation |
| Market share growth | 105 | 2.31 | .858 |
| Growth in Return on investment (ROI) | 104 | 2.57 | .773 |
| Growth in Return on Equity (ROE) | 103 | 2.75 | .737 |
| Growth in Operating income | 102 | 2.76 | .786 |
| Growth in Net income | 103 | 2.77 | .770 |
| Valid N (listwise) | 100 | | |
| Over all mean mean | | 2.63 | |

Source: survey result, 2020

As shown in the above table23, from the financial performance indicators, as per employees' perception market share growth was lower than others. As per the measurement scale defined earlier, all the financial performance indicators fall in the low scale. Therefore, the bank has

low financial performance. The financial performance was derivative of the presence of quality products and services prompt customer services and customer handling experiences. In turn, these attributes were derived from customer value creation with good market and technology orientations.

Table 24 Mean and standard deviation of non financial performance

| Descriptive Statistics | | | |
|--|-----|------|----------------|
| Non –Financial performance | N | Mean | Std. Deviation |
| Success in achieving customer satisfaction | 105 | 2.83 | .753 |
| Success in retaining existing customer | 105 | 3.01 | .714 |
| Success in attracting new customer | 105 | 2.79 | .863 |
| Success in overall performance of the Bank | 105 | 2.84 | .786 |
| Valid N (listwise) | 103 | | |
| Grand mean | | 2.87 | |

Source: survey result, 2020

As shown in the above table 24, per the perception of the employees, all of the non financial performance indicators analyzed in the study show low mean score, the performance of the non financial measures and the overall performance of the bank were low.

From the findings, the standard deviation for all the practices were lower than 1.0 indicating that there was a high level of concurrence among the respondents in their answers.

4.5. Inferential Statistics

Inferential statistics refers to methods of making decisions or predictions about a population based on sample information. It includes probability distribution, hypothesis testing, and correlation and regression analysis. In this study, correlation and regression analyses were used to test hypotheses and determine relationship among variables.

4.5.1. Correlation Analysis

The correlation analysis among independent variables (strategic orientation dimensions) and dependent variable (organizational performance) has been carried out. Correlation analysis helps to find out if relationship between variables exists and how strong it is. The Pearson correlation coefficient has been used if the data is normally distributed. According to Cohen (1988), the value of Pearson’s correlation is divided into three areas. A correlation coefficient between 0.10 and 0.29 indicates a weak correlation, a correlation coefficient

between 0.30 and 0.49 indicates a medium correlation, and a correlation coefficient between 0.50 and 1.0 indicates a strong correlation.

The following table shows the Pearson's correlation of dependent and independent variables.

Table 25 Pearson's correlation analysis

| | | MO | EO | LO | TO | OP |
|----|---------------------|--------|--------|--------|--------|-----|
| MO | Pearson Correlation | 1 | . | . | . | . |
| | Sig. (2-tailed) | | | | | |
| | N | 105 | | | | |
| EO | Pearson Correlation | .726** | 1 | | | |
| | Sig. (2-tailed) | .000 | | | | |
| | N | 105 | 105 | | | |
| LO | Pearson Correlation | .628** | .718** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | | | |
| | N | 105 | 105 | 105 | | |
| TO | Pearson Correlation | .694** | .828** | .655** | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | |
| | N | 105 | 105 | 105 | 105 | |
| OP | Pearson Correlation | .506** | .673** | .457** | .665** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 105 | 105 | 105 | 105 | 105 |

Source: survey result, 2020

According to Cohen (1988) classification of correlation between variables, all the coefficients were in the range of 0.5-1.0 except the relation between learning orientation and organizational performance which was 0.457 and the others had strong correlation. This implies that the independent variables (market, learning, entrepreneurial and technology orientations) were expected to influence organizational performance.

