



Addis Ababa University

College of Business and Economics

Department of Management

**Thesis Submitted To Addis Ababa University College of Business and Economics,
Department Of Management in Partial Fulfillment of the Requirements for Masters
of Science in Management**

***The Effect of Strategic Orientation on Organizational Performance: The Case
of Some Selected Banks.***

By:

Michael Melaku

Supervisor: Dr. Jemal M.

June 17, 2026

Addis Ababa, Ethiopia

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Statement of Certification

This is to certify that the thesis entitled “the effect of strategic orientation on the organizational performance in case of selected Bank”, Addis Ababa University, College of Business and Economics, Department of Management school of graduate studies, and has been carried out by Michael Melaku under my/our supervision. Therefore, I/we recommend that the student has fulfilled the requirements and hence hereby can submit the thesis to the department for defense.

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Declaration

I hereby declare that this MSC Thesis is my original work and has not been presented for a degree in any other university, and all sources of material used for this thesis has been duly acknowledged.

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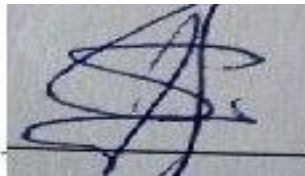
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Abbreviations and Acronyms

AAU - Addis Ababa University

BSC - Balanced Scorecard

CBE - College of Business and Economics

DCT - Dynamic Capability Theory

F - F-statistic (from ANOVA table)

HR - Human Resources (implied in context of HR policies)

N - Sample size or population size (context-dependent)

p - p-value (probability value in significance testing)

R&D - Research and Development

ROA - Return on Assets

ROE - Return on Equity

NIM - Net Interest Margin

r - Correlation coefficient (Pearson's r)

SPSS - Statistical Package for the Social Sciences

t - t-value (from t-test in regression coefficients)

VIF - Variance Inflation Factor

ε - Error term in regression model

β (Beta) - Regression coefficient

. p - p-value (probability value in significance testing)

F - F-statistic (from ANOVA table)

Abstract

The issue of poor understanding concerning the influence of different orientations of strategy towards organizational performance is prevalent in the banking industry in Ethiopia. Although several strategies are put in place, the specific effect of the strategies is not known and the literature available is largely limited to the development of strategies. Consequently, this paper aims to investigate the effect of strategic orientation on organizational performance in a selected bank focusing on evaluating the impact of market orientation, technology orientation, entrepreneurial orientation and learning orientation on organizational performance of the selected bank. Chapter Three outlines the methodology used in investigating the effect of strategic orientation on organizational performance in selected banks. In this case, the research philosophy adopted is positivist. This philosophy stresses empirical measures of phenomena which makes it appropriate in exploring the effect of variables such as strategic orientation and organizational performance. The deductive approach was used in developing theories and hypothesis based on Resource Based View, Dynamic Capability and Market Based View. An explanatory design was used in order to find cause and effect relationship. The data was obtained in one point of time in order to make the study efficient and effective. Quantitative research approach was used in the study to enable generalizability of findings since it enables objective measurement and statistical analysis. Employees of the selected commercial banks of Addis Ababa, Ethiopia who know well enough the bank's strategies were targeted to participate in the study. Stratified Random Sampling technique was used to select a sample of 286 respondents using Yamane formula. The data sources included primary data collected from structured questionnaire survey as well as the secondary data taken from books, reports and journals. The questions of the questionnaire consist of demographic attributes, strategic orientation elements and organizational performance measured using Likert scale. The questions were validated using previous similar studies. The validity of the questionnaire was established through experts' reviews and factor analysis. At the same time, the reliability of the tool was ascertained using Cronbach Alpha where all of the variables exceeded the acceptable cut-off value of 0.70. Independent variables in the study include Market Orientation, Entrepreneurial Orientation, Learning Orientation and Technology Orientation while organizational performance was the dependent variable. The analysis of the data involved descriptive analysis using SPSS version 27. On the other hand, inferential analysis involving multiple regressions and correlation was conducted. The relationship between independent and dependent variable were specified using the Multiple Regression Analysis and the diagnostic test conducted includes the normality test, VIF/Tolerance Test for Multicollinearity, Durbin Watson Test for Autocorrelation, Homoscedasticity and Linearity test to verify the model. The results indicate that market, technology, entrepreneurial and learning strategic orientation are practiced in moderate levels in the selected bank and are positively correlated with the bank's performance by 36.6%. However, among these variables, learning orientation and entrepreneur orientation showed very strong positive correlation with performance while market orientation showed negative correlation.

Keywords: Strategic Orientation, Organizational Performance, Banking Sector

CHAPTER ONE

INTRODUCTION

The effects of strategic orientation on company performance in the case of a chosen bank were explained to the reader in this chapter. It includes the study's history, problem statement, research questions, aims, significance, scope, limitations, and organization.

