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COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

**EFFECTS OF STRATEGIC ORIENTATION ON FIRM PERFORMANCE IN BANKING
SECTOR: THE MODERATING ROLE OF ENVIRONMENTAL TURBULENCE IN
ETHIOPIAN BANKING SECTOR.**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS
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BY: ABRAHAM MOGES

ADVISOR: LAKEW ALEMU (PHD)

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DECLARATION

I hereby confirm that this paper entitled "The effects of strategic orientation on firm performance in Ethiopian banking sector, the moderating role of Environmental turbulence in case of Nib bank, Lion international bank and Abay bank" submitted to college of business and Economics, Master of Business Administration department, is my original work conducted with guidance Dr Lakew Alemu. This paper has not been previously submitted any other university.

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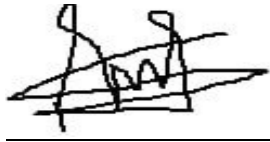
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Approved by examiner

Baymote Tadesse (PhD)



December 9/2024

External examiner

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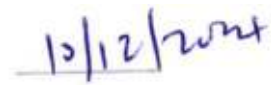
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Internal Examiner



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Date

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Abbreviation

SPSS= statistical package for social science

LO= learning orientation

MO= market orientation

TO= technology orientation

EO= Entrepreneur orientation

ET= Environmental orientation

SME=small and medium size enterprise

R&D= Research and development

P_P =Probability- probability

VIF= variance inflation factor

SD= standard deviation

ANOVA=Analysis of variance

Df= degree of freedom

MAS = Management Accounting Systems

VRIN= Valuable, Rare, Inimitable, and Non-Substitutable

Abstract

In the modern world, business is too dynamic and highly volatile. There is high competition among business firms, and to survive, firms have to make extra efforts. The objective of this study is to analyze the effects of strategic orientation on firm performance with the moderating role of environmental turbulence. To investigate this research, four dimensions of strategic orientation (market, technology, entrepreneur, and learning orientation) were assessed. For this study, explanatory research design methods and quantitative research approaches were used. 252 questionnaires were distributed in person using multistage cluster sampling technique, and 242 were returned. Pearson correlation and multiple linear regression analysis methods were used to identify the relationship between independent, dependent, and moderating variables. The result of the study shows that technology orientation and entrepreneur orientation have a positive and significant effect on firm performance, with p value 0.022, and 0.002 respectively. On the other hand, market orientation and learning orientation have no significant effect on firm performance with p value 0.128 and 0.29 respectively. For this study, the results of multiple linear regression analysis also indicate that environmental turbulence moderates the relationship between market orientation with firm performance, and entrepreneur orientation with firm performance. On the other hand, the results of the study prove that environmental turbulence did not moderate the relationship between technology orientation and firm performance. Similarly, the relationship between learning orientation and firm performance is not statistically significant for the moderating variable (environmental turbulence) ($\beta = 0.187$, $P = 0.261$, which is larger than 0.05). From the result of the research, the researcher wants to recommend that the banks will give better attention to new and latest technologies, and top managers will be open-minded to accepting diverse viewpoints from employees, and middle-level managers. For this study the data were collected at one time and the geographical location is limited only in Addis Ababa may have its own impact on the result of the study.

Key words strategic orientation, environmental turbulence and firm performance, Nib, Lion and Abay bank

CHAPTER ONE

1 INTRODUCTION

1.1 Back ground of the statement

In the modern world, business is too dynamic and highly volatile. There is high competition among business firms, and to survive, firms have to make extra efforts. Wernerfelt (1984) was the first man to propose the idea of the Resource-Based View (RBV). RBV defines a firm as a massive collection of resources connected to the organization, both tangible and intangible. An organization's use of strategy to adjust and modify environmental factors in order to achieve a more advantageous alignment is referred to as strategic orientation. Different scholars explain the definition, advantage, and relationship between strategic orientation and firm performance at different time. There is no widely agreed definition of a firm's strategic orientation, despite the fact that management ,marketing, and entrepreneurship researchers have given the strategic orientations of enterprises a great deal of attention (Hakala, 2011).

According to Masa'deh, Al Henzab,Tarhini,and Obeidat (2018) ,strategic orientation is used by successful business, because it aids in goal-setting, clarifies firms direction for the future, aids in resource allocation, develops senior leadership, and fosters skill development. Strategic orientation is a guideline for a firm to achieve its strategic goal. Manu and Sriram (1996) defined strategic orientation as an organizations response to variable environmental conditions. another scholar Gatignon and Xuereb (1997) states that developing appropriate behavior is linked to strategic orientation in order to attain superior performance.

According to Ibrahim and Shariff (2016) , a number of studies have shown that the most crucial corporate resources that can provide business with a competitive edge and improve organizational performance are market orientation, learning orientation ,technology orientation and entrepreneur orientation. Market orientation, which motivates managers to focus on creating the value for customers, entrepreneur orientation, which deals within investigating new market opportunities, learning orientation which concentrates on creating, gaining and sharing knowledge, and technology orientation, which motivates managers to concentrate on innovation within the company (Ibrahim & Shariff, 2016).

According to Narver and Slater (1990) , market orientation is a culture that supports behaviors that stimulate the creation of value for customers, hence improving the performance of the enterprises. Technology orientation is referred to “as one where firms have an R&D focus and emphasize on acquiring and incorporating new technologies in product development ” (Deshpandé, R., Farley, J. U., & Webster, F. E.,2012). according to Sinkula, Baker, and Noordewier (1997) learning orientation refers to the attitude and tendency of an organization to attach importance to learning and regard it as a valuable activity. It contains a set of organizational values that influence the firm’s trend to create and use knowledge by integrating learning into organizational culture, learning orientation can influence employees’ behaviors and promote continuous learning to improve organizational competitiveness. according to Lumpkin and Dess (1996) entrepreneur orientation as a process, practice and decision-making activity that leads to a new entry.

According to Hakala (2015) a greater role in corporate organization is played by studying the dynamics between taking advantage of current market opportunities, exploring new avenues, and responding appropriately to the problems in today’s globalizing globe. on the other hand marketing, entrepreneurship, and strategy literature have all studied strategic orientations and their contributions to an organization’s performance (Balodi, 2014). however because these disciplines have a very different research focuses and units of analysis, a lot of concepts, including entrepreneurial, learning, innovation, product, customer ,market, selling, production, and technology, have been developed in the research literature.

Ethiopia’s financial industry occasionally experiences fast growth. Particularly the banking sector have fast grows, and numerous private banks enter the market. However there is fast and dynamic environmental turbulence that influence Ethiopian commercial banks especially in the past few years. According to Khandwalla, P. N., International, S., Effectiveness, O., and Fall, S(2024) environmental turbulence is characterized by a dynamic, unpredictable, expanding, and fluctuating environment. According to Turulja and Bajgoric (2018) environmental Turbulence dimensions are market turbulence, technological turbulence , and competitive intensity turbulence. At present almost all the companies, irrespective of developed or developing countries, consider strategic orientation as a pivotal point in their decision making process.

Literature on this concept suggests that environmental factors such as technology turbulence, competition, market turbulence, create the need of market orientation.

However as the researcher knowledge, even if environmental turbulence is so dynamic and bring great impact on banks financial activity in the past few years, many researches are not yet done. Therefore for this study three banks Nib bank, Lion international bank and Abay bank are selected. This study examines to identify the moderating role of environmental turbulence on the relationship between strategic orientation and firm performance in Ethiopian banking sector.

1.2 Statement of the problem

In today's world the business environment is highly volatile and it needs efficient, planned, responsive and well organized activities to survive and to achieve long term existence. Firms applied various mechanisms to perform well. However firms do not give a similar response for the operating environment because of the environmental turbulence is so fast and dynamic. according to Obeidat (2016) found that through creating and executing a successful business plan, companies can improve their performance by taking advantage of market opportunities, maximizing their resources and capabilities, and investigating new avenues for adapting to changing conditions.

According to Masa'deh et al. (2018) strategic orientation has a positive and significant relationship with firm performance. among the dimensions of strategic orientation market orientation has the most significant and positive relationship with firm performance followed by technology orientation, but entrepreneur orientation has moderate relationship with firm performance as compared with market orientation and technology orientation in Jordan pharmaceutical sector (Masa'deh et al.2018). another study according to Al-Ansaari, Y., Bederr, H., and Chen, C. (2015) market orientation has significant contribution for firm performance, but technology orientation have no any significant orientation for firm performance in small and medium size firms in United Arab Emirate.

Another study Matear, Osborne and Gray (2002) also proves that market orientation has a direct positive impact on business performance, through innovation , with innovative acting as a mediator in the contribution. According to Nugroho Nugroho, A., Prijadi, R.,and Kusumastuti, R. D. (2022) market orientation have significant influence on firm performance, but entrepreneur orientation and technology orientation have no any significant contribution for education service

firm performance in Indonesia. According to Nugroho et al.(2022) even if entrepreneur orientation and technology orientation have no impact directly on firm performance, strategic orientation have impact on firm performance through information technology. Baker and Sinkula (1999) states that learning orientation have significant contribution for firm performance.

According to Deshpandé, R., Farley, J. U., & Webster, F. E. (2012). (2012) found that technology orientation have no significant impact on firm performance. another study Azaj et al.(2020) showed that entrepreneur orientation and technology orientation have positive and significant contribution for firm performance, but market orientation and learning orientation have no any significant contribution for firm performance in Ethiopian banking sector. As we can understand from articles mentioned above, there is no uniform and same relationship between dimensions of strategic orientation (Market orientation, learning orientation, technology orientation and entrepreneur orientation) and firm performance. This situation indicates that the relationship between strategic orientation dimensions and firm performance is also affected by other variables may vary from country to country based on the structure, culture or other internal or external factor have their own effect.

Recent years have seen a high level of environmental turbulence for a variety of factors that affect businesses' success. According to Kumar and Andotra (2021) , environmental volatility has a major impact on a firm's success. According to Andotra (2016) , the relationship between market orientation and business performance is moderated by two of the three environmental turbulence dimensions: technological turbulence and competitive intensity. However, there is no moderating effect of market volatility on the association between company performance and market orientation. According to Pratonno and Mahmood (2015) , the relationship between entrepreneur orientation and business performance is significantly impacted by environmental instability as a moderating variable. In Indonesian small businesses, the relationship between entrepreneur orientation and company performance is negatively impacted by increased environmental turbulence. As we have learned over the past few years environmental turbulence are increasing due to various reasons, and the impact of environmental turbulence on business firms should be properly understand and business firms should take this into consideration for their future survival.

As it mentioned above some researches are done to show the moderating role of environmental turbulence between market orientation, and firm performance by (Andotra, 2016) and entrepreneur orientation and firm performance by (Pratono & Mahmood, 2015) the nature of firms are small and medium size, and do not include all dimensions of strategic orientation as the same time, the researcher believes it is not much enough, and as the knowledge of the researcher there is no empirical study in Ethiopian banking sector to examine the moderating role of environmental turbulence in the relationship between strategic orientation and firm performance. This study is conducted to fill this gap in Ethiopian banking sector. Therefore the main purpose of this study is to identify the moderating role of environmental turbulence on the relationship between strategic orientation and firm performance in the selected Ethiopian commercial banks.

1.3 Objective of the study

1.3.1 General objective

The general objectives of the study is to measure the relationship between strategic orientation and firm performance with moderating role of environmental turbulence in Ethiopian banking sector(Abay Bank, Lion international bank and Nib bank) located at Addis Ababa.

1.3.2 Specific objective

- To examine the relationship between market orientation and firm performance
- To analysis the relationship between entrepreneur orientation and firm performance
- To examine relationship between learning orientation and firm performance
- To test the relationship between technology orientation and firm performance
- To investigate the moderating role of environmental turbulence on the relationship between strategic orientation dimensions and firm performance of Ethiopian banking sector.

1.4 Research question

1. Is there a significant relationship between market orientation and firm performance?
2. Is there a significant relationship between entrepreneur orientation and firm performance?
3. Is there a significant relationship between learning orientation and firm performance?
4. Is there a significant relationship between technology orientation and firm performance?

5. Does Environmental turbulence moderate the relationship between strategic orientation dimensions and firm performance?

1.5 Significance of the study

The research would have significant contributions to the banking and other financial sectors by evaluating the effect of strategic orientation on firm performance and using Environmental turbulence as a moderator. It is also expected that the study will identify whether environmental turbulence moderate the relationship between strategic orientation and firm performance. So that commercial banks reassess their attitude to environmental turbulence regarding firm performance. Finally, the study can serve as a baseline and secondary source of data for those who want to pursue further study in this specific area. The research is significant to identify and evaluate what looks like the relationship between strategic orientation and firm performance when we use environmental turbulence as a moderator, and it will serve as an input for financial sector leaders and bank managers for strategic orientation and development in the decision making process. .

1.6 scope of the study

The study absorbed the effect of strategic orientations such as market, entrepreneurial, learning, and technology orientations on the performance of Ethiopian commercial banks (Nib Bank, Lion International Bank, and Abay Bank), with the moderating role of Environmental turbulence. The scope of the study was restricted to the effect of strategic orientation on firm performance and the moderating role of environmental turbulence in head offices and city branches in Addis Ababa. The data was collected at one time i.e. 2016 E.C and also restricted geographically in Addis Ababa.

1.8 Organization of the study

This study contains five chapters, as summarized below.

Chapter One: This section of the study includes the background of the study, the statement of the problem, the objective of the study, the research question, the significance of the study, the scope of the study, and the organization of the study.

Chapter Two: This chapter discusses the theoretical and empirical background of the strategic orientation and firm performance relationship with the moderating variable, so-called

environmental turbulence, including the conceptual and theoretical framework on the subject from relevant textbooks, journals, websites, and other reference sources.

Chapter Three: This chapter includes research design, and methodology, data collection methods, research analysis and approaches, measurement of variables, reliability and validity, and the significance of the study.

Chapter Four: This chapter includes data analysis, interpretation, and discussion.

Chapter Five: This chapter includes a discussion, conclusion, recommendation, limitations, and future research of the study.

CHAPTER TWO

2 Literature Review

2.1 Theoretical review

There are several hypotheses in the study of the relationship between strategy, structure, and performance of firm, according to (Kaliappen & Hilman, 2015). Among various theories resource-based view (RBV), contingency theory, dynamic capacities (DC), and industrial organization theory will discuss in this study.

2.1.1 Resource based View

Wernerfelt (1984) was the first man to propose the idea of the Resource-Based View (RBV). RBV defines a firm as a massive collection of resources connected to the organization, both tangible and intangible resources. According to *Barney (1991)*, a company's resources must meet the VRIN (Valuable, Rare, Inimitable, and Non-Substitutable) standards in order to produce extraordinary performance and preserve a competitive edge. According to Otache Innocent (2015) , the resource-based view theory is one of the theories that is frequently applied in the study of organizational performance. The RBV focuses on the distinctive organizational resources and skills that set one organization apart from others in the same industry.