4.5.2 Assumptions Testing in Multiple Regressions

According to Osborne & Waters, (2002) among several assumptions to be fulfilled to conduct multiple regression analysis, linearity, reliability of measurement, homoscedasticity, and normality are the basic ones. In clear terms,

- a) There must be a linear relationship between the dependent variable and independent variables. This relationship can be tested by scatter plots.
- b) The residuals shall be normally distributed.
- c) There must be homoscedasticity in that the variance of error terms is similar across the values of the independent variables. A plot of standardized residuals versus predicted values can show whether points are equally distributed across all values of the independent variables.

a) Normality Test

According to the central limit theorem, as long as the sample size is more than 30; the sample distribution should be normal irrespective of the population distribution. Therefore, as census survey has been conducted in this study, the sample size and target population was equal to 139. However, with 75.5% response rate, the data analysis has been conducted with 105 respondents. According to kline (2011) as cited by Kassie, (2015), for a sample distribution to be normal its skewness has to be less than absolute value of 3 and kurtosis less than absolute value of 8(eight).

Table 26 Assessment of normality using skewness and kurtosis

| Variable | Test | Statistic | Standard error | Computed statistic |
|-----------------------------|----------|-----------|----------------|--------------------|
| Market orientation | Skewness | 0.183 | 0.236 | 0.78 |
| | Kurtosis | -0.357 | 0.467 | (0.76) |
| Entrepreneurial orientation | Skewness | 0.018 | 0.236 | 0.08 |
| | Kurtosis | -0.316 | 0.467 | (0.68) |
| Learning orientation | Skewness | -0.378 | 0.236 | (1.60) |
| | Kurtosis | -0.104 | 0.467 | (0.22) |
| Technology orientation | Skewness | 0.313 | 0.236 | 1.33 |
| | Kurtosis | 0.352 | 0.467 | 0.75 |
| Organizational performance | Skewness | 0.436 | 0.236 | 1.85 |
| | Kurtosis | 0.925 | 0.467 | 1.98 |

| | | | | |
|-----------------------|----------|-------|-------|------|
| Strategic orientation | Skewness | 0.202 | 0.236 | 0.86 |
| | Kurtosis | 0.315 | 0.467 | 0.67 |

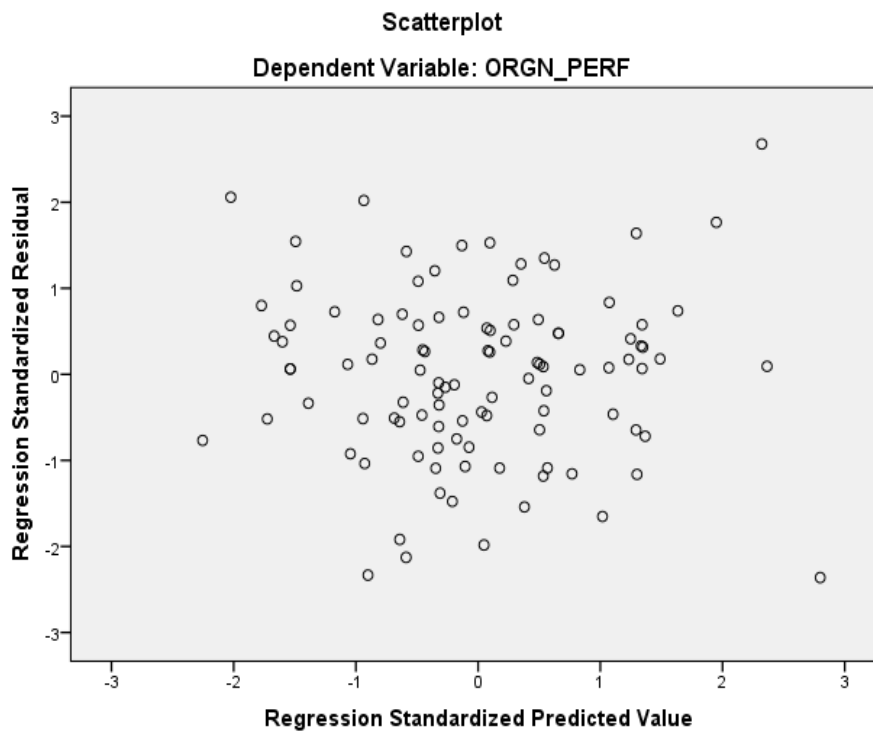
Source; survey result, 2020

As indicated in the table above, the absolute values of the skewness and kurtosis statistic are below three and eight respectively; hence the distribution is normal. According to statistical solution, (2017), if the computed statistic of skewness and kurtosis (computed by statistic divided by standard error) is between +1.96 and -1.96, the distribution is normal.