1.1. Background of the Study

Business organizations face a number of challenges in their daily operations, according to Ahmed et al. (2017): these include rapidly evolving technological developments, frequently changing consumer tastes and preferences, and the uncertainties involved in forecasting future demand. These challenges forced organizations to continually reassess the elements in the internal and external environments that helped achieve excellent performance and competitive advantages (ibid). However, much remains unknown about how performance can be improved and what business strategies should be employed (ibid). For this purpose, Hakala (2015) suggested that in this era of globalization, the relationship between exploiting market opportunities and exploring new possibilities and challenges with appropriate strategic orientation plays an increasingly important role in the business organizations.

According to Krazkiewicz and Cyfert (2019), there are several methods applied in the field of strategic management to characterize the aspects of strategic orientation. Market orientation that encourages managers to create customer value, entrepreneurial orientation, which involves exploring the opportunities for expanding the market share, learning orientation focusing on the creation, acquisition and dissemination of knowledge, and technology orientation that forces managers to focus on innovations within the company are the most important strategic orientation dimensions. However, Hussain et al. (2013) argued that because every strategic orientation possesses its own limitations, expectations, and contextual requirements in order to fit into the organizational environment, there is no one-size-fits-all strategy applicable to all cases.

According to Balodi (2014), there are numerous examinations of organizational orientations and their effects on performance found in marketing, entrepreneurship, and strategy literatures. Many theoretical concepts, such as entrepreneurial, learning,

innovation, product, customer, market, marketing, selling, production, and technology were developed in scientific research due to the different emphasis and unit of analysis found in various disciplines. According to Beliaeva's study (2019), the universal effect model complicates the relationship between strategic orientation and performance and the majority of the research is based on contingency models.

Market, entrepreneurial, and learning orientations are associated with positive effects on the success of business organizations, according to recent research in the area of strategic orientation. Although all these orientations have a potential positive effect on organizational performance, Lonial (2015) suggested that the effects of all these orientations should not be studied separately. The relationship between strategic orientation and organizational performance is mediating and moderating at the same time by the orientations themselves, according to Lonial (2015), who stated that it was necessary to examine the integrated effect of strategic orientation.

As far as the researcher knows, no research has ever been done on the effect of strategic orientation on business performance in Ethiopia's banking industry. Almost all research on this topic is concerned with the strategies' development and implementation, while how those strategies influence the performance of organizations has remained largely unexamined. As far as the banking industry in Ethiopia is concerned, banks compete with each other for financial resources, such as savings and foreign currency. In other words, in order to compete, banks need to develop new approaches for attracting customers. Therefore, today's banks are using various combinations of conventional and electronic approaches to increase market share and receive high returns on investment.

According to Papulova (2006), a deep understanding of market dynamics is essential for strategic success. Papulova (2006) states that a deep understanding of the market needs and ability to meet them better than competitors are the two main preconditions for strategic success. The aim of this paper is to analyze the type of strategic orientation that is adopted by the banking industry.

1.2. Background of the Banking Sector

Over the last couple of decades, the structure of the banking sector in Ethiopia experienced substantial changes. Today, the industry operates in a highly dynamic environment that has undergone tremendous changes, compared to the highly regulated structure dominated by one single state-owned commercial bank. Although, the

development in number of banks was driven by financial liberalization policies, yet in comparison with other Sub-Saharan countries, the banking sector in Ethiopia is still lagging behind in terms of development and competitiveness (Abate & Kaur, 2022; Yirga, 2017). Despite the expansion in the number of banks, the financial performance metrics, such as ROA and ROE, continue to depend largely on concentrated markets, capital adequacy, loan to deposit ratio, and income diversification of individual banks (Fentaw, Melaku, & Yimer, 2021). The performance of the Ethiopian banking sector, therefore, is a combination of internal strategic and operational decisions of bank management as well as the state of economy.

In this context, organizational success is dependent on strategic orientation that involves planning, resource allocation, environmental scanning, and innovations among other processes. According to the empirical data of Ethiopian studies, a structured strategic planning has a positive effect on overall performance of banks. This means that proactive and analytical outlooks help organizations perform better (Tefera & Abebe, 2024).

Moreover, researches on governance practices in this sector suggest that internal strategic elements such as communication, boards, governance structure have positive effects on organizational performance and performance metrics such as staff commitment and customer satisfaction (Mekonnen, 2023). In order to understand how strategic orientations influence organizational performance in the dynamically changing banking industry, it is important to consider the effects of strategic orientation on the performance of Ethiopian banks.