According to Barney, J., Wright, M., & Ketchen, D. J.(2001), the foundation of RBV is the neoclassic premise that rents, or normal returns, do not exist in markets with competition. To generate an imperfectly competitive product market and, hence, earn rents, one must gain entry into a strategic factor market. According to Foss and Knudsen (2003), one of the RBV's most important notions is *Barney (1991)* proposal for its core ideas. *Barney (1991)* investigates the relationship between business resources and long-term competitive advantage in this essay. According to *Barney (1991)*, maintaining a competitive edge over time requires taking use of one's "internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weakness".

Strategic orientation is one of a company's intangible assets that could lead to better business performance, according to(L. Zhou, 2007) . The seven types of traits that comprise the Strategic Orientation are as follows: learning orientation, employee orientation, competitor orientation, market orientation, entrepreneurial orientation (EO), customer orientation, cost orientation,

innovation orientation, and interaction orientation (Ferraresi, A. A., Quandt, C. O., dos Santos, S. A., & Frega, J. R. ,2012).

According to Runyan, R. C., Huddleston, P., and Swinney, J. (2006), entrepreneurship orientation (EO) is a tool that can give small business owners a competitive edge and improve small business performance. It belongs to the managerial skill set. Talaja, A., Miočević, D., Alfirević, N., and Pavičić, J. (2017) claim that the market orientation is an illustration of strategic capabilities that enhance resource and asset utilization depending on the market. Additionally, utilizing VRIN resources, the market orientation increases competitive advantage both directly and indirectly. Competitive advantage boosts organizational performance. However, Nguyen, D., Nguyen, H., and Nguyen, K. S. (2018) asserts that market-oriented companies that make use of tools like Management Accounting Systems (MAS) will be able to promote knowledge production and learning in addition to meeting RBV theory's VRIN requirements, which will enhance company performance.

2.1.2 Contingency theory

Tosi and Slocum (1984) stated that contingency theories dictated that the right organizational structure and management approach depended on a number of "contingency" elements, most commonly the environment's unpredictability and instability. As a general proposition to all contingency approaches, a study by *Tosi and Slocum (1984)* explained that organization performance is the outcome of the fit between numerous aspects such as structure, people, technology, strategy, and culture.

The fundamental principle of contingency theory, according to Pratonno (2015), said that organizations function will be best when their structures are suitable for handling the eventualities imposed by their size, technology, and surroundings. Pratonno (2015) also pointed out that the external environment is seen by contingency theory as a major factor in determining how well an organization performs. Therefore, by evaluating their business environment and creating a plan that is suitable for each degree of environmental turbulence, contingency-based firms obtain a competitive advantage.

According to Ștefan et al. (2023) An organization's road map for deciding which direction to take in order to obtain a competitive advantage is known as its strategic orientation. It is an

expression of how it interprets the world around it and its own internal resources cognitively. It also pertains to how an organization makes decisions and how it uses its internal resources. In reaction to changes in the external environment, the organization logically allocates its resources, finds new trade opportunities, and makes particular strategic decisions in order to meet the demands of the market. Business model innovation is determined by elements such as strategic direction and adaptive marketing capabilities.

As stated by Ștefan, S. C., Popa, I., and Tărăban, I. (2023) strategy, organizational environment, organizational characteristics (such as size, type, age), organizational structure, and superior performance are often encountered as elements of Contingency Theory. Contingency theory is the most popular theory that are used to show the relationship between firm's performance and internal and external environment.

2.1.3 Dynamic capability theory

According to Teece (1997) a firm's dynamic capabilities are its capacity to incorporate, develop, and reconfigure both external and internal resources and competencies in order to respond to and adapt to quickly changing business environments. Operational or "ordinary" capabilities are those that relate to an organization's ongoing activities; these can be separated from dynamic capabilities. In contrast, dynamic capabilities are defined as "an organization's capacity to purposefully create, extend, or modify its resource base" (Helfat & Peteraf, 2009). The fundamental tenet of the dynamic capabilities framework is that short-term competitive situations that can be used to create longer-term competitive advantage should be modified through the application of core competences.

Dynamic capabilities are complex systems of actions and resources. The current rent-producing resources and capabilities of the company are meant to be renewed, updated, modified, or replaced, usually in reaction to a changing environment, according to (Nooteboom, 2013). The guiding principle for this investigation was dynamic capability theory (DCT). "The firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" is the definition of Teece, Pisano, and Shuen's (1997) Dynamic Capabilities Theory (DCT), which looks at how businesses address or bring about changes in their turbulent business environment by reconfiguring their firm-specific competencies into new competencies (Teece, 1997).

According to Lin and Wu (2014) the goal of contingency theory is to comprehend how businesses match their anticipated performance with the internal and external business environments. According to this notion, firm performance is significantly influenced by the external environment. Firms are susceptible to the effects of the business environment since they are organizations. This theory specifically emphasizes if and under what circumstances contingency factors contribute to firm performance. As a result, businesses must not only create and acquire resources, but also strengthen their capacity to handle turbulence in the environment. Organizations that are based on contingency get a competitive edge by evaluating their business environment and developing strategies that are suitable for every level of environment turbulence and strategic direction. This entails integrating the firm's interactions with the business environment in its whole. Environmental turbulence is linked with that displays dynamic capability (Carnahan, S., Agarwal, R., & Campbell, B., 2010). Therefore, behavior of enterprises is indicated by contingency theory and is essential to their survival.

2.1.4 Industrial organizational theory

According to the industrial organization view of strategy, a firm's available actions are dictated by its external environment. A firm's strategic behavior and performance are likely to be influenced by market and industry structures (Meilak & Sammut-bonnici 2014). The industrial organization model implies that businesses should identify and actively pursue operating environments that offer the greatest chances for profitability and competitiveness. This is relevant to strategic management.

The industrial organization model implies that businesses should want to operate in environments that offer the greatest chances for profitability and competitiveness. This is important information for strategic management. According Meilak and Sammut-bonnici (2014), strategic choices pertaining to internal resources, competences, and core competencies are less influential on performance than the industries and geographic marketplaces in which a company decides to operate.

According to Kennett, D. J., Humphreys, T. P., and Patchell, M. (2009) The four industry structures of oligopoly, monopoly, monopolistic competition, and perfect competition are the main emphasis of the industrial organization model. The quantity and size of enterprises, concentration metrics, product differentiation, and entry obstacles are all factors that make up a

market's structure. The industrial organization model examines the degree to which established businesses control pricing, as well as the obstacles to entry and exit and the information exchange between buyers and sellers. Additional facets of market structure pertain to the degree of vertical integration and diversification exhibited by companies.

According to Patchell (2009) industrial organization recognizes that perfect competition is unlikely to exist in the majority of industries in practice, hence it is necessary to look at the justification for competition law and regulation. Laws of various kinds have been passed to encourage competition in sectors where privately held businesses are active. The regulation of natural monopolies and the methods by which they can be controlled through public ownership, privatization combined with deregulation and reregulation, franchising, and competitive tendering are related to this topic.

2.2 Strategic orientation

Venkatraman (1989) was the one who originally created the term "strategic orientation." according to Venkatraman (1989) strategic orientation is characterized aggressiveness, analysis, defensiveness, futurity, pro-activeness, and riskiness and linked them to the broader strategy process. The expanding body of research changed the meaning of general strategic orientation, which was previously described by a variety of conceptualizations of orientation, (Venkatraman ,1989). An organization's strategic orientation determines how it reacts to external circumstances that are subject to change. Innovation's role in a company's survival and expansion is widely acknowledged in management, and firms that rely on it have been studied and developed, (Manu & Sriram ,1996).

Gatignon and Xuereb (1997) describe strategic orientation as the strategic orientations that a company implements to establish the right behaviors for the company's ongoing superior performance. It has to do with developing appropriate behaviors in order to perform well. It is also a tendency for developing the right employee, manager, and overall company behavior and activities for attaining superior performance. It is the collection of broad strategic choices made in the pursuit of sustainable superior performance. another authors Zhou and Li (2010) describe strategic orientation is way in which a firm adapts to and interacts with its external surroundings. Choosing a strategic orientation can help businesses develop dynamic skills in rapidly changing settings. Market dynamics affect how effective strategic orientations are.

Specifically, client orientation has less of an effect on adaptive capabilities and technology orientation has a greater effect as market demand becomes more uncertain. Competitive and technological orientations both improve their ability to adjust as competition heats up.

According to Morgan and Strong (2003) Strategic orientation ,is the way an organization reacts to variables in the external environment. Other terms for strategic orientation include strategic fit, strategic predilection, strategic push, and strategic decision. The findings show a relationship between company performance and a firm's strategic approach that prioritizes analysis, deterrence, and futurity.

According to Hakala (2011) Strategic orientation can be defined as a series of processes, activities and leadership practices that enable companies to have a positive performance and consolidate themselves, firm performance over the years, satisfying the clients' needs. It represents the strategic direction of an organization, to create the proper organizational behavior and achieve the stated organizational goal. It also provided another view of strategic orientation including, market, technology, learning and entrepreneurial orientation dimensions. Strategic orientation is also important as it portrays the firm's operational, marketing and entrepreneurial posture which refers to how a firm achieves its goals by taking risk, investing in innovation, becoming proactive and developing future-oriented foresight.

According to Obeidat (2016) a company's operating environment has an impact on its performance. In order to accomplish their goals and objectives, all businesses, regardless of size, type, or location, engage in two primary activities: administrative and technical or functional activities. But reaching these targets and goals depends a lot on how organizations work together and adapt to the different environmental changes that occur in the local, regional and global markets.

The notion of strategic orientation finds widespread application in the domains of marketing, entrepreneurship, and strategic management research. Strategic orientation is used by successful businesses because it aids in goal-setting, clarifies directions for the company's future, aids in resource allocation, develops senior leadership, and fosters skill development (LIU & FU, (2011). Strategic orientation, according to O'Regan and Ghobadian (2005), is the main way to comprehend the steps a company takes to increase profitability, financial performance, or competitive advantage. Despite facing similar obstacles and operating in similar environments, businesses do not always react to their surroundings in the same manner.

according to Storey and Hughes (2013), Businesses need strategic orientation , because it tells them how to combine and use organizational resources to take advantage of current markets and explore new ones. According to the author's analysis, a distinct culture the entrepreneurial culture is needed to propel the creation of new services, in contrast to the learning culture, which is necessary for a greater success rate. Miles, R. E., Snow, C. C., Meyer, A. D., Coleman, H. J., Miles, R. E., and Meyer, A. D. (2012) state that in order to achieve improved performance, happiness, and competitive advantage, an organization's interactions with its environment must be established as part of the strategic orientation process.

2.3 Dimension of strategic orientation

Different academics have divided strategic orientation into various groups. according to Hern (2021) still, there is disagreement on this point. Levinthal and March (1993) split it into two categories: exploration strategy, which emphasizes innovation, and exploitation strategy, which is centered on increasing the firm's financial performance and operational efficiency. Hakala (2011) states that entrepreneurial, market, technological, and learning orientations make up strategic orientation.

According to Gatignon and Xuereb (1997), Market (client and competitor) orientation, technological orientation, entrepreneurial orientation, manufacturing orientation, and selling orientation are all examples of strategic orientation. Studies on strategic orientation, according to Zhou and Li (2010) , come from two different study streams, each with its own typology: strategic management and strategic marketing. In order to conceptualize strategic orientation in terms of reactors, defenders, analyzers, and prospectors, the strategic management stream adheres to classical typology. In contrast, the dynamic market orientation literature is the source of the strategic marketing stream.

Additionally, as highlighted by Ibrahim and Shariff (2016) , several studies have shown that the most crucial corporate resources that can provide firms with a competitive edge and improve organizational performance are market orientation, technological orientation, entrepreneurship orientation, and learning orientation. Therefore even if there are different classification of strategic orientation that comes from different perspective by different scholars, for this study the researcher use the four dimensions of strategic orientation (market orientation, learning orientation. Technology orientation and Entrepreneur orientation).

2.3.1 Market orientation

In a changing corporate environment, businesses should always be looking for new ideas, analyze them, and turn them into activities that can be sold (Cohen & Levinthal, 1990). In a similar companies need to keep discovering new facts about their customers, disseminate that information throughout the organization, and then implement external changes (Grewal, &Tansuhaj ,2001). According to *Barney (1991)*, the resource-based perspective explains market orientation as the effective use of organizational resources to create a sustained competitive advantage. The marketing approach defines this strategic orientation as "a culture at an organizational level which includes values and beliefs that place the customer first in business planning." Significant contributions have allowed for the development of this orientation (Jaworski, B.J., Kohli, 1993); (Narver & Slater 2012). According to Narver and Slater (1990), market orientation can also be defined as a culture that supports behaviors that stimulate the creation of value for customers, hence improving the performance of the enterprises.

The "creation of market intelligence organization, related to the customers' current and future needs, the dissemination of intelligence within the company and the ability to respond to it" is widely accepted definition of market orientation (Jaworski & Kohli, 2012). Market orientation, according to Narver, Slater, and MacLachlan (2004) is a dynamic competency that enables firms to monitor the external environment and take swift action when new market opportunities occur. Marketing orientation particularly focuses on customer needs and satisfaction in order to generate revenues (Omar Faroque, Shameema Ferdausy , 2020). According to Gatignon and Xuereb (1997) market orientation is the ability of a business to evaluate, analyze, and satisfy the needs of its clients.

According to Zebal and Saber (2014), there are three primary categories of market orientation: interdepartmental factors, organizational systems, and top management variables. An organization's top managers determine its values and orientation. The phrase "interdepartmental factors" refers to the friction and connection between departments, whereby the former enhances market orientation by exchanging and using knowledge. On the other hand, disagreement erodes market orientation by making it harder to adapt to market demands. Organizational structures that include market-driven incentive programs, market-oriented training, and formalization and centralization.

Businesses can benefit from market orientation in a number of ways, as stated by (Masa'deh 2018). These benefits can be categorized into four areas: innovation consequences, customer consequences, employee consequences, and organizational performance. However, Revenue-based performance measures, which do not account for strategy implementation, cost-based performance measures, which reflect performance after strategy implementation costs are taken into account, and global measures, which compare organizational performance to company objectives and/or competitor performance to determine the organization's overall performance, are the three components of organizational performance (Kirca et al., 2005).

As stated by Barney (1991) The resource-based perspective explains market orientation, which aims to gain a sustained competitive advantage by making effective use of corporate resources. Another definition of market orientation is a culture that fosters actions that drive the production of value for clients, hence enhancing the businesses and have three elements of market orientation Narver and Slater (1990). Those are: cross-functional coordination, competitor orientation, and customer orientation. The "creation of market intelligence organization, related to the customers' current and future needs, the dissemination of intelligence within the company and the ability to respond to it" is the final and most commonly used definition of market orientation Jaworski, B.J. Kohli (1993).