a) Linearity, Multi collinearity and Homoscedasticity tests

Linearity can be checked by using the scatter plots of the regression analysis

Figure 2. Scatter plot to test homoscedasticity



In the above graph, as there is no clear pattern shown on the scatter plot, homoscedasticity is confirmed (statistical solutions, 2017).

Table 27 Multi-collinearity test

| Coefficients ^a | | | | | | | | |
|---------------------------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 1.249 | .257 | | 4.869 | .000 | | |
| | MKT_ORTN | -.012 | .112 | -.012 | -.107 | .915 | .429 | 2.331 |
| | ENTR_ORTN | .347 | .113 | .447 | 3.076 | .003 | .239 | 4.179 |
| | LRN_ORTN | -.079 | .086 | -.096 | -.914 | .363 | .456 | 2.194 |
| | TECH_ORTN | .283 | .102 | .366 | 2.781 | .006 | .292 | 3.420 |

a. Dependent Variable: ORGN_PERF

Source Regression result 2020

According to statistical solutions (2017), VIF less than 10 are acceptable for the requirements of no multi-co linearity to conduct multiple linear regression analysis. Therefore, as all the VIF results are below 10, it was found to be acceptable to conduct the regression analysis.

4.5.3. Multiple Regression Analysis

According to Mooi et al (2017), regression analysis is a way of fitting a ‘best’ line through a series of observations. Multiple linear regressions has been conducted to identify the relationship and to determine the most dominant variables that influenced organizational performance (Ibid). This regression analysis was conducted to know by how much each independent variable (market orientation, entrepreneurial orientation, learning orientation and Technology orientation) explains the dependent variable (organizational performance). In order to show the impact that each dimension has on the dependant variable, the study checked the Standardized Coefficients, R-square and P-value for significance of the relationship. Under the following regression outputs the beta coefficient may be negative or positive; beta indicates that each variable’s level of influence on the dependent variable. According to statistical solutions (2020), P-value indicates at what percentage or precession level of each variable is significant. R² values indicate the explanatory power of the model.

Table 28 Model summary

| Model Summary | | | | |
|---|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .703 ^a | .494 | .474 | .437 |
| a. Predictors: (Constant), TECH_ORTN, LRN_ORTN, MKT_ORTN, ETRN_ORTN | | | | |

Source : Regression result of SPSS V.24

From the table above, R square (Coefficient of determination) describes the degree to which the model explains the observed variation of organizational performance relative to the mean. It is the coefficient of determination or coefficient of multiple determinations in case of multiple regressions. Therefore, 49.4 % of the variation in the responses is explained by the model. R is a statistical measure of how close the data are to the fitted regression line and how well the model describes the response. In this study, the model describes 70.3 % of the responses. The adjusted R square used to compare the explanatory power of the model that contains different predictors. Therefore, the strategic orientation variables predicted 47.4% and the remaining 52.6% of organizational performance was predicted by other extraneous variables.

Table 29 Analysis of variance

| ANOVA ^a | | | | | | |
|---|------------|----------------|-----|-------------|--------|-------------------|
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 18.672 | 4 | 4.668 | 24.434 | .000 ^b |
| | Residual | 19.104 | 100 | .191 | | |
| | Total | 37.776 | 104 | | | |
| a. Dependent Variable: ORGN_PERF | | | | | | |
| b. Predictors: (Constant), TECH_ORTN, LRN_ORTN, MKT_ORTN, ENTR_ORTN | | | | | | |

The ANOVA test statistic helps to determine whether the difference between group means are statistically significant, examine the group means by comparing them with each other, determine how well the model fits the data and to determine whether the model meets the assumptions of the analysis or not. The total sum of squares shows the deviations of all the observations of the dependent variable from the mean. The portion of the total variability

that is not explained by the model is the residual. Therefore, from the total variability in the observation (37.8%), 19.1 % is not explained by the model. The level of significance is less than 0.05 ($p\text{-value} < 0.05$) it can be concluded that a linear relationship exists between organizational performance and strategic orientation dimensions.