1.3. Statement of the Problem

It is known that in order to be competitive and perform well, a company needs to develop a proper business plan and match its structure, culture, systems, leadership style, HR policies, values, and procedures. According to Obeidat (2016), organizations can enhance their performance by implementing a good business plan, taking advantage of the market opportunities, maximizing the use of their resources, and adapting to the changes of environmental conditions. Nevertheless, research shows that different organizations demonstrate different responses to changes in the environment. Besides, according to Slater, Hult, and Oslon (2018), there is no consensus on the optimal strategy orientation and relationships between strategic orientation and performance metrics remain unclear.

To the best of the author's knowledge, almost no empirical research has ever been conducted on the relationship between strategic orientation and organizational performance in Ethiopia's banking industry despite abundant research on the subject in developed countries. In this sense, previous research is limited to process aspects such as strategic development, implementation, and evaluation processes. In addition to that, many banks in Ethiopia calculate performance according to such criteria as ROA, ROC, and NIM (Lelisa, 2014). Little attention has been paid to the effects of strategic orientations as performance measures. At the same time, the preliminary evaluation of the banking industry in Ethiopia revealed that while corporate, business, and functional strategies were adopted in the sector, a clear strategy orientation was lacking.

According to Mekonnin (2014), the Ethiopian banking sector is becoming more and more challenging for all new and existing participants, especially private banks. First of all, this was evidenced by the fact that the largest commercial bank owned more than 62% market share in terms of assets and savings. Moreover, the regulations also tended to benefit government banks. In addition, the rivalry between different banks over collecting foreign currencies and savings was very intense. Consumers in the Ethiopian banking industry also claim that they see little differences in products and services offered by banks. Other banks would rapidly imitate any innovation that was introduced by a certain bank. The above-mentioned characteristics are due to the resource-based concept of VRIO. According to VRIO framework, for an organization's competitive advantage to be sustainable, it should be valuable, rare, irreplaceable, and effectively managed. Therefore, in this study, non-financial performance metrics were used to assess the effects of strategic orientations. The author followed the methodology described in the papers written by Hakala (2011) and Bapat (2017). The aim of this study was to fill the gap in literature on the relationship between strategic orientations and organizational performance. The aim of the study was to evaluate a few selected banks' strategic orientation practices.

1.4. Objectives of the Study

1.4.1. General Objective

The main objective of this study was to analyze the effect of strategic orientation on organizational performance in a selected bank.

1.4.2. Specific Objectives

The specific objectives were as follows:

1. To measure the effect of market orientation on the organizational performance of some selected banks
2. To measure the effect of technology orientation on the organizational performance of some selected banks
3. To measure the effect of entrepreneurial orientation on the organizational performance of some selected banks
4. To measure the effect of learning orientations on the organizational performance of some selected banks

1.5. Research Questions

The study aimed to answer the following research questions:

1. What is the effect of market orientation on organizational performance of selected banks?
2. How does technology orientation affect organizational performance of selected banks?
3. To what extent does entrepreneurial orientation influence the organizational performance of selected banks?
4. How does learning orientation contribute to the organizational performance of selected banks?

1.6. Significance of the Study

This research may prove useful to different institutions and people. The findings of the study will allow banks to focus on non-financial performance and strategic orientation issues, as well as recognize those strategies that require improvement and development. Moreover, such research can be viewed as a good starting point for another study within the scope of this field. Finally, researchers interested in conducting their studies in this area may find it beneficial to refer to this paper.

1.7. Scope of the Study

The scope of the study includes the discussion of effects of perception held by managers on organizational performance as determined by different strategic orientations such as market, entrepreneurial, learning and technology orientations. It should be noted that only a particular case study of one bank was chosen for research since the current paper was

conducted as an academic assignment. The focus of the current study includes the consideration of strategic decisions undertaken by banks aiming at improving their performance. In fact, according to previous studies, all the aforementioned strategies positively affected organizational performance. Nevertheless, it became necessary to find out whether there is any effect of market, entrepreneurial, learning and technology orientation on the performance of the organization. It should be stated that non-financial metrics were used for analyzing the impact of strategic orientations on organizational performance as some limitations existed in terms of conducting this study. Actually, to confirm the positive influence of market, entrepreneurial, learning and technology orientation on financial performance of an organization, certain evidences should be provided. On the contrary, subjective opinions of employees are very difficult to measure. Thus, the effects of market, entrepreneurial, learning and technology orientation on organizational performance were revealed based on interpretation of particular terms.

1.8. Limitations of the Study

There may be some limitations associated with each research. These limitations are listed below:

A. Time Limitations – There were some time limitations associated with this study, which made it difficult to produce accurate information. Time limitations made it hard for researchers to collect adequate information.

B. Information Limitations – With information limitations, it was difficult to find accurate and updated information about the selected bank. Lack of information affected the outcome of the research.

C. Financial Limitations – There were some financial limitations associated with this research, which made it hard for researchers to conduct a comprehensive study.