In order to consistently provide customers with higher value, business leaders must be customer-oriented and understand their needs Narver and Slater, (1990). According to L. Zhou (2007), customer orientation highlights the importance of comprehending target customers through an analysis of their wants and preferences. Businesses that focus on their consumers can build and maintain strong relationships with them and receive feedback from them quickly Zhou and Li, (2010). According to L. Zhou (2007), competitor orientation is centered on comprehending and reacting to rivals' plans as well as emulating their marketing campaigns.

2.2.2 Technology orientation

According to Gatignon and Xuereb (1997) technology orientation describes a company's propensity to adopt or introduce new ideas, products, or technologies as well as its capacity and willingness to gather significant technological knowledge and apply it to the creation of new goods. It also implies that the business can create a new technical solution using its technical expertise in order to address and satisfy evolving user wants. It implies that new inventions, technical advancements, goods, services, or procedures are essential to the organization's long-

term viability and the value it provides to customers. It is therefore suggested that a company's focus on technology should result in the creation of more inventive, technologically advanced items than those that rivals offer.

Technology orientation is referred to “as one where firms have an R&D focus and emphasize on acquiring and incorporating new technologies in product development ” Deshpandé et al. (2012). Technology orientation, according to Tsou et al. (2014), can also be described as an organization's propensity to accept new technology while developing new goods and its receptivity to new ideas. The presence of technological orientation, also known as innovation orientation, is evident in firms that introduce novel concepts, goods, and procedures. This is accomplished by employing technology as a competency and integrating it with the company's systems, resources, and organizational structure (Kateb,B. Obeidat and Maqableh, 2015).

According to Obeidat (2016) , technology orientation thereby greatly enhances both product and company performance. Technology-driven companies invest more in and improve their better products than they do in researching what customers need. Technology-driven technique Tambunan (2019) refers to the proactive development and prompt coordination required to become knowledgeable about technological advancements, followed by the use of these innovations in business processes, such as new product enhancement.

According to Frambach et al. (2016), a company may generate high-quality products that promptly satisfy client demands through the use of technology-driven applications, which also helps with organizational execution. Technology orientation refers to a company's propensity to use cutting-edge technology to launch new goods in addition to enhancing current goods and services by promoting and funding creative concepts (Ardito & Dangelico ,2018). When a business provides services and goods that customers are interested in, it may go above and beyond what is expected of it in terms of increasing maximum return on investment. Technology orientation refers to a company's propensity to use cutting-edge technology to launch new goods in addition to enhancing current goods and services by promoting and funding creative concepts Ardito and Dangelico (2018). According to Gatignon and Xuereb (1997)Technology orientation is characterized by three dimensions the degree of commitment to R&D, acquisition of new technologies and applications of the latest.

2.2.3 Entrepreneur orientation

Miller and Friesen (1983) were the first to construct and describe entrepreneur orientation. Since then, several studies from a variety of industries, nations, and cultures have used and expanded upon these concepts. Miller and Friesen (1983) identified three dimensions that define entrepreneurial orientation. These are a penchant for taking risks when investing in start-up companies, inventiveness, and proactivity. Being innovative means having the courage to try new things and be creative while launching new goods and creating new manufacturing techniques. Proactiveness is a forward-thinking, opportunistic mindset that emphasizes launching new goods ahead of the competition and Risk-taking entails adopting daring steps that could have unpredictable results, including venture marketing and dedication to venture finance. It also entails taking on a lot of debt in order to pursue initiatives Lumpkin and Dess (1996).

Covin and Slevin (1989) , defined entrepreneurial orientation as a manager's approach to acting in an entrepreneurial manner, including their decision-making styles, practices, and methodologies. Entrepreneur orientation is defined by to Lumpkin and Dess (1996) , as a procedure, practice, and action that results in a new entry. Risk-taking, inventiveness, proactivity, competitive aggressiveness, and autonomy are all seen as separate elements in this multidimensional construct. The willingness of a company to be innovative in order to revitalize market offerings, take chances in order to try out new and uncertain products, services, and markets, and be more proactive than rivals toward new marketplace opportunities Lumpkin and Dess (1996). On the other hand Entrepreneurial orientation can be defined as the firm's procedures, practices and decision-making activities used to improve the value of products and services in response to customer needs that may lead to enhanced performance (LIU & FU 2011).

Entrepreneurial orientation is a sort of strategic orientation that focuses on the entrepreneurial characteristics of a firm's strategy, according (Hakala ,2011). Regarding the dimensionality of entrepreneur orientation, there is disagreement in the literature(Martin & Javalgi, 2016). Nonetheless, However Lumpkin and Dess (1996) distinguished five aspects of the entrepreneur orientation: self-reliance, inventiveness, willingness to take risks, proactiveness, and aggressiveness in the marketplace. The research claims that there are various facets to entrepreneurial orientation, with risk-taking, inventiveness, and proactivity being seen as essential components According (Hakala ,2011).

Managers' willingness to devote resources is referred to as risk-taking (Balodi, 2014) . The term "innovation" describes a company's propensity to encourage fresh concepts, originality, inventiveness, and experimentation that result in the creation of unique goods, services, or technological advancements. The Ramezan et al. (2013) . Businesses strive for innovation to meet the needs of their clients. Pro activeness can be understood as a forward-looking perspective in which businesses strive to develop new goods or enhance current ones, foresee possibilities and changes, encourage adjustments to company strategies, and identify unmet consumer demands.

2.2.4 Learning orientation

Learning orientation according to Sinkula et al. (1997) refers to the attitude and tendency of an organization to attach importance to learning and regard it as a valuable activity. it contains a set of organizational values that influence the firm's trend to create and use knowledge By integrating learning into organizational culture, learning orientation can influence employees' behaviors and promote continuous learning to improve organizational competitiveness, (Slater & Narver, 1995). According to Real et al. (2014) learning orientation as a dynamic process of knowledge creation generated in the organization through its individuals and groups.

Several studies have addressed the benefits of learning orientation on firm's performance (Azadegan & Dooley ,2010). The learning orientation focuses on the transformation of information into knowledge and practices that lead to organizational change and ultimately impact firm's performance. Some have argued that learning orientation did not directly affect enterprise performance but instead played a positive moderating role between innovation capability and service innovation performance (Pesämaa et al., 2013).

Baker and Sinkula (1999) describe learning orientation as an organizational dimension that affects firm's propensity to create value and to encourage its members to "think outside the box". Huber, (1991) defines learning orientation broadly as the development of new knowledge or insights that have the potential to influence behavior through values and beliefs within the culture of an organization. Ferrell et al.(2010) argue that learning orientation is related to an organization's learning capability, as well as to its culture and system structure. Holt and Macpherson, (2006) argue that learning orientation is an important component of firm innovation. This attitude pertains to gathering and disseminating data regarding consumer

demands, market shifts, and competitor activity in addition to the creation of new technologies to outperform rival products. Certain facets of learning orientation align with company innovation.

According to Sinkula et al.(1997) Learning orientation usually comprises three dimensions: learning commitment, shared vision, and open mind. Learning commitment refers to how an enterprise regards learning as an essential aspect of improving the organization and is considered one of the most important values of an enterprise. Shared vision refers to the construction of a common vision within the organization so that the employees can realize their responsibility for the future development of the enterprise. Open mind means that the enterprise can question the value of knowledge and dare to break the mold of creative learning, demonstrating the critical learning method of the enterprise.

2.3 Firm performance

Business performance has been considered as the ultimate dependent variable in many empirical studies in strategic field and information system (Lin & Wu, 2014). According to Hakala (2011), performance is a multifaceted, relative, and subjective concept that connects to managerial understanding of the organization's results in connection to its objectives.

Organizational stakeholders have used it for tracking achievement of predefined business objectives(Lee et al., 2014). According to Melville business performance includes productivity, efficiency, profitability, market value, and competitive advantage. Chang and Chuang (2011) believed that business performance measures by three aspects including effectiveness, efficiency, and adaptation. Firm performance have qualitative and quantitative measurements. Quantitative measurement includes profitability, growth, market value, total return on shareholder, economic values added. On the other hand qualitative measurement of firm performance includes communication, Initiatives, leadership and empathy.

Westover (2016) states that Performance is considered as the ability of organizational functions to achieve their goals by utilizing available resources efficiently and effectively. A company has good performance, then the company can continue to survive, profit and grow. Due to the multifaceted nature of performance, a range of performance measures are employed when evaluating the relationship between market orientation (MO) and entrepreneurial orientation (EO) and business performance, as per numerous literature studies. Firm Performance is

typically determined by comparing organizational performance to corporate goals and using the owner's assessment of overall performance Kirca et al., (2005).

Firm Performance is a measure of the accomplishment of business objectives and the effectiveness of SMEs handling a variety of product categories and sizes. As a result, it is preferable to use subjective indicators because it is very challenging to find an objective measure of SME performance in the form of financial data. In reference to this relationship, Altuntas and Eregez,(2013) study noted that a number of studies show a positive correlation between strategic orientation and superior performance; additionally, strategic orientation influences how an organization responds to changes in the industry environment and becomes a key factor in determining the volume and nature of its innovation efforts.

2.4 Environmental turbulence

According to Khandwalla et al.(2024), environmental turbulence is characterized by a dynamic, unpredictable, expanding, and fluctuating environment. Environmental turbulence, according to *Emery-Trist (1965)* , is an environment in which there is a high degree of interconnectivity with the firm's ability to modify the environment. Sadler (1996) states that the terms "environmental turbulence" and "turbulent environment" can be used interchangeably. Extreme changes that happen quickly and suddenly are the hallmark of a turbulent environment.

Environmental turbulence, as defined by Stigter (2002) and Anggraini and Sudhartio (2019), can be understood as a state of affairs in which significant, ongoing, and unpredictable changes occur in an environment that is hazardous, uncertain, and everlasting. Boyne and Meier (2009) stated that environmental turbulence is one element of general models of the task environment that constrains organizational behavior and performance; it is the unpredictable change in munificence a business faces.

they face both opportunities and challenges as a result of environmental turbulence, and in order to flourish, they must adapt to their surroundings (Pratono & Mahmood, 2015). According to Wong,Tsai and Yanget (2014) environmental turbulence is the rate of unpredictability and extremely variable occurrences that take place in the environment in which a specific industry operates. Different scholars identify different types of environmental dimensions. As stated by Ungureanu, Bertolotti, and Macri (2020) and Bennett and Lemoine

(2014) volatility, uncertainty, complexity, and ambiguity, or VUCA, are the four dimensions of environmental turbulence.

According to Turulja and Bajgoric (2018) environmental Turbulence dimensions are market turbulence, technological turbulence, and competitive intensity turbulence. market turbulence is caused by the rate at which consumer preferences for products change, the unpredictability of technological advancements, and the intensity of rivalry that affects the level of competitiveness in the sector (Turulja & Bajgoric, 2018). For the purpose of this study the three dimensions of environmental turbulence (market turbulence, technology turbulence and competitive environment turbulence) dimensions are used. Turulja and Bajgoric (2019) states that Market turbulence is the rate at which consumer preferences for products are changing, the unpredictability of technological advancements, and the degree to which industry competitiveness is impacted by competition.

2.5 Empirical review

Ruekert and Walker (1987) emphasized that there are numerous ways to measure organizational performance and that it is not feasible to expect a single business strategy to have the same impact on all of these dimensions. The study conducted by Al-Ansaari et al. (2015) investigated that the relationship between strategic orientation and firm performance in small and medium-sized enterprises are significant and positively correlated. (Altindag et al., 2011) also carried out research to look at how strategic orientation affected Turkish family-owned businesses' success. according to Masa'deh et al.(2018) the elements of strategic direction and organizational performance have a statistically significant relationship. According to studies by LIU and FU (2011), Altindag et al. (2011),and Deniz and Timurcanday (2012), organizations that use a combination of strategic orientations are more likely to perform better than organizations that adopt only one orientation. An organization's structure, activities, relationship to the market, investments, and performance can all be greatly impacted by having the right strategy (Valos & Bednall, 2010).

Market orientation has a positive correlation with company success, according to Al-Ansaari et al. (2015). however, Finance mediates the positive correlation between market orientation and small- and medium-sized business success in Nigeria, claim (Ibrahim & Shariff, 2016). Market orientation had a direct and favorable impact on financing availability, but it did not directly and

significantly affect company performance in this study. Surprisingly, the result shows how market orientation affects funding availability, which in turn affects corporate performance.

According to Lee et al. (2014) technology and learning orientations have a significant effect on firm performance via firm innovativeness. These findings mean that firm innovativeness has a mediating effect on the relationships among technology orientation, learning orientation, and firm performance in emerging market small and medium size enterprise. Lee et al. (2014) states that firm innovativeness at least partially mediates the relationship between entrepreneurial orientation and firm performance. This finding shows that entrepreneurial orientation has a direct effect on firm performance and an indirect effect on firm performance via firm innovativeness. findings showed that both entrepreneurial orientation and innovativeness are critical for emerging market SMEs that are pursuing technological catch-up with advance countries (Lee et al., 2014). On the other hand Lee et al. (2014),said that , market orientation does not affect firm per performance or innovativeness in emerging market small and medium size enterprise.

A potential explanation is that most technology-intensive firms in emerging markets strategically focus their resources on developing R&D and innovative capabilities to increase their competitive advantage. Accordingly, they may be less interested in market aspects, weakening the relationship between the market-oriented behavior of firms and their performance. This means that market orientation has a weaker effect on firm innovativeness in the fast-changing market of emerging countries (Zho & Li, 2010). technology orientation encourages risk taking, openness to new ideas and innovative thinking which shapes customer behaviors and leads to the creation of new markets (Deshpandé et al., 2012).

Furthermore, it has been argued that organizations that have a high technology orientation are able to introduce new processes, products and services to satisfy the changing needs of customers and to gain an advantage over competitors (Hakala, 2011). according to Slater and Narver (1995)there is no significant relationship between entrepreneur orientation and firm performance. On the other hand According to Masa'deh et al.(2018) Market orientation is one of the most important components of strategic orientation to influence performance in Jordanian pharmaceutical companies. The reason behind this conclusion is that market orientation places major emphasis on the creation and maintenance of superior customer value while being mindful of the interests of other key stakeholders.

2.6 Hypothesis development

2.6.1 Market orientation and firm performance

According to Nugroho et al.(2022) , market orientation has a big impact on how well a company performs. Market orientation has a major impact on a firm's performance, claims Hern, (2021) .With a p-value of 0.000 and β of 0.500. According to Nugroho et al.(2022) , the association between market orientation and business performance has a significant and positive relationship. . Medina and Rufin (2009) the findings from the 244 replies indicate that, in addition to innovation serving as a bridge between retailers' strategic orientations and business performance, market driving also proved to be a reliable predictor of performance.