Table 30. Coefficients of the linear equation

| Coefficients ^a | | | | | | |
|---------------------------|------------|-------|-----------------------------|---------------------------|-------|------|
| | | Model | Unstandardized Coefficients | Standardized Coefficients | T | Sig. |
| 1 | (Constant) | 1.249 | .257 | | 4.869 | .000 |
| | MKT_ORTN | -.012 | .112 | -.012 | -.107 | .915 |
| | ETRN_ORTN | .347 | .113 | .447 | 3.076 | .003 |
| | LRN_ORTN | -.079 | .086 | -.096 | -.914 | .363 |
| | TECH_ORTN | .283 | .102 | .366 | 2.781 | .006 |

a. Dependent Variable: ORGN_PERF

Source: Regression Result of SPSS v.24

The sign of the regression coefficient indicates whether there is positive or negative relation between each independent variable and dependent variable. The p-values for the coefficients indicate whether these relationships are statistically significant or not. Therefore, the above table 30 shows that the relationship of market orientation and learning orientation with organizational performance is not significant as the coefficients are negative and significance level is greater than 0.05 ($p\text{-value} > 0.05$). The t-test also shows that the t-statistic of market orientation and learning orientation are less than the table t-value of 1.96 at 2-tailed and 0.05 level of significance; and the t-statistic of entrepreneurial orientation and technology orientation are greater than the table value (1.96 at 2-tailed and 0.05 level of significance). Therefore, the two hypotheses that market orientation has positive influence on organizational performance and learning orientation has positive influence on organizational performance have not been supported. And, the other two hypotheses that entrepreneurial orientation has positive influence on organizational performance and technology orientation has positive relation with organizational performance have been supported.

From the regression result shown in the above table 29, it has been found that holding market orientation, entrepreneurial orientation, learning orientation and technology orientation at zero, the bank's performance will be 1.25. According to the multiple regression result, a unit increase in market orientation, holding other orientations constant, will lead the bank to decline performance by 0.012 (1.2 %.). This implies, marketing activities without enhancement of technology, learning and entrepreneurial orientation cannot be successful. Further, a unit increase in entrepreneurial orientation holding other orientation constant, will lead to increase the bank's performance by 0.347 (34.7%). With the same token, a unit increase in learning orientation holding others constant will result in a decline of performance by 0.079 (7.9%). Similarly, a unit increase in technology orientation, holding other orientations constant will lead to the increase in the bank's business performance by 0.283 (28.3%). Therefore, entrepreneurial orientation from the strategic orientations, dominantly affects the relationship of strategic orientations and organizational performance.

The findings on the relationship between technology orientation and organizational performance was supported by the study made by Chandler, (2000) who argues that technology oriented organizations deploy their resources for acquisition of new and advanced technologies and thereby increase their business performance. Therefore, Organizations can introduce new products and services to ensure customer satisfaction thereby contributing improved performance if they have a high technology orientation. Another support to the findings of this research was the study made by Tsai, (2004) who argued that with technological orientation an organization can increase efficiency by introducing process innovations and secure high product differentiation that lead to improved business performance.

In addition, the findings of this study on the effect of learning orientation on organization performance has been supported by the study of Long (2013) who found that there is no significant relationship between learning orientation and organizational performance. .

The findings also highlight that the need for managers to be more proactive, more innovative and take risk in their investment decisions. These will improve the development of exploration and exploitation of new ideas. In addition, the bank's management that needs

superior performance should constantly learn from their environment. And, the results suggest that owners and managers of the bank should invest more in developing new technologies and utilization of the available technologies. Therefore, based on the results of this study it has been concluded that the bank needs to combine its entrepreneurial ability and adopting new technology trends in the banking industry.