1.9. Organization of the Study

This research work had five chapters. The introductory chapter contained details on research background, statement of the problem, objectives, and significance of the research. Chapter Two focused on a review of related literature. Research methodology was discussed in Chapter Three. Data analysis and interpretation was done in Chapter Four. Chapter Five contained conclusions of the study.

1.10. Definition of Terms

Strategic Orientation – The extent of focus and involvement in strategic management processes within the organization of the bank, measured using the standard measure of strategic orientation scale.

Performance of Organization – How well and efficiently does the organization achieve their goals? Measured through various parameters like profit-making capacity (Return on Assets), customer satisfaction, market share, and productivity of the employees.

Selected Banks – Certain selected commercial banks that meet certain criteria (in terms of size, market share, geographic spread, etc.) whose cooperation has been obtained officially.

Effect – Effect on the performance of the organization depending upon the strategic orientation levels. It can be quantified through correlation or regression analysis.

CHAPTER TWO

CHAPTER 2: RELATED LITERATURE REVIEW

2.1 Introduction

This chapter will present a detailed review of the theoretical, empirical and conceptual literature pertinent to the effect of strategic orientation on organizational performance, with specific focus on the banking sector. The objectives of the literature review include developing a theoretical background of the research topic, identifying key concepts and variables, reviewing past research findings, and analyzing the research gap. Literature Review Strategic orientation refers to a particular way of organizing a business that allows the firm to develop effective responses to changes in customers' needs, technological advances, regulatory issues, and competitive pressure. The development of strategic orientation is crucial in this era of heightened competition, where organizations need to formulate and implement strategies in order to gain sustained competitive advantage and organizational effectiveness. Firms that are strategically oriented are more likely to identify opportunities, adapt to environmental changes, optimize their resource allocation, and achieve organizational effectiveness.

Strategic orientation involves many aspects which are critical for enhancing organizational performance. Such aspects include market orientation, entrepreneurship orientation, learning orientation and technology orientation. All these aspects represent organizational behaviors and abilities to develop strategies aimed at improving the performance of the organization in the competitive business world. Many researchers have found strategic orientation to have positive impact on various performance indicators of organizations, such as profitability, customer satisfaction, operational efficiency, innovation, and growth. However, it should be noted that the nature of these relationships may vary considerably depending on the industry, type of business organization, or geographical location.

In recent years, the banking sector has undergone considerable changes driven by globalization, liberalization, innovative technologies, the emergence of digital banking

services, and changing customer demands. As a result of the changes, competition has intensified among banks, compelling them to adopt certain strategic orientation which enhances the quality of service provision, customer relationship management, operational efficiency, and organizational performance.

The rest of this chapter will be divided into several parts. First, the chapter will consider the theoretical and conceptual aspects of strategic orientation. Second, the major dimensions of strategic orientation will be reviewed. Third, the concepts and dimensions of organizational performance will be discussed along with the relationship between strategic orientation and organizational performance. Moreover, empirical studies from various countries will be analyzed to establish what kind of findings exists concerning the effects of strategic orientation on organizational performance. Finally, the conceptual framework and hypotheses of the study will be presented.

2.2 Theoretical Literature Review

2.2.1 Concept of Strategy

Definition of Strategy: A strategy is a significant management concept whose main purpose is to guide organizations towards accomplishing their long-term objectives and competitive advantage. The word strategy comes from Greek word Strategos, meaning "the art of the general," and has been adopted from military use into business management. Modern definition of strategy implies decisions and actions taken by an organization to chart its long-term direction to accomplish organizational objectives (Johnson et al., 2020).

In essence, strategy refers to the direction and scope of an organization over a long period of time, which helps in creating advantage via the deployment of company resources and competencies within a changing environment (Johnson et al., 2020). According to David et al. (2024), strategy entails the formulation of a comprehensive plan whose aim is to facilitate the achievement of organizational goals through the proper utilization of company resources and capabilities. Strategy is crucial in guiding decision-making and alignment of activities with company mission and vision, as well as responses to opportunities and threats in the environment (Rothaermel, 2024). Additionally, it assists

in setting priorities, optimizing resource use, and creation of value for stakeholders. In the present dynamic business world, where companies face increasing competitiveness, technological advancements, and globalization trends, strategy is key to sustainable growth and competitiveness.

Process of Strategic Management::The strategic management process encompasses the formulation, implementation, monitoring, and evaluation of the organizational strategies. The overall goal of strategic management is to assist organizations in adapting to changes in the environment for long-term competitiveness (David et al., 2024).

The first step in the strategic management process is environmental scanning. Environmental scanning involves conducting both internal and external analyses. While internal analysis looks at organizational strengths and weaknesses, external analysis evaluates company opportunities and threats emanating from the political, economic, technological, social, and competitive environment (Rothaermel, 2024).