Market orientation significantly affects small and medium-sized businesses' business performance in the context of the local marketplace(Al-Ansaari et al., 2015) . Market orientation supports the theory by showing a significant positive connection with business performance to (Baker & Sinkula, 1999). On the other hand, according to Azaj et al. (2020) , market orientation has no significant effect on firm performance. From here we understand that the relationship between market orientation and firm performance is not uniform, and the result may affected by different variables. Therefore the researcher wants to check what looks like the current relationship between market orientation and firm performance in the Ethiopian banking sector and develop the following sets of hypotheses for the study.

H1: There is a significant and positive relationship between market orientation and firm performance

2.6.2 Technology orientation and firm performance.

Nugroho et al. (2022) state that there is no visible relationship between technology orientation and corporate performance. Technology orientation has no beneficial effect on business success, claims (Hern, 2021). According to his research (β value 0.118 and p value 0.058), technology orientation does not have a favorable effect on firm performance. on the other hand technology orientation have positive and significant contribution for firm performance (Azaj et al., 2020). From here we understand that the relationship between technology orientation and firm performance is not uniform, and the result may affected by different variables. Therefore the researcher wants to check what looks like the current relationship between technology

orientation and firm performance in Ethiopian banking sector, and develop the following sets of hypothesis of the study.

H2: There is a significant and positive relationship between technology orientation and the organizational performance of commercial banks in Ethiopia.

2.6.3 Entrepreneur orientation and firm performance

According to Covin Slevin (1989) business firms that have strong firm performance have a better performance because entrepreneur orientation is fundamental to help companies to improve and survive their performance. Nugroho et al. (2022) state that the performance of a firm is influenced by the entrepreneur's orientation. Hern (2021) asserts that an entrepreneurial mindset improves the performance of the company. His findings indicate that with (β 0.141, p value 0.0249). This condition demonstrates the strong correlation between firm performance and entrepreneur orientation. From this idea the researcher wants to develop the following sets of hypothesis.

H3: There is a significant and positive relationship between technology orientation and the organizational performance of commercial banks of Ethiopia.

2.6.4 Learning orientation and firm performance

learning orientation is significantly related to firm performance with ($b = .302, p < .01$) (Baker & Sinkula, 1999). According to *Endeshaw Azaji* (2020), learning orientation has no significant contribution for firm performance. From here we understand that the relationship between learning orientation and firm performance is not uniform, and the result may be affected by different variables. Therefore the researcher wants to check what looks like the current relationship between technology orientation and firm performance in Ethiopian banking sector, and develop the following sets of hypothesis of the study.

H4: There is a significant and positive relationship between learning orientation and firm performance in Ethiopian commercial banks.

2.6.5 Market orientation, Environmental Turbulence and firm performance

According to Aminu (2021) environmental turbulence does not moderate the relationship between market orientation and financial performance. On the other hand environmental turbulence moderates the relationship between market orientation and non-financial performance

(Aminu, 2021). For this research the measuring dimensions of environmental turbulence are market turbulence, technology turbulence and competitive intensity. This situation indicates that moderating role of environmental turbulence on the relationship between market orientation and firm performance (financial performance and non-financial performance) is different. However the above research is done on small and medium size firms and does not include other types of firms. Therefore the above research does not show the real role of environmental turbulence on the relationship between market orientation and firm performance. Therefore the researcher wants to identify the moderating role of environmental turbulence in the relationship between market orientation and firm performance in the Ethiopian banking sector, and develop the following set of hypothesis.

H5: Environmental turbulence moderate the relationship between market orientation and firm performance in Ethiopia banking sector.

2.6.6 Technology orientation, Environmental turbulence and firm performance

According to Masa'deh et al. (2018) and Azaj et al.(2020) technology orientation have a positive and significant relationship between technology orientation and firm performance . on the other hand Nugroho et al. (2022) the relationship between technology orientation and firm performance is insignificant. The above information tells that the relationship between technology orientation and firm performance is may affected by other variable. The present study aims to investigate the moderating role of environmental turbulence in the relationship between technology orientation and firm performance in the banking industry of Ethiopia. This situation leads for the sets following hypotheses.

H6: Environmental turbulence moderate the relationship between technology orientation and firm performance in Ethiopia banking sector.

2.6.7 Learning orientation, environmental turbulence and firm performance

According to Omar (2022) there is a positive and significant relationship between environmental turbulence and learning orientation. However in this research the researcher wants to identify the moderating role of environmental turbulence on the relationship between learning orientation and firm performance in Ethiopia banking sector. This leads to sets of following hypothesis development.

H7: Environmental Turbulence moderate the relationship between learning orientation and firm performance in Ethiopia banking sector.

2.6.8 Entrepreneur orientation, environmental turbulence and firm performance

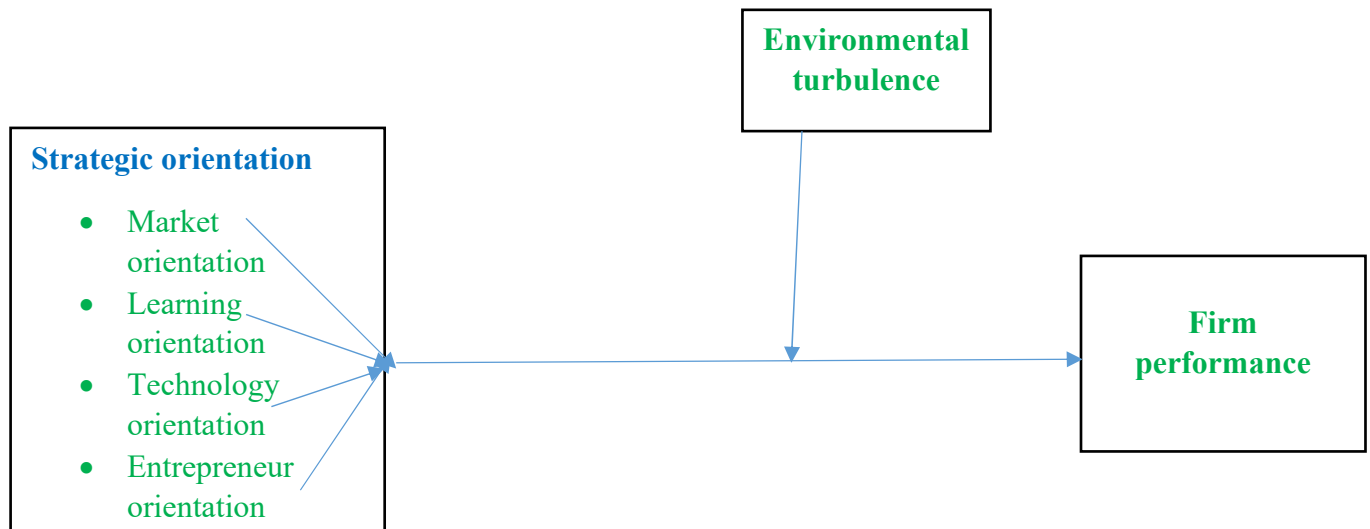
Environmental turbulence as a moderating element has a substantial impact on the relationship between entrepreneur orientation and business performance, according to Pratono and Mahmood (2015) . This suggests even more that the favorable correlation between entrepreneur orientation and business performance is attenuated by environmental turbulence. Entrepreneur orientation improves a firm's success in less turbulent environments. On the other hand, increased environmental turbulence has a detrimental impact on a firm's success regarding Entrepreneur orientation. Earlier studies demonstrate that entrepreneur orientation and business performance are positively and significantly correlated. This study aims to determine how environmental turbulence affects the relationship between company performance and entrepreneur orientation in the banking sector of Ethiopia. This gives rise to the subsequent sets of study hypotheses.

H8: Environmental turbulence moderate the relationship between entrepreneur orientation and firm performance in Ethiopian banking sector.

2.7 Conceptual Framework

Effects of strategic orientation on organizational performance in banking sector, the moderating role of Environmental turbulence in Ethiopian banking sector.

Figure 1 conceptual framework



Source: Jane Kariuki (2021), Beteliham Molla (2023) and researcher

CHAPTER THREE

3. Methodology

This chapter outlines the research methodology and technique applied in the study including the research approach, research design, and population of the study, sample design, sampling technique, research type, data analysis method, variable measurement, ethical consideration, and Reliability and validity.

3.1 Description of the study area

Ethiopia's banking industry occasionally expands and grows. *Ethiopian Bussiness review*, (2020) states that private banks can be divided into three divisions according to the year of inception. Generally speaking, pioneer banks that were established between 1996 and 2001 are known as first-generation banks. Awash, Dashen, Wegagen, Abyssinia, Hibret, and Nib are among them. The Cooperative Bank of Oromia, Lion, Zemen, and Oromia International Bank are examples of second-generation banks that were established between 2002 and 2008. Third-generation banks include Bunna, Berhan, Abay, Addis International Bank, Debub Global Bank, and Enat, which were founded between 2009 and 2013.

First-generation Nib Bank, second-generation Lion International Bank, and third-generation Abay Bank were the banks chosen for this study. Due to the fact that each of the three chosen banks is classified at a distinct level and makes a unique contribution to Ethiopia's financial industry. Officially, Nib Bank opened its doors on May 26, 1999 G.C., Lion International Bank began operations on October 2, 2006 G.C., and Abay Bank opened its doors on November 4, 2010. Due to their near vicinity, certain branches of all three banks in the Addis Ababa region were selected for this study. However, it should be noted that while all branches in Ethiopia tend to be similar, the representatives of the sample branches for the entire country have mostly been maintained.

Ethiopia's Nib, Lion and Abay banks are a commercial banks that provides financial services to a range of businesses and sectors, including real estate, construction, and agriculture, domestic and international trade. All economic sectors are intended to be supported by the bank's branch network. Real estate, building, transportation, industry, agriculture, and both domestic and international trade are among the industries it serves with its services. All three banks are taking the necessary steps to successfully support any firm in achieving its financial objectives. The

banks have expanded their operations area to encompass the entire country, indicating good progress by all accounts since their creation.

3.2 Research approach and design

3.2.1 Research approach

Research approaches, according to Creswell, (2009) are strategies and processes for conducting research that cover a range of topics from general hypotheses to specific techniques for gathering, analyzing, and interpreting data. There are three types of research approaches: quantitative method, qualitative method, and mixed method *Joe F.Haire, Phillip Samoue et al (2017)* . The term “quantitative approach” describes measurements where the characteristics of an object are explicitly represented by numbers. For this study quantitative approach was chosen. Because quantitative approach helps to test the relationship among different variables in numerical value. Therefore the relationship among independent variable strategic orientation such as learning, technology, entrepreneurial, and market orientations, and dependent variable firm performance with moderating role of environmental turbulence were test by quantitative approach with numerical value.

3.2.2 Research design

according to Huyler and McGill, (2019) state that the precise steps in the research process, data collecting, data analysis, and report writing are known as research design. The setting up of parameters for data collecting and analysis with the goal of balancing economy and procedure with relevance to the study goal is known as a research design (Huyler and McGill, 2019). The plan, structure, method, and investigation combined to gain guaranteed to search question and control variance is known as research design. according to Creswell (2009) Research designs are forms of inquiry within qualitative, quantitative, and mixed methodologies that give explicit guidance for procedures in a research project.

According to Islamia(2016) there are four types of research design, namely explanatory, descriptive, exploratory and experimental. For this study explanatory research design was selected. Explanatory research is used to formulate a problem for specific investigation, to formulate a hypothesis and the hypothesis shows the relationship between two or more variables. Due to the above explanation the researcher wants to use explanatory research design to express the relationship between strategic orientation (market, learning, and technology and entrepreneur

orientation) and firm performance with moderating role of environmental turbulence; and correlation was empirically tested with regression model.

3.3 population and sampling technique

3.3.1 Target population

The target population is the entire elements that are important to the research project. They are important because they contain the information the research project is designed to collect. For this study target population will be a collection of branch managers, top managements of Nib bank, Lion international bank and Abay bank, located in Addis Ababa. The researcher believes that enough data can be collected from these sources. The selected target population significantly influences the banking sector.

3.3.2 Sample size determination

The sample size can be computed using a variety of formulas. For this study data collected from three different private banks located in Addis Ababa, and to know the exact number of population the researcher contact managers and employees of those three banks. Abay bank has 173 branches and expected around 230 employees as a managerial level, according to Shimelis W/yohanes. Nib bank has 225 branches and expected around have 270 employees on managerial position according to Yonas G/Selassie. On the other hand Lion international bank has 140 branches and 180 employees on managerial position. For this study around 680 population were targeted from three private commercial banks. According to Yemane 1967 sample size of the study can be calculated by

$$n = N / (1 + N e^2)$$

Where n =target sample size

N= total population

e =accepted error with 95% confidence level

$$n = 680 / (1 + 680 * (0.05)^2) = 252$$

Therefore 252 employees were selected for this study from all three banks. Among 252 employees using proportion of each number 100 employees selected from Nib bank, 67 were selected from Lion international bank and 85 employees were selected from Abay bank.

3.4 Sampling method

The sampling method is important when the population is too large and does not cover the entire population. The research may use whether probability or non-probability sampling method based on the nature of the research. According to *Joe F.Haire, Phillip Samoue et al (2017)*, Probability sampling is mainly used for quantitative research and non-probability sampling is used for qualitative research. For probability sampling the chance of each element selected from target population is known and mainly equal for all cases. However, for non-probability sampling, every elements of the target population has not equal chance of being selected because of the inclusion or exclusion of elements based on the judgment of the researcher. This situation leads in non-probability sampling each element being selected is not known, and difficult to ensure the sample is representative. For such reason probability sampling method is used. There are four types of probability sampling. These are simple random sampling, systematic sampling, stratified sampling, and cluster sampling method *Joe F.Haire, Phillip Samoue et al (2017)*. Among those four probability sampling methods multistage cluster samplings method were applied for this study.

3.5 Data source and method of data collection

3.5.1 Types of data source

For this study primary and secondary data were used. Primary data is the types of data that is gathered through questioner from branch managers, customer service managers, and marketing managers of Nib bank. Lion international bank and Abay bank. Secondary data, on the other hand, is essential to include information that was not found using primary source, found within books, journal articles, and websites. For this study, primary data is collected through standardized questionnaires and secondary data were collected from website and annual reports of all three banks.

3.5.2 Data collection method

Any research study that is conducted needs to have information acquired from reliable sources. Both primary and secondary data sources were employed in the research .Surveys that respondents filled out on their own were used to gather primary data. Branch managers, customer service managers, top managements of head offices received the questionnaire in person using random sampling methods.