In a nutshell, the findings from the study reinforced the importance of strategic orientation to the performance of business organizations. This means the bank can improve its business activities and achieve better performance through the employment of appropriate strategic orientations. Thus, Consistent with the RBV, findings of this study suggest that these organizational intangible resources are important in terms of increasing the bank's performance

4.6. Hypothesis Testing

The study used multiple linear regression models to test the combined effect of strategic orientation dimensions (market, entrepreneurial, learning and technology orientations) on organizational performance. Accordingly, as indicated in table 30, the level significance for market orientation (0.915) and Learning Orientation (0.363) are greater than 0.05 (p-value >0.05). Therefore, the hypotheses that market orientation has positive relation with organizational performance and learning orientation has positive relation with organizational performance have not been supported; the other two hypotheses have been supported as per the regression result that level of significances are less than 0.05(p-value<0.05). The following table shows the summary hypothesis testing result.

Table 31 Hypothesis testing using regression result

| Hypothesis | | Analysis used | Remark |
|------------|--|----------------------------|----------|
| H1 | Market orientation has positive relation with organizational performance | Multiple linear Regression | Rejected |
| H2 | Entrepreneurial orientation has positive relations with organizational performance | Multiple linear Regression | Accepted |
| H3 | Learning orientation has positive relation with organizational performance | Multiple linear Regression | Rejected |
| H4 | Technology orientation has positive relation with organizational performance | Multiple Linear Regression | Accepted |

Source: Regression Result, 2020

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the summary of findings, conclusion and recommendation and highlights future research.

5.2. Summary of Findings

In this study made to examine the effect of strategic orientation on organizational performance in the case of Addis international bank, the following major findings were identified:

- Survey results show that from the total respondents, 75.2 % were male and 24.8% were female in the gender distribution; and in the age distribution, 51.4% fall between the age of 26 to 35 years and 34.3 % were in the range of 36 and 45 years. This indicates that most of the workers in the strategic area of the bank were male and found in the age range of 26-35 years. In addition, the statistics of educational qualification, 59.1% of the respondents hold Bachelor's degree and 40 percent hold Master's degree. This indicates that the strategic issues were mainly handled by highly academic professionals.
- The descriptive analysis of the study show that all the mean scores of the strategic orientation dimensions were in the range of low scale. In addition, the mean scores of marketing orientation and learning orientation, 3.28 and 3.30 respectively were higher than the mean scores of organizational performance (2.74) indicating that the large scale marketing and learning activities were not ended with high organizational performance. This situation implies that there were no positive relationships between these strategic orientations with organizational performance. On the other hand, the mean score of technology orientation was smaller than the mean score of organizational performance. This indicates that although the technological activities were in a lower level of measurement, it created positive relation with organizational performance.
- The result of the inferential analysis show that the correlation between the variables except the correlation between learning orientation and organizational performance was found to be strong at 0.05 level of significance (as defined by Pearson's correlation).

- The multiple linear regression result showed that the level of significance (p-value) of market orientation, .006 was less than 0.05 indicating that there was significant relationship between technology orientation and organizational performance; and as the statistical significance of entrepreneurial orientation .003 was less than 0.05, there was significant relation between entrepreneurial orientation and organizational performance. On the other hand, as the levels of significance 0.915 was greater than 0.05, there was no significant relationship between market orientation and organizational performance; and as level of significance p –value, (0.363) was greater than 0.05, the relationship between learning orientation and organizational performance was not significant.