Strategy formulation forms the second step in the process. Strategy formulation entails the establishment of organizational vision, mission, goals, and objectives. At this point, managers are tasked with the responsibility of identifying alternative courses of actions and selecting those that align with organizational resources and environmental conditions. Effective strategy formulation enhances company competitiveness and sustainability.

The third step in the process is implementation of the strategies. Strategy implementation requires the successful execution of strategic decisions, which is achieved through proper leadership, resource allocation, and communication. Strategy implementation is usually challenging for most organizations since it involves converting broad strategic plans into actionable activities.

Lastly, the fourth step in the process is evaluating and controlling strategies. Evaluation involves the assessment of results, comparison of performance results with strategic objectives, and implementation of corrective measures where necessary. Evaluation of

strategies ensures that organizations capitalize on opportunities and improve strategic decisions in the future (David et al., 2024).

Significance of Strategy in Organizations: Strategy plays a crucial role in organizations, mainly because of its ability to guide organizational activities and achieve organizational objectives. Strategy provides an organization with direction and purpose through the identification of organizational goals and determination of the best way of achieving them (Johnson et al., 2020). Without strategy, organizations will find it difficult to coordinate organizational activities and respond to environmental threats.

One of the main roles of strategy is its facilitation of competitive advantage. When organizations come up with strategies that are consistent with their competencies and resources, they are able to differentiate themselves from the rivals using competitive edge gained through innovations, superior products, services, and customers' loyalty (Rothaermel, 2024).

Strategy also contributes to the efficient use of resources. By engaging in strategic planning, organizations are able to allocate their financial, human, technical, and other tangible assets to activities that help achieve their strategic objectives. Thus, strategy facilitates operational efficiency and better organizational performance.

Moreover, strategy enhances organizational adaptability and resilience, which are necessary in contemporary business environment. In order to thrive in turbulent markets, organizations need strategic capabilities, which help them to respond promptly to changes. Hence, strategic management becomes imperative to ensure sustainability and success.

Role of Strategy in the Banking Sector: The banking industry has undergone significant changes due to innovation in digital banking technologies, financial liberalization, globalization, and evolution of consumer demands, making competition stiff. As a result, strategic management is essential for organizational success (Alsharari, 2023).

Banking strategy comprises a set of strategies formulated and executed to promote sustainable growth, improve service delivery, increase profitability, and create

competitive advantage in the banking market. Banking strategies usually address issues relating to customer relationship management, technological innovation, digital banking, and others (Nkundabanyanga et al., 2022).

Digitalization of banking has transformed traditional banking practices and introduced new possibilities and challenges to financial institutions. Consequently, strategic decisions in banks have shifted to issues concerning internet banking, mobile banking, artificial intelligence, big data analytics, and technology partners (Alsharari, 2023).

Additionally, banks operate under high levels of regulation, where the main challenge lies in balancing profitability and regulatory requirements. Proper strategic management helps banks to comply with regulations while maintaining customer trust and financial stability. Studies indicate that strategically managed banks perform better regarding customer satisfaction, innovation, and profitability compared to non-strategically managed banks (Nkundabanyanga et al., 2022).

2.2.2 Concept of Strategic Orientation

Definition of Strategic Orientation: Strategic orientation is one of the main concepts in strategic management that embodies the guiding principles, philosophies, and behaviors involved in organizational strategic decision-making and actions. This concept refers to the strategic direction taken by organizations to realize sustainable competitive advantage and improve their performance (Hakala, 2021). Strategic orientation affects various organizational processes such as resource allocation, environmental adaptation, opportunity identification, and goal achievement.

According to Anderson and Eshima (2022), strategic orientation is referred to as the organizational posture that affects managerial decisions and defines firm interactions with customers, competitors, technology, and other environmental elements. As noted by Gupta and Gupta (2023), strategic orientation entails the set of organizational beliefs, values, and strategic behaviors that affect organizational opportunity identification and exploitation. Generally, strategic orientation comprises multiple orientations such as market orientation, entrepreneurial orientation, learning orientation, and technology

orientation (Amin et al., 2024). All these orientations affect organizational capabilities and performance.

Strategic orientation has attracted the interest of many scholars in recent years. According to Boso et al. (2022), strategic orientation is very important in helping organizations perform well in highly competitive business environments. Strategic orientation enhances organizational performance by promoting sound decision-making and improving innovation and customer satisfaction among others (Boso et al., 2022).

Evolution of Strategic Orientation: The evolution of the concept of strategic orientation can be traced back decades ago. Initially, most early strategic management theories focused on internal organizational aspects such as planning and resource allocation. As Rothaermel (2024) puts it, strategic thinking in the 1960s and 1970s centered on organizational planning and structure as vehicles of competitive advantage.

The market orientation paradigm that emerged in the 1980s and 1990s introduced a radical shift in thinking about strategic management. The paradigm held that organizations need to align their strategies with market demands to boost performance and gain competitive advantage (Hakala, 2021). The paradigm represented a shift from the earlier internally oriented strategy paradigms to the market-oriented one.