3.6. Variable measurement

Variable measurement for the purpose of this study were prepared questionnaire from different previous studies. The first part of the questionnaire contain demographic characteristics of respondents and have 4 items. The second parts of the questionnaire contain dependent, independent and moderating variables. For each variable Closed-ended questions with a five point Likert scale, from 1= strongly disagree, 2= disagree, 3= normal, 4= agree and 5=strongly agree, were prepared. For this study market orientation measured by 15 items taken from Narver and Slater (1990), learning orientation measured by 10 items taken from Sinkula et al. (1997), technology orientation measured by 10 items taken from Gatignon and Xuereb (1997), entrepreneur orientation measured by 18 items taken from Hughes and Morgan (2007), the moderating variable environmental turbulence measured by 13 items taken from Turulja and Bajgoric (2018) and the independent variables firm performance was measured using financial and non-financial indicators of 9 items taken from (Prieto and Revilla, 2006).

3.7 Data analysis method

Since regression aims to characterize and assess the relationship between a given variable and another variable, a multiple regression model was employed for data analysis. Since regression is the process of trying to take advantage of the movement of one or more other variables, a multiple regression model was employed for data analysis. The process to explain a variable's movement by employing the movement of one or more other variables is known as regression analysis.

3.8 Data analysis procedure

Questionnaires were prepared and distributed in person to the selected respondents. After the questionnaire was returned the data were coded and entered to SPSS software. For this study, SPSS was used to examine quantitative data using descriptive statistics and inferential analysis.

3.9 Ethical consideration

Ethical consideration would reflected when the data was collected for this academic study. Therefore, participants of the research were entirely informed about the purpose of the study and significant information was gathered with the full willingness of participant without any compulsion. The confidentiality of the data collected and the secrecy of respondents was kept

private and participants of the survey were informed the collected data was to be used for academic purpose only.

CHAPTER FOUR

4 Data presentation, Analysis and Discussion

4.1 introduction

This Chapter includes data analysis and discussion. The collected data were analyzed through SPSS version 26 software. This chapter consists of response rate, reliability and validity, Demographic characteristics of respondent, descriptive analysis of variables (independent, dependent and moderator), inferential statistics and hypothesis testing. Inferential statistics includes correlation and regression analysis.

4.2 Reliability and validity

4.2.1 Reliability

Heale and Twycross (2015) state that validity and reliability are two distinct variables that help researchers evaluate their measurement. As per their definitions, reliability is the consistency throughout time (test-retest reliability), between items (internal consistency), and across researchers (inter rater reliability), and validity is the extent to which the scores accurately reflect the variable they are supposed to.

The term "homogeneity" describes the data's internal consistency, which may be evaluated using Cronbach's Alpha, split-half reliability, item-to-total correlation, and the Kuder Richardson coefficient. Heale and Twycross (2015) state that the most popular test for assessing an instrument's internal consistency is Cronbach's Alpha. The Cronbach's α result is a numerical value that ranges from 0 to 1. A dependability score of 0.7 or greater is deemed satisfactory. Nevertheless, there is no need to test the stability test because the study was only carried out once. The evaluation of equivalency is done using inter-rater reliability.

The Cronbach Alpha test was used to evaluate the reliability measure solely for homogeneity or internal data consistency. As a result, it was discovered that the data had greater consistency within items if the Cronbach Alpha coefficient was closer to 1. According to *George and Mallery (2003: 231.)* If the value of “ $\alpha > 0.9$ -Excellent, $\alpha > 0.8$ - Good, $\alpha > 0.7$ - acceptable, $\alpha > 0.6$ - Questionable $\alpha > 0.5$ – poor, $\alpha < 0.5$ - Unacceptable”.

Table 1 Cronbach Alpha of all variable

	Number of items	Cronbach's Alpha value
Market orientation	15	0.871
Technology orientation	10	0.765
Entrepreneur orientation	18	0.903
Learning orientation	10	0.838
Environmental turbulence	13	0.789
Firm performance	9	0.824

Source: - own survey 2024 SPSS version 26

The above survey result shows that the Cronbach's Alpha value is excellent for Entrepreneur orientation, good for market orientation, Learning orientation, and firm performance, and acceptable for technology orientation and Environmental turbulence.

4.2.2 Validity

According to Heale and Twycross (2015) validity is the extent to which the scores accurately reflect the variable they are supposed to. Validity is the extent to which differences found with a measuring tool reflect true differences among respondents being tested. The purpose of validity in the study has to seek relevant evidence that confirms the answers found with the measurement device which is the nature of the problem. The items is revise and improve according to the employee's, expertise and advisors. To assure validity, questionnaires were designed based on previous studies' and review of related pieces of literature. Furthermore, this study deduces a hypothesis from a theory that is relevant to the concept.

4.3 Response rate

A total of 252 questionnaire were prepared and distributed in person and 242 questionnaire were returned, which means 96 % questioner returned. This data is enough to do the research.

4.4 Demographic characteristics of respondent

For this study demographic characteristics of respondents includes age, gender, experience and educational background. This information helps the researcher to have certain general knowhow about collected data.

Table 2 Demographic information on sex of respondent

		sex of respondent			
		Frequency	Percent	Valid Percent	Cumulative Percent
Sex	Male	138	57.0	57.0	57.0
	Female	104	43.0	43.0	100.0
	Total	242	100.0	100.0	
Age	Less than 25	10	4.1	4.1	4.1
	25-35	171	70.7	70.7	74.8
	36-45	57	23.6	23.6	98.3
	46-55	4	1.7	1.7	100.0
	Total	242	100.0	100.0	
Education	Bachelor Degree	101	41.7	41.7	41.7
	Master's Degree	139	57.4	57.4	99.2
	PHD and above	2	.8	.8	100.0
	Total	242	100.0	100.0	
Experience	Less than 5	22	9.1	9.1	9.1
	5-10	113	46.7	46.7	55.8

	11-15	95	39.3	39.3	95.0
	16-20	12	5.0	5.0	100.0
	Total	242	100.0	100.0	

Source: own survey computed in SPSS 2024

According to table 2 indicated above among the total sample of 242 respondents majority of respondents which are 138 or 57% are male and 104 or 43% of respondents are female. From this we can conclude that even if number of male is higher than number of females the data is collected from enough number of male and female. as indicated in the above table 2 among the total sample of 242 respondents majority of respondents which cover 171 or 70.7% age are from 25-35 years old, second large number of respondents are from 36-45 years old which cover 57 or 23.6%.this indicates that majority of respondents are senior, and expected have enough information about their firms. This helps the researcher to get the better data about the firms.

As it indicates that in the above table 2 among the total respondents 46.7 percent of respondents have experience from 5-10 years and second largest number 39.3 percent covers from 11-15 years' experience. This indicates that the academic issue of the banks led by well experienced employees, and this is good for researcher to get better information about firms. On the other hand 57.4 percent of respondents have Master's degree, 41.7 percent have bachelor degree and the remaining 0.9 percent of respondents have PHD and above educational qualification. This indicates that the banks strategic issue led by academic employees, and help firms to be successful.

4.5 Descriptive analysis

Descriptive analysis includes minimum, maximum, mean and standard deviation of independent variable (market orientation, technology orientation, learning orientation and entrepreneur orientation), the dependent variable which is firm performance and the moderating variable which is called environmental turbulence are analyzed in this part. Therefore, according to Zaidatol and Bagheri (2009), as cited by Endeshaw Azaj et al.,(2020) the mean score above 3.8 is high,from3.4 up to 3.79 is moderate and below 3.39 is low.

4.5.1 Descriptive analysis of market orientation

The statistical analysis of market orientation contain 15 item with three dimensions of customer orientation, competitor orientation and inter functional coordination. The analysis contain the minimum, maximum, mean and standard deviation that are analyzed in the following table.

Table 3 Descriptive analysis of market orientation

	N	Mini mum	Maxi mum	Mean	Std. Deviation
The banks objectives are driven primarily by customer satisfaction	242	3.00	5.00	4.1983	.68317
The bank is constantly monitor employees level of commitment and orientation to serving customers 'need	242	2.00	5.00	4.1074	.84776
The bank strategy for competitive advantage is based on understanding of customers' needs	242	2.00	5.00	4.1653	.78732
Our bank measure customer satisfaction frequently	242	1.00	5.00	4.1818	.78365
our bank objectives are driven by creating greater customer value	242	3.00	5.00	4.3554	.60234
Our bank top managers from every function regularly visit our current and prospective customers	242	1.00	5.00	4.0083	1.01029
Our banks regularly share information within our business concerning competitors' strategies	242	1.00	5.00	3.6281	1.09796
Our bank pay close attention to after sales and service	242	2.00	5.00	3.8099	.89548

The bank Top management regularly discusses competitors' strengths and strategies	242	2.00	5.00	3.9132	.94491
Our bank target customers where we have an opportunity for competitive advantage	242	3.00	5.00	4.0744	.63331
Our bank freely communicate information about our successful and unsuccessful customer experiences across all business functions	242	2.00	5.00	3.6942	.75499
The bank respond to competitive actions that threaten us	242	2.00	5.00	3.8760	.77909
All functional groups work hard to thoroughly and jointly to solve problems	242	2.00	5.00	3.8388	.89886
All of our managers understand how everyone in our business can contribute to creating customer value	242	2.00	5.00	3.8636	.72450
All of our banks are integrated into serving the needs of our target markets	242	2.00	5.00	3.8223	.72695
Valid N (list wise)	242				

Source: own survey computed in SPSS 2024

As shown in the above table 3 from 15 items of market orientation respondents were answered from strongly disagree which is 1 up to strongly agree which 5, and maximum mean score 4.3554 with SD=0.60234, And minimum mean score 3.6281 with SD= 1.09796 were recorded. The overall mean score of market Orientation are (M= 3.9691, SD=0.46618). According Zaidatol and Bagheri (2009), as cited by Endeshaw Azaj et al.,(2020) the mean score of market orientation (3.9691) is high and the variety of standard Deviation from the mean is 0.46618.

4.5.2 Descriptive analysis of technology orientation

Descriptive analysis of technology orientation includes minimum, maximum, mean and standard deviation of The prepared 10 item questions.

Table 4 Descriptive analysis of technology orientation

	N	Mini mum	Maxi mum	Mean	Std. Deviation
The bank service development program are more ambitious than our competitors	242	1.00	5.00	3.3760	.98701
Our banks have better technological knowledge than our competitors	242	1.00	5.00	3.3017	1.03262
Our banks are active in developing new technology	242	1.00	5.00	3.5579	1.01787
Research and development (R&D) activities are important in our Bank	242	2.00	5.00	3.9463	.81046
Our service include high technology	242	1.00	5.00	3.6694	.79300
Our bank initiates development of new technologies	242	1.00	5.00	3.7314	.86312
New technology are integrated to our banks rapidly	242	1.00	5.00	3.5372	1.08204
In our bank new service development process is directed by technical personnel	242	2.00	5.00	3.5909	.76895
In our bank advanced technologies and methods are used to develop new service.	242	1.00	5.00	3.7521	.75979
The bank tend to develop new technologies to respond changing expectation of our customer	242	2.00	5.00	3.9835	.76742
Valid N (list wise)	242				
Over all mean	242			3.6446	.45072

Source: own survey computed in SPSS 2024

As shown in the above table 4 from the 10 items of technology orientation respondents were answered from strongly disagree which is 1 up to strongly agree which is 5, and maximum mean score 3.9835 with SD=0.76742 and Minimum mean score 3.3017 with SD=1.03262 were recorded. The overall mean score of technology orientation are (M=3.6446, and SD=0.45072). According Zaidatol and Bagheri (2009), as cited by Endeshaw Azaj et al., (2020) the mean score of Technology orientation (M=3.6446) is moderate and the variety of standard deviation from the mean is 0.45072.

4.5.3 Descriptive analysis of entrepreneur orientation

The descriptive analysis of Entrepreneur orientation includes minimum, maximum, mean and standard deviation. This helps the researcher to identify the minimum response, maximum response mean and standard deviation of each 18 items of entrepreneur orientation and also to know the overall mean score of entrepreneur orientation.

Table 5 Descriptive analysis of entrepreneur orientation

	N	Minimum	Maximum	Mean	Std. Deviation
We actively introduce improvements and innovations in our bank.	242	2.00	5.00	3.7893	.70048
Our bank is creative in its methods of operation	242	2.00	5.00	3.9380	.74028
Our bank seeks out new ways to do things	242	2.00	5.00	3.7066	.93385
taking risk is considered as a positive attribute for people in our bank	242	2.00	5.00	3.6074	.93282
People in our bank are encouraged to take calculated risks with new ideas.	242	1.00	5.00	3.6281	.91672
Our bank emphasizes both exploration and experimentation for opportunities	242	2.00	5.00	3.6818	.79024
We always try to take the initiative in every situation	242	2.00	5.00	3.8554	.83972
We excel (are great) at identifying opportunities	242	2.00	5.00	3.9091	.65691
We initiate actions to which other business firms respond	242	2.00	5.00	3.7727	.70121
Our bank is intensely competitive.	242	2.00	5.00	3.9256	.60654
In general, our bank takes a bold or aggressive approach when competing	242	2.00	5.00	3.8471	.84319
We try to change and maximize opportunities the competition as best as we can	242	2.00	5.00	3.9669	.71072
Employees are permitted to act and think without interference	242	2.00	5.00	3.7521	.79710

Employees perform jobs that allow them to make and instigate changes in the way they perform their work tasks.	242	2.00	5.00	3.7107	.65613
Employees are given freedom to decide on their own how to go about doing their work	242	1.00	5.00	3.4711	.96041
Employees are given freedom to communicate without interference	242	1.00	5.00	3.3099	1.01392
Employees are given authority and responsibility to act alone if they think it to be in the best interests of the bank	242	1.00	5.00	3.5620	.96746
Employees in our bank have access to all vital information	242	1.00	5.00	3.5455	.95977
Valid N (list wise)	242				
Over all mean	242			3.7211	0.48946

Source: own survey computed in SPSS 2024

As shown in the above table 5 from the 18 items of Entrepreneur orientation respondents were answered from strongly disagree which is 1 up to strongly agree which is 5, and maximum mean score 3.9669 with SD=0.71072 and Minimum mean score 3.3099 with SD= 1.01392 were recorded. The overall mean score of entrepreneur orientation are (M= 3.6446, SD=0.45072). According Zaidatol and Bagheri (2009), as cited by Endeshaw Azaj et al.,(2020) the mean score of Technology orientation (M=3.7211) is moderate and the variety of standard deviation from the mean is 0.48946.

4.5.4 Descriptive analysis of learning orientation

The descriptive analysis of learning orientation includes minimum, maximum, mean and standard deviation. This helps the researcher to identify the minimum response, maximum response mean and standard deviation of each 10 items of learning orientation and also to know the overall mean score of learning orientation.