5.3. Conclusion

From the study, conclusion was made based on the results of descriptive statistics for demographic characteristics, level of agreement on Likehert scale measurement of constructs on market, entrepreneurial, learning and technology orientations. Descriptive statistic show that the mean scores of two of the dependent variables namely market orientation and learning orientation show mean scores statistically greater than the mean scores of the performance indicators. This situation made the relationship of these two independent variables to have no significant relationship with the dependent variable; indicating that as per the employees' perception the bank's good marketing activities and learning and development activities did not bring significant result in its business performance. While, regarding technological and entrepreneurial activities, the bank has low performance as per the employees' perception so that the mean score of these variables were statistically lower than the mean scores of organizational performance. This situation made the relationship between entrepreneurial and technology orientations and organizational performance to be significant.

The inferential statistics examined the combined effect of strategic orientation dimensions on organizational performance. From the regression result in the model summary, the coefficient of determination, R square, .494 indicates that the banks' strategic orientation positively affects organizational performance. The results from the ANOVA table, shows that the combined effect of the bank's strategic orientation was statistically significant in explaining changes in the level of business performance in the bank. This implies that the strategic orientation practices undertaken by the bank especially entrepreneurial and

technology orientation had positively related to the financial and non financial attributes. Therefore, according to the result of multiple linear regressions:

- The hypothesis that market orientation has positive relationship with organizational performance has been rejected,
- The hypothesis that entrepreneurial orientation has positive relation with business performance of the bank has been accepted,
- The hypothesis that learning orientation has positive relation with performance of the bank has been rejected,
- The hypothesis that technology orientation has positive relation with performance of the bank has been accepted.

As stated above the two hypotheses were declined. The hypothesis that learning orientation has positive relation with organizational performance was not supported in this study. As stated by Sulyano & Rahab (2012), declining of this hypothesis can be explained as the learning organization cannot directly improve the performance of the organization but it must go through other variables that may intervene between organizational learning with business performance; they also argued that Market orientation can strengthen learning orientation and innovativeness. In addition, the findings of this study on the effect of learning orientation on organization performance has been supported by the study of Long (2013) who found that there was no significant relationship between learning orientation and organizational performance.

But, contrary to what was expected, the effect of market orientation on organizational performance was found to be not significant in this study. According to Baker and Sinkula (2005), the positive impact of market orientation can be weakened by learning orientation and ended with negative impacts on the result of the new product and organizational performance. The findings on the negative relationship of market orientation were found to be contrary to numerous studies in strategic orientation literatures. However, it can be concluded that the indirect relationship can be changed with adding mediator variables such as dynamic capability and workers motivation that could convert the high marketing activities of the bank to enhanced performance.

Related to the entrepreneurial orientation, past studies like Long, (2013), Wilund & Shepherd (2005) support the result that the effect of entrepreneurial orientation on organizational performance stating that the entrepreneurial activities improve organization performance. Therefore, EO can help the bank to overcome the problem of weak performance if it adopts high entrepreneurial behavior. Thus, findings suggest that the one-dimensional EO that comprise innovativeness, pro-activeness and risk taking positively enhance firm performance.

Regarding technology orientation, prior studies suggested that technology orientation was an important factor for the survival of organizations. The result of this study also supports these previous findings and shows that technology orientation positively affects organizational performance. Consistent with the RBV, findings of this study suggest that these organizational intangible resources are important in terms of increasing the bank's performance.

The findings also highlight that the need for managers to be more proactive, more innovative and take risk in their investment decisions. In addition, the bank's management that needs superior performance should constantly learn from their environment and invest more in developing new technologies and utilization of the available technologies. Therefore, based on the results of this study it has been concluded that the bank needs to combine its entrepreneurial ability and adopting new technology trends in the banking industry. In addition, findings indicated that the need for more research in this area, mainly related to relationship between other strategic orientation and performance and possible mediators and moderators that will explain the relationship more. There are also so many empirical evidences in support of the positive effect of strategic orientation on organizational performance in the literature review part of the study.

In a nutshell, the findings from the study reinforced the importance of strategic orientation to enhance the performance of business organizations. This means the bank can improve its business activities and achieve better performance through the employment of appropriate strategic orientations.