Further changes in environmental conditions and the business environment, especially technological advancements, prompted researchers to introduce other important paradigms such as entrepreneurial and learning orientation (Amin et al., 2024). The change was attributed to high environmental uncertainty, increased globalization, and technological advancements, among others. The change called for the adoption of proactive and innovativeness approaches to strategy development and implementation.

Over the past few years, rapid technological advancements have transformed strategic management and introduced even more paradigms. The most important ones include technology, innovation, and sustainability orientations, among others. Currently, strategic orientation is viewed as a multidimensional organizational capability that allows organizations to cope with environmental changes effectively (Gupta & Gupta, 2023).

Importance of Strategic Orientation: As mentioned earlier, strategic orientation is an extremely important organizational capability since it allows firms to improve their performance and gain a competitive advantage. In particular, strategic orientation serves as an organizational framework that helps organizations make strategic decisions based on environmental opportunities and threats. Firms with clear strategic orientations can adapt easily to the changing market and other environments (Boso et al., 2022).

Another important benefit associated with strategic orientation is enhanced organizational performance. Studies have shown that firms with good strategic orientations tend to achieve better results compared to their rivals in terms of performance, innovation, and other variables (Anderson & Eshima, 2022). Good strategic orientations allow firms to identify emerging opportunities in the market and exploit them by applying their resources effectively.

Innovativeness is another benefit offered by strategic orientation. Firms with entrepreneurial and learning orientations usually promote innovations in various activities. Innovativeness facilitates product and process innovations that help organizations strengthen their competitive advantage (Amin et al., 2024).

Another important benefit of strategic orientation relates to organizational adaptability. Strategic orientation allows organizations to adapt proactively to changing environments. Firms with good strategic orientations constantly monitor environmental changes and react appropriately (Gupta & Gupta, 2023). Strategic orientation helps organizations prepare for future events.

Finally, strategic orientation in banks is very beneficial in contemporary times due to stiff competition, increased financial innovation, financial liberalization, and changing customer preferences. The orientation allows banks to provide superior services, strengthen their customer relations, improve efficiency, and grow sustainably (Boso et al., 2022).

Characteristics of Strategic-Oriented Organizations: There are several characteristics that characterize strategic-oriented organizations. First, these organizations focus on their

customers and their needs, preferences, and expectations. Strategic-oriented organizations are able to create customer value in all their activities. As a result, they always ensure customer satisfaction (Amin et al., 2024).

Another major characteristic of strategic-oriented organizations is their responsiveness to environmental changes. Strategic organizations continuously observe the changing environment in terms of customer preferences, technology, legislation, and competitor activity. The organization responds appropriately to any changes in the environment (Gupta & Gupta, 2023).

Innovation is another critical characteristic of strategic-oriented organizations. Strategic organizations stimulate innovations in various aspects. They carry out research and development activities that facilitate innovation in products, services, and organizational processes (Anderson & Eshima, 2022).

Proactive behavior is also a typical characteristic of strategic-oriented organizations. Proactive organizations anticipate future environmental developments and devise strategies to position themselves advantageously in the market. Such organizations tend to achieve competitive advantage through proactivity (Hakala, 2021).

Effective resource utilization and organizational learning are additional characteristics of strategic organizations. These organizations continually accumulate and apply organizational knowledge to increase their performance.

2.2.3 Theories of Strategic Orientation

There exist a number of theories regarding strategic orientation, resource allocation, and achievement of organizational performance. These theories provide some explanations regarding the effects of strategic orientation and its significance to organizational performance. The following theoretical perspectives will be reviewed in order to establish the connection between strategic orientation and organizational performance. These theories include the Resource-Based View (RBV) Theory, Dynamic Capability Theory, Contingency Theory, Strategic Fit Theory, and Market-Based View Theory.

Resource-Based View (RBV) Theory:-

Resource-Based View (RBV) is one of the most significant theories in strategic management. The theory states that an organization's competitive advantage and superior performance depend on its distinctive resources and capabilities rather than market situations. The resources possessed by firms are heterogeneous, and these resources are valuable, rare, inimitable, and non-substitutable – a VRIN framework (Barney et al., 2021). Thus, the firms using these resources can obtain sustainable competitive advantage and achieve high performance (Barney et al., 2021).

According to the Resource-Based View, strategic orientation makes an organization capable of realizing its valuable resources to gain competitive advantage and achieve superior performance. The market orientation, entrepreneurial orientation, learning orientation, and technology orientation of an organization can be regarded as strategic resources helping an organization realize its potential in terms of competitive advantage and superior performance. In particular, these orientations allow companies to develop their competencies and improve performance (Rothaermel, 2024).