Table 6 Descriptive analysis of learning orientation

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Our banks have specific mechanisms for sharing lessons in firms activities among departments	242	1.00	5.00	3.6942	.90497
There is total agreement on our banks vision across all levels, functions and divisions	242	2.00	5.00	4.0992	.73901
Managers frequently consult employees to discuss new developments	242	1.00	5.00	3.8099	.82808
In our bank, employee's learning is an investment not an expense	242	2.00	5.00	4.0413	.84379
In our bank Managers disagree that it is important to accept diverse viewpoint	242	1.00	5.00	3.5372	1.17400
In our bank learn is the key to our competitive advantage	242	2.00	5.00	4.0661	.82226
Employees are always ready for learning and our bank provides opportunities for learning	242	2.00	5.00	4.0826	.87460
In our bank Learning is necessary to guarantee organizational survival.	242	2.00	5.00	4.2893	.83431
The bank continually judge the quality of our activities and decisions taken over time	242	2.00	5.00	3.9132	.81270
Our bank actively encourage employees and customers to let us know if we are going wrong in the way we do things and to let us know how we can improve	242	1.00	5.00	3.9917	.82488
Valid N (list wise)	242				

Source: own survey computed in SPSS 2024

As shown in the above table 6 from the 10 items of learning orientation respondents were answered from strongly disagree which is 1 up to strongly agree 5, and maximum mean score 4.2893 with SD=0.83431 and Minimum mean score 3.5372 with SD= 1.174 were recorded.

4.5.5 Descriptive statistics of environmental turbulence

The descriptive analysis of environmental turbulence includes minimum, maximum, mean and standard deviation. This helps the researcher to identify the minimum response, maximum response mean and standard deviation of each 13 items of learning orientation and also to know the overall mean score of learning orientation.

Table 7 Descriptive analysis of environmental turbulence

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
In our kind of business, customers' service preferences change quite a bit over time	242	2.00	5.00	4.0826	.85055
Our customers tend to look for new services all the time	242	3.00	5.00	4.2893	.70491
New customers tend to have service related needs that are different from our existing Customer	242	2.00	5.00	3.9711	.81173
We are witnessing demand for our services from customers who never use them before	242	2.00	5.00	3.8017	.83611
We cater (give service) to many of the same customers that we used to in the past	242	2.00	5.00	4.0331	.73370
Technological changes provide big opportunity to our bank	242	3.00	5.00	4.3760	.63370

A large number of new service ideas have been made possible through technological breakthrough in our bank	242	2.00	5.00	4.1116	.90638
Technological developments in our bank are rather minor	242	1.00	5.00	3.5950	1.01096
The technology in our bank is changing and influences us	242	2.00	5.00	3.9132	.94491
There is high competition in banking industry	242	3.00	5.00	4.3099	.69305
One hears of a new competitive move almost every day	242	3.00	5.00	4.1033	.72426
Anything one competitor can offer others can match readily	242	2.00	5.00	4.0455	.79547
There are many promotion wars in banking industry	242	3.00	5.00	4.3306	.64272
Valid N (list wise)	242				

Source: own survey computed by SPSS

As shown in the above table 7 from the 13 items of environmental turbulence respondents were answered from strongly disagrees 1 up to strongly agree, and maximum mean score 4.3306 with SD= 1.01096 and minimum mean score 3.595 with SD=1.01096 were recorded.

4.5.6 Descriptive of Firm performance

The descriptive analysis of firm performance includes minimum, maximum, mean and standard deviation. This helps the researcher to identify the minimum response, maximum response mean and standard deviation of each 9 items of firm performance and also to know the overall mean score of firm performance.

Table 8 Descriptive analysis of firm performance.

	N	Minimu m	Maxi mum	Mean	Std. Deviation
Our bank become profitable in the past years.	242	3.00	5.00	4.4711	.61885
Our bank return asset enhanced in the past few years	242	2.00	5.00	4.2521	.79319
Our bank market share increase in the past few years	242	2.00	5.00	4.1074	.89999
Production cost of our bank is increased in the past few years.	242	1.00	5.00	3.7066	.90680
Our bank work productivity has improved over the past few years	242	1.00	5.00	3.8554	1.01429
Our banks customer highly satisfied compared to our competitor	242	1.00	5.00	3.6860	.96437
Our bank quality wise service are superior than our competitor	242	2.00	5.00	3.6488	.94922
Our banks reputation is superior to our competitor	242	2.00	5.00	3.8347	.81324
Our banks registered number of customer increase in the past few years	242	3.00	5.00	4.2645	.72614
Valid N (list wise)	242				

Source: own survey computed in SPSS 2024

As shown in the above table 8 from the 9 items of firm performance respondents were answered from strongly dis agree which is 1 up to strongly agree 5, and maximum mean score 4.4711 with SD=0.61885 and Minimum mean score 3.6488 with SD= 0.94922 were recorded.

4.5.7 Descriptive summary of strategic orientation dimensions

This summary part of descriptive analysis includes the minimum, maximum, mean and standard deviation of each dimensions of strategic orientation (market orientation, technology orientation, entrepreneur orientation and learning orientation) the moderating variable environmental turbulence and the dependent variable which is firm performance.

Table 9 Descriptive analysis of strategic orientation

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Market orientation	242	2.87	5.00	3.9691	.46618
Technology orientation	242	2.00	4.50	3.6446	.45072
Entrepreneur orientation	242	2.61	4.67	3.7211	.48946
Learning orientation	242	2.10	4.70	3.9525	.54057
Environmental turbulence	242	3.08	5.00	4.0947	.41726
Firm performance	242	3.00	5.00	3.9807	.49920
Valid N (list wise)	242				

Source: own survey computed in SPSS 2024

As indicated in the above table 9 the mean score value of among the strategic orientation dimensions, technology orientation (M=3.6446, SD=0.45) and Entrepreneur orientation (M=3.72, SD= 0.489) are moderate according to Zaidatol and Bagheri (2009), as cited by Endeshaw Azaj et al.,(2020). On the other hand market orientation (M=3.96, SD=0.466), Learning orientation (M=3.95, SD=0.54) are high ,the moderating variable Environmental turbulence (M=4.0947, SD=0.41725) and the dependent variable firm performance (M=3.98, SD=0.49) are categorized as high according to According Zaidatol and Bagheri (2009), as cited by Endeshaw Azaj et al.,(2020).The above result shows that the Ethiopian commercial banks are highly market and learning oriented, and moderate for technology and Entrepreneur orientation. On the other hand the moderating variable environmental turbulence have high impact on Ethiopian commercial banks.

4.6 Inferential Statistics analysis

Inferential statistics is another technique that used to make conclusion about population from sampling data. Inferential statistics includes probability distribution, hypothesis testing,

correlation and regression. Correlation and regression analysis used to test hypothesis and to evaluate the relationship among the variables.

4.6.1 Correlation analysis

Correlation is analysis that helps to identify relationship and direction among independent and dependent variables. In this study correlation analysis is used to identify the relationship among strategic orientation dimensions, environmental turbulence and firm performance by using Pearson correlation analysis. The value of Pearson correlation categorized in to three according to Cohen 1988. If the value of Pearson correlation is between 0.10 and 0.29, it indicates weak correlation, a correlation between 0.30 and 0.49 indicates medium correlation, if the value of correlation is between 0.5 and 1.0, it indicates strong correlation. The result summarized below.

Table 10 Correlation analysis of strategic orientation dimensions

Correlations		MO	TO	EO	LO	ET	FP
MO	Pearson Correlation	1					
TO	Pearson Correlation	.478**	1				
EO	Pearson Correlation	.627**	.358**	1			
LO	Pearson Correlation	.644**	.477**	.581**	1		
ET	Pearson Correlation	.481**	.373**	.335**	.275**	1	
FP	Pearson Correlation	.404**	.340**	.422**	.377**	.253**	1

** . Correlation is significant at the 0.01 level (2-tailed, N=242).

Source: own survey Computed by SPSS

According to Cohen (1998.) Market orientation (0.404), technology orientation (0.34), and Entrepreneur orientation (0.422), learning orientation (0.337) have moderate correlation with firm performance. On the other hand the moderating variable environmental turbulence (0.253) have weak correlation with firm performance. This indicates that entrepreneur orientation, market orientation, technology orientation and, learning orientation have a moderate influence with firm performance.

4.6.2 Test of Assumptions of linear regression

1. Autocorrelation

According to Skiera et al.(2020) When there is autocorrelation, there is a correlation between the residuals. Therefore in order to analysis data through regression one of the assumption is no auto correlation among residuals.

Table 11 test of auto correlation

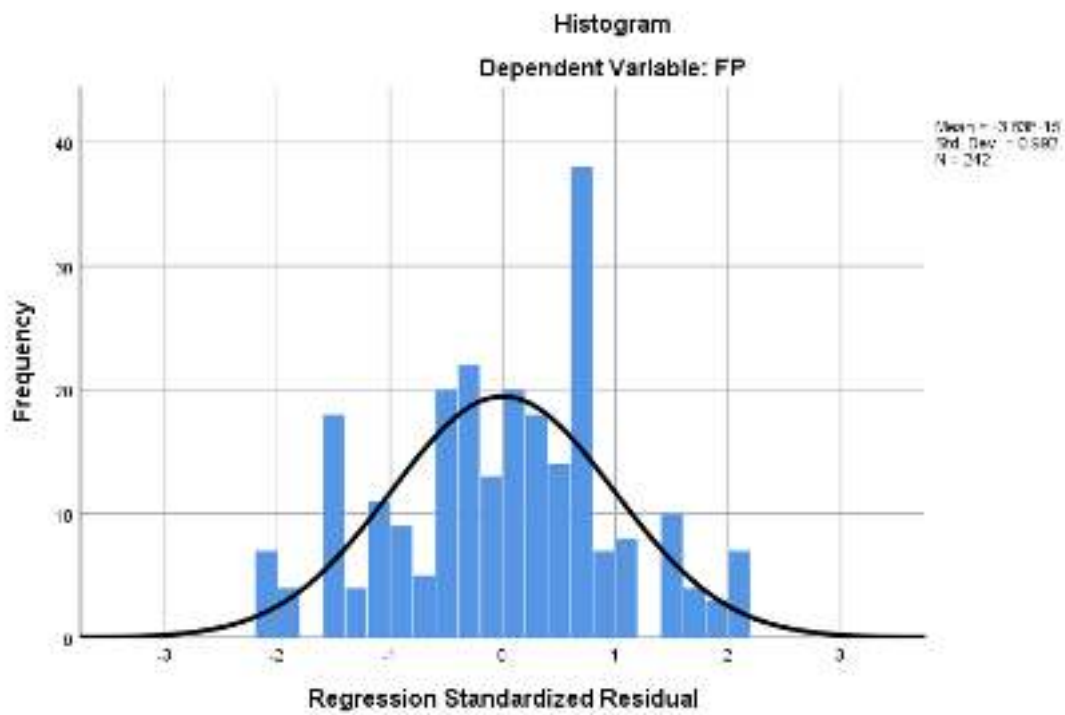
Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.486 ^a	.236	.223	.44005	1.995
a. Predictors: (Constant), LO, TO, EO, MO					
b. Dependent Variable: FP					

According to Chris .Brooks (2014) if the value of Durbin –Watson test is 2 or near to 2 there is no auto correlation in the residuals. As it indicates in the above table 11 The value of Durbin Watson is 1.971 which is close to 2, there for there is no auto correlation for the given residuals, and assumption of independent error is met.

2. Normality

The second assumptions of multiple linear regression is Normality. According to Osborne and Waters, (2019) variables have normally distributed. Non- normally distributed variables can distorted significance test and relationships of variable. Among several methods to check the normality assumptions of multiple linear regression for this study Histogram and P-P plots used to check the normal distributions of variables.

Figure 2 test of Normality



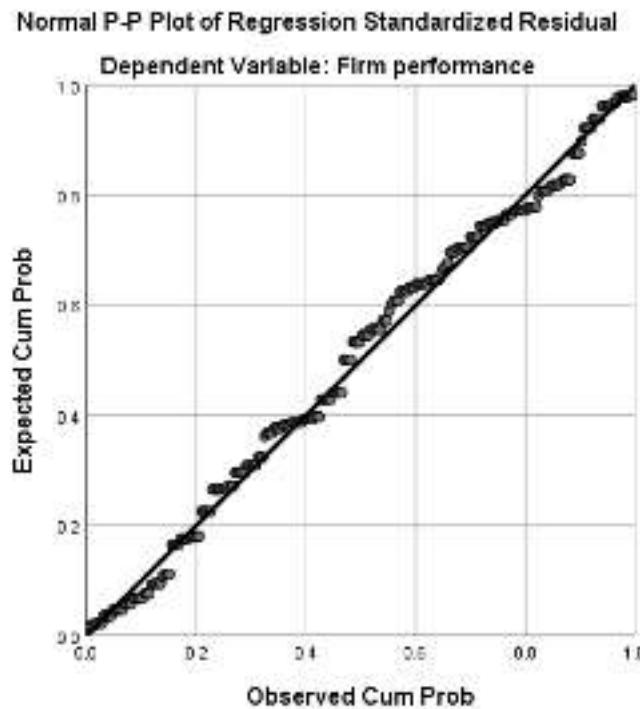
Source: own survey computed in SPSS 2024

A normal distribution, according to Krithikadatta, (2014), resembles a symmetric bell-shaped curve, with the mean, median, and mode being equal to or near one another. The above figure shows that it is bell shaped and normally distributed therefore the assumptions of multiple linear regression is met.

3. Linearity

The third assumptions of multiple linear regression is linearity. According Osborne and Waters, (2019) to in order to get accurate multiple linear regression linear relationship between independent variable and dependent variable is necessary i.e. the change in independent variable will also change dependent variable.