5.4. Recommendations

Based on the findings of the study, the researcher suggests the following strategic points:

- In the study, it can be understood that making long term strategic plans might be meaningless due to rapidly changing customer needs and preferences. Hence, the bank should have responded to those changes by innovative solutions in terms of new products and services.
- The result of the study show that the employees perception on marketing activities and learning and development in the bank was high but their perception on financial and non financial performance were low. This indicates that the bank's strategic alignment on marketing strategy and capabilities with business process was not confirmed in the bank. , Therefore, the bank has to work strategic alignment to strengthen the combined effect of strategic orientations on business performance.
- Nowadays, strategic orientation is replacing the approaches of strategic management; therefore the bank has to work on encouraging employees to develop strategic thinking and strategic orientation as a corporate culture.
- The finding of the study shows that technological activities like commitment to research and development, acquisition and application of new technologies in the bank were low. Therefore, the bank has to work on technological activities to comply with the digital economy and e- commerce activities of the globalized world. In addition, as the bank has low market share. It has to work on business development activities that ensure sustainable competitive advantage to attract new potential customers.
- Essentially, the findings suggest that the bank need to combine its entrepreneurial ability with learning from the environment and adopting new technology trends in the markets. Therefore, the bank shall adopt the complimentary approach of employing strategic orientations of the resource –based view, using strategic orientation as resources. Thus, it is recommended for Addis international bank to fully implement and configure strategic orientations as a source of competitive advantage over its competitors in the industry and thereby achieve superior performance.

5.5. Suggestion for Future Research

While the objectives of this study were successfully accomplished, there are some points to be addressed by future research.

- Various previous studies show that there is positive relation between market orientation combined with other variables and business performance. But, it did not happen in this study. Therefore, the joint relationship between strategic orientation can further be studied using mediating variables
- The study was made on the case of a single bank. It can further be made on other banks collectively as a sector.
- The study was meant to a single bank in the banking sector, based on the findings of this study further investigation can be made on other organizations like Hotels, manufacturing firms and telecom companies.
- In addition, findings indicated that the need for more research in this area, mainly related to relationship between other strategic orientation and performance and possible mediators and moderators that will explain the relationship more.

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Annex

Part II: strategic orientation Measures

This part of the questionnaire is meant to measure the strategic orientation of the bank. Please put 'tick mark (√)' on the number that best represents your opinion.

1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree

| | Construct | 1 | 2 | 3 | 4 | 5 |
|----------|--|---|---|---|---|---|
| 1 | Customer orientation | | | | | |
| | In the present banking business , customers' product preferences change rapidly | | | | | |
| | Our customers regularly ask for new products and services | | | | | |
| | Our Bank is increasingly offering financial solution to customers | | | | | |
| | Our bank is continuously trying to discuss additional needs of customers | | | | | |
| | Employees regularly discuss how customers use our products and services | | | | | |
| | The bank strongly emphasize customer satisfaction | | | | | |
| | The bank places strong emphasis on understanding customers' needs | | | | | |
| | The bank is willing to respond quickly to customer suggestions | | | | | |
| | The bank focuses on providing customers with superior service | | | | | |
| 2 | Competitor orientation | | | | | |
| | Employees throughout the organization discuss competitive activities | | | | | |
| | Our bank regularly collects competitors' Activities | | | | | |
| | The Bank continuously evaluates the key strength and weakness of key competitors | | | | | |
| 3 | Inter-functional coordination | | | | | |
| | The Bank's managers discuss how everyone in the bank can contribute to creating customer value | | | | | |
| | The bank's staff communicate information about our good and bad customer experiences across all departments | | | | | |
| | The Bank's top management from every function regularly visit the branch's current and prospective customers | | | | | |
| | All of our business functions and departments are responsive to one another's needs and requests | | | | | |
| | All of our departments are integrated in serving the needs of our target markets | | | | | |