The success of organizations in the banking sector is often based on intangible resources like customer relations, organizational knowledge, technological capabilities, employee expertise, and innovation capabilities. Thus, strategic orientation allows banks to improve their performance and gain competitive advantage in their operations. Therefore, RBV theory provides the theoretical basis for investigating the impact of strategic orientation on organizational performance (Barney et al., 2021).

Dynamic Capability Theory:-

The Resource-Based View does not work well in highly dynamic and uncertain environments characterized by the constant challenge of competitive advantages by technological changes, globalization, and changing customers' demands. This issue has been addressed by Dynamic Capability Theory. The theory focuses on organizations' abilities to adapt, integrate, and reconfigure both their internal and external resources to cope with changing environment (Teece, 2023).

According to the theory, companies can reach their goals and gain competitive advantages through continuous renewal and development of their resources. There are three types of dynamic capabilities, including sensing opportunity and threat, seizing opportunities through strategic actions, and transforming organizational capabilities to remain competitive (Teece, 2023). Strategic orientation facilitates the development of such capabilities in companies.

Indeed, market-oriented companies monitor customers' needs and competitors' activities, entrepreneurs search for new opportunities and implement innovations, learning companies accumulate and use knowledge, and technologically oriented companies use technologies to boost their performance (Warner & Wäger, 2022). Such strategic orientations can help financial organizations adapt to changing environments and stay competitive in their operations (Warner & Wäger, 2022).

Contingency Theory:-

The fundamental idea behind the Contingency Theory is that there cannot be a single optimal solution for every situation. The effectiveness of any strategy or organization depends on the degree of matching between organizational activities and its contexts. In other words, different environmental conditions, organizational sizes, technologies, markets, and competitive intensities require distinct strategies (Donaldson, 2021).

Thus, according to contingency theory, strategic orientations should be matched with environmental conditions in which an organization operates. Different strategic orientations lead to various results depending on the industry-specific conditions, market dynamics, and organizational context. Therefore, organizations need to adopt appropriate strategic approaches to perform effectively and efficiently (Donaldson, 2021).

The Contingency Theory is especially relevant for studying the banking sector. Financial institutions operate in various regulatory, technological, and market environments, and each bank needs to follow the best strategy depending on its specific conditions. For instance, highly competitive markets favor banks pursuing market-oriented and

innovation strategies, whereas technological changes require the implementation of learning and technology-oriented strategic initiatives (Van de Ven et al., 2023).

Strategic Fit Theory:-

Strategic Fit Theory focuses on alignment between an organization's internal resources and strategies and its external environment. According to the theory, an organization can achieve success through aligning its capabilities and strategies and environmental opportunities and threats. That is, organizations succeed in their operations when all of their components match with external conditions (Venkatraman & Camillus, 2022).

Strategic orientations help companies to achieve strategic fit with their environment. Organizational success implies the capability of an organization to fit its strengths and weaknesses to environmental opportunities and threats (Venkatraman & Camillus, 2022). Indeed, strategic orientations guide organizations in adapting their operations to changing external conditions.

Organizations need to constantly evaluate their strategic positions to maintain their alignment with the external environment. Otherwise, there might be inefficiencies and problems that reduce organizational competitiveness. Hence, it is vital to evaluate strategically important areas of operation to maintain organizational fit (Rothaermel, 2024).

Strategic fit is especially important in the case of banks since they have to align their resources, technologies, customer services strategies, and operations to meet changes in their external environments. This alignment becomes possible due to the strategic orientations that influence positively organizational performance (Johnson et al., 2023).

Market-Based View Theory:-

The Market-Based View (MBV) Theory focuses on the role of external market environment and its conditions in the achievement of organizational performance and success. Unlike the Resource-Based View that concentrates mainly on organizations' internal resources, MBV stresses the importance of industry structure, market dynamics,

customer behavior, and competitive forces (Porter, 2021). MBV is similar to Porter's strategic theory about industry attractiveness and competitive positioning.

According to the theory, firms can ensure their superior performance through fitting their actions to the external market environment. Strategic orientations are helpful in responding to market conditions in an organization. Market-oriented behaviors, in turn, are critical for organizational success (Porter, 2021).

Organizations need to collect and analyze data on the market environment continuously in order to maintain their competitiveness. Strategic orientations, particularly market and entrepreneurial ones, facilitate the achievement of these goals. The capabilities to focus on customers, monitor competitors, implement innovations, and take prompt actions are required for success in business operations (Hakala, 2021).

These days, due to intensified competition, technological innovations, and changing demands of customers, market-based strategies are extremely relevant for companies (Johnson et al., 2023). Financial institutions in the banking sector need to fit their strategies and orientations to market conditions in order to increase performance levels.