Figure 3 Test of Linearity



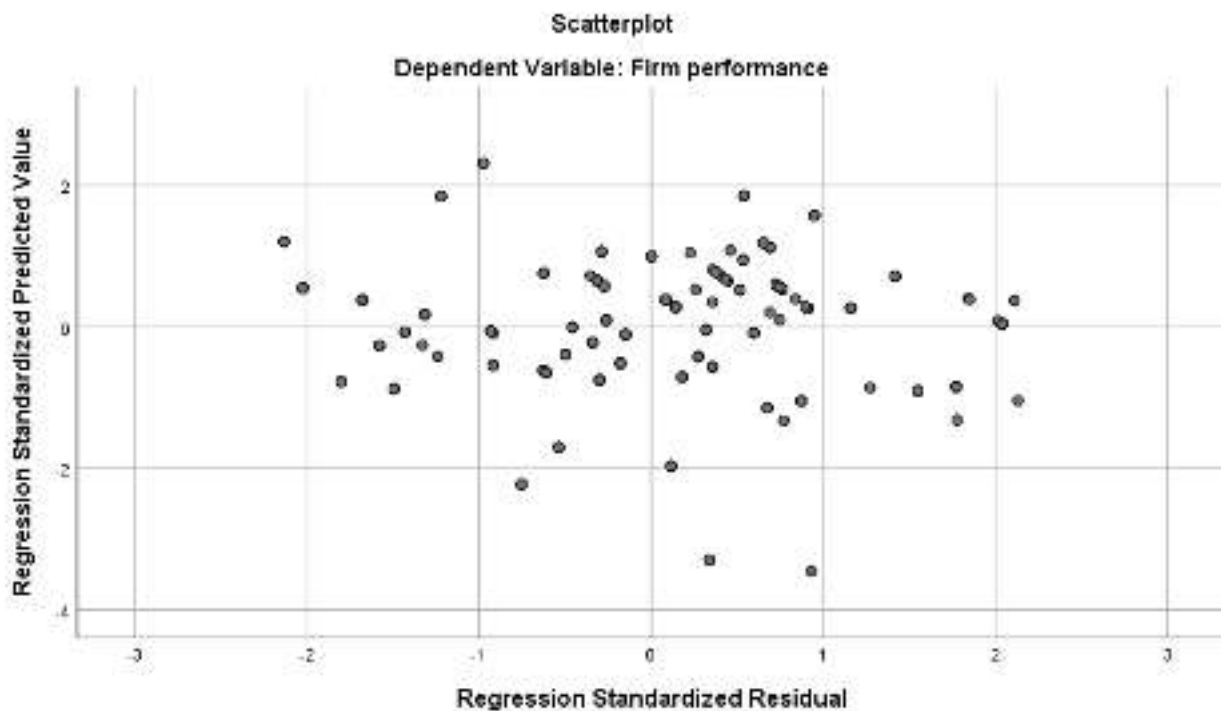
Source: own survey computed in SPSS 2024

As indicated from the above figure 2 the P_P plot shows that the dot lies closer to the diagonal line. This situation is prove that the residuals are linearly distributed and assumption of linearity test is met.

4. Homoscedasticity

The third assumption of multiple linear regression is homoscedasticity. The assumption of homoscedasticity is important to linear regression model. Homoscedasticity describes a situation in which the error term or random disturbance in the relationship between the independent variables which is strategic orientation dimensions and the dependent variable firm performance is the same across all values of the independent variables. According to Osborne and Waters, (2019), homoscedasticity shows equal variance across all independent variable.

Figure 4 Test of Homoscedasticity



Source: own survey computed in SPSS 2024

As the above Figure 4 the residuals are distributed without pattern, therefore the assumption of homoscedasticity assumption is met.

5. Multi co linearity

Another assumptions of multiple linear regression is no multi co linearity, i.e. independent variables are not highly correlated with each other. To check whether there is multi co linearity or not, if VIF values below 10 and correlation matrix (tolerance) will be below 0.8, no multi co linearity and assumptions of multiple linear regression met.

Table 12 Test of Multi Linearity

Coefficients			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Market orientation	.497	2.011
	Technology orientation	.756	1.323
	Entrepreneur orientation	.590	1.696
	Learning orientation	.751	1.331
a. Dependent Variable: Firm performance			

Source: own survey computed in SPSS 2024

As indicated in the above table the value of VIF is from 1 up to 2 therefore it indicates that there is no multi co linearity.

4.6.3 Multiple linear Regression analysis

The purpose of this research is to investigate what looks like the relationship between strategic orientation and firm performance with the moderating role of environmental turbulence in the Ethiopian banking sector. So to test the hypothesis multiple regression analysis techniques was applied. According to Creswel, (2009) the significance level was 0.05 and the probability value

(p-value) obtained from the statistically hypothesis is used to decide whether the hypothesis is accepted or rejected.

Table 13 Regression analysis of Model summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Drbin-Watson
1	.486 ^a	.236	.223	.44005	1.995
a. Predictors: (Constant), LO, TO, EO, MO					
b. Dependent Variable: FP					

Source: own survey computed in SPSS 2024

As indicated in the above table 13 the coefficient of R=0.486 indicates 48.6% that there is moderate relationship between strategic orientation and firm performance. I.e. the independent and dependent variable change in the same direction. The value of Adjusted R Square = 0.223 indicates that these 4 independent variables (market orientation, technology orientation, entrepreneur orientation and learning orientation) together explained 22.3 percent of the firm.

Table 14 Coefficients of regression analysis

Coefficients						
Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.609	.285		5.647	.000
	MO	.136	.089	.127	1.526	.128
	TO	.170	.074	.154	2.298	.022
	EO	.244	.078	.239	3.127	.002

LO	.077	.074	.083	1.041	.299
a. Dependent Variable: FP					

Source: own survey computed in SPSS 2024

In the above table the value of P indicates whether the relationship between independent variable and dependent variable are statistically significant or not. to decide whether the hypothesis is accepted or rejected the significance level (p- value) is important. If the significance level is below 0.05 and t- value is greater than 1.96 the hypothesis is fail to reject, and if the p value is greater than 0.05 and t-value is below 1.96 the hypothesis is rejected. based on this reality the significance level of entrepreneur orientation is 0.02 which is below 0.05 and t- value is 3.127 which is greater than 1.96, therefore the hypothesis there is a positive and significance relation between entrepreneur orientation and firm performance is fail to reject, and the significance level of technology orientation is 0.022 which is below 0.05 and t- value is 2.298 which is greater than 1.96. This indicates that the hypothesis there is a positive and significance relationship between technology orientation and firm performance fail to reject. On the other hand the significance level of market orientation is 0.128 which is above 0.05 and t-value is 1.526 which is below 1.96. This indicates that the hypothesis there is a positive and significance relationship between market orientation and firm performance is rejected. in the above table another strategic orientation dimension which is learning orientation has significance level 0.299 which is above 0.05 and t-value 1.041 which is below 1.96. This result shows that the hypothesis there is a positive and significance relationship between learning orientation and firm performance is rejected.

In the above table the standardized coefficients of β indicates that the influence of strategic orientation dimensions of the model, if the other variables held constant. In the above table the β coefficients of market orientation is 0.127, technology orientation 0.154, entrepreneur orientation 0.239, and learning orientation is 0.083.the effects of each independent variable depends on the value of β . If the values of β is higher there is high impact on dependent variable. The above result indicates that entrepreneur orientation has highest contribution in the model, technology orientation is the second highest contribution, followed by market orientation and finally learning orientation.

Table 15 ANOVA result of regression analysis

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.166	4	3.541	18.288	.000 ^b
	Residual	45.893	237	.194		
	Total	60.058	241			
a. Dependent Variable: FP						
b. Predictors: (Constant), LO, TO, EO, MO						

Source: own survey computed in SPSS 2024

As it indicates that in the above table 15 the value of total sum of square shows that the deviation of all the observation of the dependent variable from the mean.as it shown above among the total variability of the observation (60.058%), 14.166 % explained by the model and the remaining 45.893% of the model are not explained by the model.

4.7 Moderation analysis

Moderating variable is used to interact main independent variable to amplify or dampen the relationship between independent variable and dependent variable. In this study the moderating variable is environmental turbulence, the researcher wanted to test the moderating effects of environmental turbulence on the relationship between strategic orientation and firm performance on the Ethiopian banking sector.in the following table three steps i.e. strategic orientation dimension (market orientation, technology orientation, entrepreneur orientation and learning orientation) regressed against firm performance, strategic orientation dimension and environmental turbulence regressed against firm performance and in the third model strategic orientation dimension, environmental turbulence and interaction of strategic orientation dimension and environmental turbulence regressed against firm performance. The moderation analysis was made using Baron and Kenny 1986.

Table 16 Model summary with interaction effects of environmental turbulence

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.486 ^a	.236	.223	.44005
2	.487 ^b	.237	.221	.44059
3	.546 ^c	.298	.271	.42616
a. Predictors: (Constant), LO, TO, EO, MO				
b. Predictors: (Constant), LO, TO, EO, MO, ET				
c. Predictors: (Constant), LO, TO, EO, MO, ET, LO*ET, TO*ET, EOET, MO*ET				

Source: own survey computed in SPSS 2024

As it indicated in the above table 19 The value of R Square in regressing dimensions of strategic orientation against firm performance is 23.6% in the first model, regressing dimensions of strategic orientation dimensions and environmental turbulence firm performance has value of R Square 23.7%, and regressing strategic orientation dimension, environmental turbulence and interaction of strategic orientation dimension and firm performance has 29.8 % R Square value. The result shows that the value of R Square are different I the three models and a little bite increased. This situation indicates that environmental turbulence has a positive moderating impact on the relationship between strategic orientation dimensions and firm performance in the Ethiopian banking sector.

Table 17 results of ANOVA with interaction effects of environmental turbulence

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.166	4	3.541	18.288	.000 ^b
	Residual	45.893	237	.194		
	Total	60.058	241			

2	Regression	14.246	5	2.849	14.677	.000 ^c
	Residual	45.812	236	.194		
	Total	60.058	241			
3	Regression	17.925	9	1.992	10.967	.000 ^d
	Residual	42.133	232	.182		
	Total	60.058	241			
a. Dependent Variable: FP						
b. Predictors: (Constant), LO, TO, EO, MO						
c. Predictors: (Constant), LO, TO, EO, MO, ET						
d. Predictors: (Constant), LO, TO, EO, MO, ET, LO*ET, TO*ET, EO*ET, MO*ET						

Source: own survey computed in SPSS 2024

In the above table the ANOVA result indicates that all three models are statically significant at 0.000 which is less than 0.05. the result shows that the estimated model is statistically significant at 95% confidence level and 0.05 level of significance.

Table 18 Coefficient of regression analysis with interaction effects of environmental turbulence

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.609	.285		5.647	.000
	MO	.136	.089	.127	1.526	.128

	TO	.170	.074	.154	2.298	.022
	EO	.244	.078	.239	3.127	.002
	LO	.077	.074	.083	1.041	.299
2	(Constant)	1.504	.329		4.563	.000
	MO	.117	.094	.109	1.238	.217
	TO	.160	.076	.145	2.115	.036
	EO	.240	.078	.236	3.073	.002
	LO	.083	.074	.089	1.108	.269
	ET	.051	.080	.043	.643	.521
3	(Constant)	2.136	1.888		1.131	.259
	MO	-3.081	1.229	-2.877	-2.507	.013
	TO	-.130	.742	-.118	-.176	.861
	EO	4.518	.962	4.430	4.696	.000
	LO	-.687	.684	-.744	-1.004	.316
	ET	-.025	.457	-.021	-.054	.957
	MO*ET	.771	.296	4.802	2.602	.010
	TO*ET	.064	.184	.353	.348	.728
	EO*ET	-1.049	.235	-6.152	-4.459	.000
	LO*ET	.187	.166	1.174	1.126	.261

a. Dependent Variable: FP

Source: own survey computed using SPSS

As indicated in the above table the moderator variable i.e. environmental turbulence added to the model, the result shows that the role of moderating variable (environmental turbulence) on the relationship between market orientation and firm performance are statistically significant ($\beta=0.771, P=0.01$ which less than 0.05. this indicates that Environmental turbulence moderate the relationship between market orientation and firm performance.in similar condition, the moderating variable (environmental turbulence) on the relationship between entrepreneur orientation and firm performance are statistically significant ($\beta=-1.049, P=0.000$, which is less than 0.05.therefore the environmental turbulence moderate the relationship between entrepreneur orientation and firm performance. On the other hand as it indicates in the above table 21 when the moderator variable i.e. environmental turbulence added to the model. The result shows that the role of moderating variable (environmental turbulence) on the relationship between technology orientation and firm performance is statistically insignificant, ($\beta= 0.064, P=0.728$, which is greater than 0.05. this indicates that environmental turbulence did not moderate the relationship between technology orientation and firm performance. Similarly, the relation between learning orientation and firm performance is not statistically significant for the moderating variable (environmental turbulence) ($\beta=0.187, P=0.261$, which is larger than 0.05). This demonstrates that the association between learning orientation and firm performance is not moderated by environmental turbulence.

4.8 Hypothesis Testing

The main purpose of this research is to identify the relationship between the independent variable strategic orientation (market orientation, technology orientation, entrepreneur orientation, and learning orientation) and dependent variable which is called firm performance with the moderating variable so called environmental turbulence in the Ethiopian banking sector. Therefore to achieve this study multiple linear regression analysis technique was used. According to Creswel, (2009) the significance level was 0.05 and the probability value (p-value) obtained from the statistical hypothesis is used to decide whether the hypothesis is accepted or rejected. Accordingly as it indicated in the above table 21 the significance level of market orientation, technology orientation, entrepreneur orientation, learning orientation with firm performance and, moderating role of environmental turbulence to express the relationship between strategic orientation dimension and firm performance are summarized below.

Table 19 Summary of hypothesis testing

	Hypothesis	Analysis used	Remark
H1	There is a significant and positive relationship between market orientation and organizational performance	Multiple linear regression	rejected
H2	There is a significant and positive relationship between technology orientation and the Firm performance of commercial banks in Ethiopia	Multiple linear regression	Fail to reject
H3	There is a significant and positive relationship between entrepreneur orientation and the organizational performance of commercial banks of Ethiopia	Multiple linear regression	Fail to reject
H4	There is a significant and positive relationship between learning orientation and firm performance in Ethiopian commercial banks	Multiple linear regression	rejected
H5	Environmental turbulence moderate the relationship between market orientation and firm performance in Ethiopia banking sector	Multiple linear regression	Fail to reject
H6	Environmental turbulence moderate the relationship between technology orientation and firm performance in Ethiopia banking sector	Multiple linear regression	rejected
H7	H9: Environmental Turbulence moderate the relationship between learning orientation and firm performance in Ethiopia banking sector.	Multiple linear regression	Rejected
H8	Environmental turbulence moderate the relationship between entrepreneur orientation and firm performance in Ethiopian banking sector.	Multiple linear regression	Fail to reject

4.9 Discussion

This research was conducted to evaluate the moderating role of environmental turbulence in the relationship between strategic orientation and firm performance in Ethiopian banking industry. previous studies have made to show the relationship between strategic orientation dimensions (market orientation, technology orientation, learning orientation and entrepreneur orientation) with firm performance .however the previous result shows that there is no uniform conclusion between the relationship between market orientation and firm performance, technology orientation and firm performance, learning orientation and firm performance and entrepreneur orientation and firm performance.

This situation shows that the result of relationship between strategic orientation and firm performance affected by many variables. The result of this study shows that the strategic orientation dimensions have a positive relationship with firm performance. To show the relationship between variables descriptive and inferential statistics analysis were used, and the result shows that technology orientation has a positive and significant effect on firm performance. This result supported by (Masa'deh et al., 2018), and oppose (Deshpandé et al., 2012).