| | Construct | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Pro-activeness | | | | | |
| | Our Bank proactively introduces new products and services to customers | | | | | |
| | Our Bank has a strong tendency to be ahead of others | | | | | |
| | Our Bank usually takes initiative, rather than be a follower | | | | | |
| 2 | Risk taking | | | | | |
| | Managers of the Bank are willing to take calculated risks | | | | | |
| | The Bank managers have a tendency to take bold and aggressive decisions | | | | | |
| | The Bank is open to pursuing risky projects | | | | | |
| 3 | Innovativeness | | | | | |
| | Our Bank used to look for new ways to do things | | | | | |
| | Our Bank continuously improves and innovates its way of doing business | | | | | |
| | Managers in the Bank are willing to engage in new innovations | | | | | |
| | Our Bank managers have a strong proclivity/ tendency for innovation | | | | | |

| | Construct | 1 | 2 | 3 | 4 | 5 |
|----------|--|---|---|---|---|---|
| 1 | Commitment to learn | | | | | |
| | Managers basically agree that our employees' ability to learn is the key to our competitive advantage | | | | | |
| | The basic values of the bank include learning as key to improvement | | | | | |
| | The bank at all levels senses that employee learning is an investment, not an expense | | | | | |
| | Learning in the bank is seen as a key item necessary to guarantee organizational survival | | | | | |
| | The collective wisdom in this bank is that once we quit learning, we endanger our future | | | | | |
| 2 | Shared vision | | | | | |
| | There is a well-expressed concept of 'who we are' and 'where we are going' as a business unit | | | | | |
| | There is a total agreement on our bank's vision across all levels, functions, divisions and branches | | | | | |
| | All employees are committed to the goals of this bank | | | | | |
| | Employees consider themselves as partners in charting the direction of the bank | | | | | |
| | Top management of the bank believes in sharing the vision for bank with the lower levels | | | | | |
| 3 | Open mindedness | | | | | |
| | We are not afraid to reflect critically on the shared assumptions we have about the way we do business | | | | | |
| | Our business unit places a high value on open-mindedness | | | | | |
| | Managers encourage employees to "think outside of the box." | | | | | |
| | Original ideas are highly valued in our bank | | | | | |

| | Construct | 1 | 2 | 3 | 4 | 5 |
|----------|--|---|---|---|---|---|
| 1 | Commitment to research and development | | | | | |
| | Our bank's product development programs are more ambitious than our competitors | | | | | |
| | Our bank is very active in developing new technologies | | | | | |
| | Our bank is often strives to be first to try out new methods and technologies | | | | | |
| 2 | Acquisition of new Technologies | | | | | |
| | Our bank's investment to acquire the latest technologies and future forecasted technological changes is high | | | | | |
| | Our bank purchases and uses new technologies to position itself ahead of competitors | | | | | |
| | The bank's Management actively seeks innovative ideas | | | | | |
| 3 | Application of the latest technology | | | | | |
| | Our bank's policy is to adopt up-to-date technologies | | | | | |
| | Our bank intends to develop new technologies in order to respond to the changing expectations of our customers | | | | | |
| | In our bank 's employees are encouraged to have new ideas for new services | | | | | |

Part- III. Organizational performance

This part of the questionnaire covers items related to business performance dimensions. How do you rate your bank’s business performance on the following 1 for very low, 2 for Low, 3 for Average, 4 for high, 5 for Very high, measuring scales that best describes your judgment in relation to your competitors in the banking service sector? Please indicate where your company is with each of the following statements by putting ‘tick mark (√)’ to the scale that best represents your opinion.

1= very low 2=low 3=average 4=high 5= very high

| | Construct | 1 | 2 | 3 | 4 | 5 |
|----------|--|---|---|---|---|---|
| 1 | Financial Performance | | | | | |
| | Market share growth | | | | | |
| | Growth in Return on investment (ROI) | | | | | |
| | Growth in Return on Equity (ROE) | | | | | |
| | Growth in Operating income | | | | | |
| | Growth in Net income | | | | | |
| 2 | Non-Financial Performance | | | | | |
| | Success in achieving customer satisfaction | | | | | |
| | Success in retaining existing customer | | | | | |
| | Success in attracting new customer | | | | | |
| | Success in overall performance of the Bank | | | | | |