Similarly entrepreneur orientation has positive and significant effect on firm performance. This idea also supported by Long, (2013), (Wiklund and Shepherd, (2005) on the other hand market orientation has no significant effect on firm performance on Ethiopian banking sector according to the result of the study. This result contradict with (Nugroho et al., 2022),and (Matear et al., 2002),but supported by (Azaj et al., 2020). Likewise learning orientation has no significant effect on firm performance. this idea was supported by Azaj et al., (2020) and Long (2013) cited by Azaj et al., (2020), both prove that there is no significant relationship between learning orientation and firm performance.

The main objectives of this study were to prove the moderating effects of environmental turbulence on the relationship between strategic orientation dimension and firm performance. The result of the study indicates that environmental turbulence moderate the relationship between market orientation and firm performance. This result supported by (Andotra ,2016). Similarly environmental turbulence moderate the relationship between entrepreneur orientation

and firm performance. This result supported by Pratono and Mahmood (2015). On the other hand environmental turbulence does not moderate the relationship between technology orientation and firm performance, learning orientation and firm performance. This situation indicates that the moderating role of environmental turbulence are not uniform among dimensions of strategic orientation. This may results from problem of research design, the data may not be filled correctly as expected or may be another variables affect the result of this study.

CHAPTER FIVE

5. Introduction

This chapter includes discussion, conclusion, recommendation, limitation and future research.

5.1 summary

For this study from total population of 252 branch manager and top managements of Abay bank, lion international bank and Nib international banks were selected. Among the distribution of 252 closed ended questionnaire 242 were returned and analyzed using spss. From 242 respondents 57 % male and the remaining 435% are female. On the other hand 46.7% of respondents have experience from 5- 10 years, 39.3 % have experience from 10-15 years, 9.1% of respondents have experience BELOW 5 years and the remaining 5% have experience from 16 to 20 years. when we see the educational background of respondents 57.4 % of respondents have master's degree, 41.7 % of respondents have first degree and 0.8 % of respondents have PhD and above among the strategic orientation dimensions the mean score value of technology orientation (M=3.6446, SD=0.45) and Entrepreneur orientation (M=3.72, SD= 0.489) are moderate

according to Zaidatol and Bagheri (2009), as cited by Endeshaw Azaj et al.,(2020). On the other hand market orientation (M=3.96, SD=0.466), Learning orientation (M=3.95, SD=0.54) are high ,the moderating variable Environmental turbulence (M=4.0947, SD=0.41725) and the dependent variable firm performance (M=3.98, SD=0.49) are categorized as high according to According Zaidatol and Bagheri (2009), as cited by Endeshaw Azaj et al.,(2020).This result shows that the Ethiopian commercial banks are highly market and learning oriented, and moderate for technology and Entrepreneur orientation. On the other hand the moderating variable environmental turbulence have high impact on Ethiopian commercial banks.

The coefficient of $R=0.486$ indicates 48.6% that there is moderate relationship between strategic orientation and firm performance. I.e. the independent and dependent variable change in the same direction. The value of Adjusted R Square = 0.223 indicates that these 4 independent variables (market orientation, technology orientation, entrepreneur orientation and learning orientation) together explained 22.3 percent of the firm. The result of regression analysis shows that the significance level of entrepreneur orientation is 0.02 which is below 0.05 and t- value is 3.127 which is greater than 1.96, therefore the hypothesis there is a positive and significance relation between entrepreneur orientation and firm performance is fail to reject, and the significance level of technology orientation is 0.022 which is below 0.05 and t- value is 2.298 which is greater than 1.96. This indicates that the hypothesis there is a positive and significance relationship between technology orientation and firm performance fail to reject. On the other hand the significance level of market orientation is 0.128 which is above 0.05 and t-value is 1.526 which is below 1.96. This indicates that the hypothesis there is a positive and significance relationship between market orientation and firm performance is rejected. In the above table another strategic orientation dimension which is learning orientation has significance level 0.299 which is above 0.05 and t- value 1.041 which is below 1.96. This result shows that the hypothesis there is a positive and significance relationship between learning orientation and firm performance is rejected.

5.2 Conclusion

From the study conclusion was made from the result of descriptive analysis of demographic characteristics respondents, result of descriptive analysis of independent variable which are market orientation, technology orientation, entrepreneur orientation and learning orientation, the

moderator variable environmental turbulence and the dependent variable firm performance. In the inferential statistics it is analysed that the effects of strategic orientation dimension on firm performance and try to analyse the moderating role of environmental turbulence on the relationship between strategic orientation dimension and firm performance in the Ethiopian banking sector.

The hypothesis market orientation has positive and significant relationship with firm performance was rejected. On the other hand the hypothesis technology orientation has positive and significance relationship with firm performance was fail to reject. The third hypothesis learning orientation has positive and significance relationship with firm performance was rejected. On the other hand the hypothesis entrepreneur orientation has positive and significance relationship with firm performance was fail to reject.

For this study the main point is identify the moderating role of environmental turbulence on the relationship between environmental turbulence and firm performance. The result of the study shows that among the dimensions of strategic orientation, environmental turbulence moderate the relationship between market orientation with firm performance and entrepreneur orientation with firm performance. On the other hand the relationship between technology orientation and firm performance, and the relationship between learning orientation and firm performance are not moderated by environmental turbulence.

5.4 Recommendation

Based on the findings of result the following recommendation has been made

- Based on the previous results and results of this study, it can be understood that a long-term strategic plan may not be important that much. Because the world is so dynamic, the innovation of new technology and also the interest of customers change rapidly. Therefore, it is important for banks when they prepare their strategic plan to focus on dynamic environmental situations, volatile customer needs, and new technology innovation.
- In the future, there will be high competition among financial firms, and the result of this study shows that market orientation and learning orientation have no significant impact on firm performance. Therefore, banks would revise their market-oriented and

- learning-oriented strategies to satisfy customers' needs, align with their competitors, and also focus on learning from each and every moment of the bank's activities.
- The result of the study shows that the bank's effort to communicate freely about successful and unsuccessful customers is relatively weak; therefore, bank managers must focus on discussing customers' interests and satisfaction to get better customers than competitors.
 - The findings of the study show that access to technological facilities is low as compared to their competitors. The banks will give attention to new and latest technologies to satisfy their customer's interests and to be profitable in long-run activities.
 - The result of the study indicates that there is no culture to accept diverse viewpoints of employees; therefore, banks should be open-minded to accept different ideas from employees/managers.
 - As shown in the result of the study, the bank's service development program is low, so top managers of banks will give attention to the service development program to compete with others in similar business industries.
 - The study's findings indicate that not enough research has been done to demonstrate how environmental turbulence modifies the relationship between business performance and strategy orientation in the Ethiopian banking industry. Therefore, in order to create flexible strategic policies for their companies, bank top management will pay attention to the dynamic conditions of environmental instability.
 - In essence, the results indicate that the bank should integrate its entrepreneurial skills with environmental learning and market adoption of emerging technological trends. As a result, the bank will use the complementary strategy of using resource-based view strategic orientations, using strategic orientations as resources. Therefore, it is advised that banks completely execute and configure strategic orientations in order to gain a competitive edge over their industry rivals and perform better as a result.
 - The study found that while employees had a negative assessment of the bank's financial and non-financial performance, they had a high opinion of its marketing initiatives and learning and development programs. This implies that the bank failed to verify that its marketing capabilities and strategy were strategically aligned with

business operations. The bank must therefore aim for strategy alignment in order to improve the combined effect of strategic orientations on business performance.

5.5 Limitation and Future research

5.5.1 Limitation of the study

The study was restricted to the effect of strategic orientation on organizational performance, moderated by Environmental turbulence. Therefore, other factors that may have an impact on strategic orientation are beyond the scope of this study. The other restriction of the study is that, since the researcher used a cross-sectional survey design, the data was collected at one point in time, so investigative implications about the fundamental nature of the relationship in this study may not be fully cover. In addition to these respondents may not fill the exact data, including social desirability, errors may come from the method of data collection. The research also restricted on geographic scope. If the study were done on a larger scale, the result would be more beneficial.

However, because all the three banks selected for this research h are so large, it is nearly impossible for the researcher to cover every branch. As a result, the survey was limited to the head offices and Addis Ababa branches, with the remaining city branches serving as the sample frame. Finally, this study applied a quantitative approach, ignoring qualitative aspects of the strategic orientation and firm performance relationship in the Ethiopian context. Therefore, issues related to qualitative aspects of strategic orientation that may require an in depth qualitative study fall outside the scope of the study.

5.5.2 Future research

Even if the research is accomplished successfully it is better to address some points in the future research

- The study was made only in three private banks.it can be made all other private and government banks as the whole to get better result.
- The study was conducted on the moderating effects of environmental turbulence on the relationship between strategic orientation and firm performance in the Ethiopian banking sector.in the future it can be made additional investigation on the moderating role of

environmental turbulence by other financial firms like Ethiopian airlines, tourism, hotels, insurance companies etc.

- In addition it can be made a research by another moderating variable to express the relationship between strategic orientation and firm performance.
- In future investigation it also advisable to identify the mediating role of environmental turbulence in the relationship between strategic orientation dimension and firm performance in the Ethiopian banking sector.
- It will be better if the collected data is time series to get better data and allocate enough time and financial budget to get better result.

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APPENDICS

Questionnaire



Addis Ababa University

College of Business and Economics

Department of management (MBA program)

Dear respondents,

I am a student at Addis Ababa university, will conduct this research to complete my master of business administration requirements. ‘Effects of strategic orientation on firm performance in Ethiopian banking sector: the moderating role of environmental turbulence of in case of Nib, Lion and Abay bank’’. I would like to appreciate you on being one of the most qualified and trustworthy responders chosen for this survey. Your responses are only meant for academic purpose only and be kept confidentially. Please read it carefully and give me your opinion, no need to write your name.

With regard

Abraham Moges

Mobile 0920224033

E-mail abrahammoges3@gmail.com

Part I general information of the respondents

This parts of questionnaire is about your general information

Position _____

For the following questions, please put (√) in the box

1. Gender Male Female

2. Age Less than 25 25-35 36 -45 46-55 more than 55

3. Number of service year in your current position

Less than 5 5-10 10-15 15-20 more than 20

4. Educational background

Below bachelor degree Bachelor degree Master's Degree PHD and above

Part II

Dear respondent please put a (√) on the number that best represent your idea for the following question

Strategic orientation and firm performance		Strongly disagree	Disagree	Normal	Agree	Strongly agree
Market orientation		1	2	3	4	5
1	The banks objectives are driven primarily by customer satisfaction					
2	The bank is constantly monitor employees level of commitment and orientation to serving customers 'need					
3	The bank strategy for competitive advantage is based on understanding of customers' needs					
4	Our bank measure customer satisfaction frequently					
5	our bank objectives are driven by creating greater customer value					
6	Our bank top managers from every function regularly visit our current and prospective customers					
7	Our banks regularly share information within our business concerning competitors' strategies					
8	Our bank pay close attention to after sales and service					
9	The bank Top management regularly discusses competitors' strengths and strategies					
10	Our bank target customers where we have an opportunity for competitive advantage					
11	Our bank freely communicate information about our successful and unsuccessful customer experiences across all business functions					

12	The bank respond to competitive actions that threaten us					
13	All of our banks are integrated into serving the needs of our target markets					
14	All of our managers understand how everyone in our business can contribute to creating customer value					
15	All functional groups work hard to thoroughly and jointly solve problems					
Technology orientation		1	2	3	4	5
1	The bank service development program are more ambitious than our competitors.					
2	Our banks have better technological knowledge than our competitors.					
3	Our banks are active in developing new technology					
4	Research and development (R&D) activities are important in our Bank					
5	Our service include high technology					
6	Our bank initiates development of new technologies					
7	New technology are integrated to our banks rapidly					
8	In our bank new service development process is directed by technical personnel					
9	In our bank advanced technologies and methods are used to develop new service.					
10	The bank tend to develop new technologies to respond changing expectation of our customer					
Entrepreneur orientation		1	2	3	4	5

1	We actively introduce improvements and innovations in our bank.					
2	Our bank is creative in its methods of operation					
3	Our bank seeks out new ways to do things					
4	taking risk is considered as a positive attribute for people in our bank					
5	People in our bank are encouraged to take calculated risks with new ideas.					
6	Our bank emphasizes both exploration and experimentation for opportunities					
7	We always try to take the initiative in every situation					
8	We excel (are great) at identifying opportunities					
9	We initiate actions to which other business firms respond					
10	Our bank is intensely competitive.					
11	In general, our bank takes a bold or aggressive approach when competing					
12	We try to change and maximize opportunities the competition as best as we can					
13	Employees are permitted to act and think without interference					
14	Employees perform jobs that allow them to make and instigate changes in the way they perform their work tasks.					
15	Employees are given freedom to decide on their own how to go about doing their work					
16	Employees are given freedom to communicate without					

	interference					
17	Employees are given authority and responsibility to act alone if they think it to be in the best interests of the bank					
18	Employees in our bank have access to all vital information					
Learning orientation		1	2	3	4	5
1	Our banks have specific mechanisms for sharing lessons in firms activities among departments					
2	There is total agreement on our banks vision across all levels, functions and divisions					
3	Managers frequently consult employees to discuss new developments					
4	In our bank, employee's learning is an investment not an expense.					
5	In our bank Managers disagree that it is important to accept diverse viewpoint					
6	In our bank learn is the key to our competitive advantage.					
7	Employees are always ready for learning and our bank provides opportunities for learning					
8	In our bank Learning is necessary to guarantee organizational survival.					
9	The bank continually judge the quality of our activities and decisions taken over time					
10	Our bank actively encourage employees and customers to let us know if we are going wrong in the way we do things and to let us know how we can improve					
Environmental turbulence		1	2	3	4	5
1	In our kind of business, customers' service preferences change quite a bit over time					
2	Our customers tend to look for new services all the time					

3	New customers tend to have service related needs that are different from our existing customers					
4	We are witnessing demand for our services from customers who never use them before					
5	We cater (give service) to many of the same customers that we used to in the past					
6	Technological changes provide big opportunity to our bank					
7	A large number of new service ideas have been made possible through technological breakthrough in our bank					
8	Technological developments in our bank are rather minor					
9	The technology in our bank is changing and influences us					
10	There is high competition in banking industry					
11	One hears of a new competitive move almost every day					
12	Anything one competitor can offer others can match readily					
13	There are many promotion wars in banking industry					
	Firm performance					
1	Our bank become profitable in the past years.					
2	Our bank return asset enhanced in the past few years.					
3	Our bank market share increase in the past few years					
4	Production cost of our bank is increased in the past few years.					

5	Our bank work productivity has improved over the past few years					
6	Our banks customer highly satisfied compared to our competitor					
7	Our bank quality wise service are superior than our competitor					
8	Our banks reputation is superior to our competitor					
9	Our banks registered number of customer increase in the past few years					