Relevance of Theories for the Stud: As has been demonstrated above, the five theoretical perspectives described in this section can provide an essential theoretical background for discussing the topic of strategic orientations' effects on organizational performance. Specifically, Resource-Based View explains what strategic orientations do in organizations. The main idea of the Dynamic Capability Theory is adaptation and innovation. Contingency Theory is concerned with the alignment of strategies with organizational context, Strategic Fit Theory involves the idea of consistent strategy, and Market-Based View Theory focuses on market environment and behaviors.

Thus, the presented theories provide theoretical support for the study.

2.3. Dimensions of Strategic Orientation

Strategic orientation involves strategic principles and behavioral patterns of organizations to respond to environmental changes, satisfy customer needs, and achieve superior

organizational performance. Among numerous dimensions of strategic orientation, market orientation has been recognized as one of the crucial factors determining organizational success because it helps organizations understand market needs, monitor competitors, and effectively coordinate internal resources. In competitive business environments, market orientation plays a very important role since it helps organizations improve innovation, customer satisfaction, competitive advantage, and organizational performance (Amin et al., 2024; Zhang et al., 2023).

2.3.1. Market Orientation

Concept and Dimensions of Market Orientation: Market orientation is a business philosophy that implies focusing on market dynamics and customer needs in order to create value and generate organizational benefits. It is associated with the use of market intelligence to gain competitive advantage through information sharing and value creation. Market orientation involves generating market intelligence, disseminating market information throughout organizational units, and effectively using information to enhance organizational performance (Yousaf et al., 2024).

According to recent theoretical works, market orientation represents a strategic capability that helps organizations create competitive advantages by generating customer-focused strategies and responding to market changes. Organizations that adopt market orientation continuously gather information about market conditions, competitor behaviors, and customer preferences in order to formulate strategic decisions (Amin et al., 2024).

Three main dimensions of market orientation include customer orientation, competitor orientation, and inter-functional coordination. These dimensions help organizations enhance their responses to market dynamics and gain sustainable competitive advantages. Effectively implementing market orientation dimensions enables organizations to improve innovation performance, service delivery processes, customer satisfaction, and organizational performance (Zhang et al., 2023).

Customer Orientation: Customer orientation refers to organizational behaviors that help organizations understand and fulfill customer needs and preferences. It includes gathering

information about customers' preferences and using this information in order to create valuable products and services. In market-oriented organizations, customers play a central role in decision-making and strategy formulation processes (Yousaf et al., 2024).

Customer orientation has been regarded as an integral dimension of market orientation because customer satisfaction and customer loyalty serve as essential drivers of organizational success. Organizations that are able to understand customer needs and preferences better will be able to develop valuable solutions to customer problems and create strong customer relationships (Amin et al., 2024).

Recent studies have indicated that organizations characterized by customer orientation are better able to respond to changing customer preferences and market conditions. In this case, such organizations would find it easier to develop innovations and improve their competitive position (Boso et al., 2022).

In the banking sector, customer orientation entails provision of personalized financial services, understanding of customers' preferences, and effective service delivery. Banks characterized by customer orientation can be distinguished by higher customer satisfaction rates, loyalty, and business performance compared to competitors (Wakjira & Kant, 2023).

Competitor Orientation: Competitor orientation involves an ability to identify, analyze, and respond to competitive threats and opportunities. Competitors' strategies, strengths, weaknesses, and market behaviors should be systematically monitored by organizations in order to enhance their competitive advantage and improve strategic decision-making (Zhang et al., 2023).

Organizations with strong competitor orientation regularly assess their competitors' products, services, innovations, prices, and market positions. Using the gained market information, organizations can develop strategies that would allow them to identify market opportunities and address competitive threats (Boso et al., 2022).

Competitor orientation helps organizations develop greater strategic flexibility and innovation by enabling them to respond to competitor threats and opportunities in a

timely manner. Consequently, it has been considered as a factor positively affecting organizational performance and competitiveness (Amin et al., 2024).

For example, in the banking sector, competitor orientation helps banks benchmark their services against industry standards, identify market gaps, and create innovative financial products that would be relevant to changing market conditions and customer needs. Competitively oriented banks are usually able to maintain market share and develop their competitive positions in the market (Alsharari, 2023).

Inter-functional Coordination: Inter-functional coordination represents a coordinated use of organizational resources to create customer value. It requires information sharing and cooperation among organizational departments and employees. Inter-functional coordination includes coordination of work processes between marketing, finance, human resources, operations, and IT department (Yousaf et al., 2024).

Successful inter-functional coordination ensures that information generated from market and other sources can be disseminated and utilized to make organizational decisions. Coordination between departments allows organizations to respond to customer needs and preferences, improve service delivery processes, and increase efficiency (Amin et al., 2024).

It has been noted that organizations with high inter-functional coordination exhibit greater innovation and learning capacity. Coordination among organizational units facilitates knowledge generation and market orientation. Consequently, it positively affects organizational performance and competitiveness (Boso et al., 2022).

As far as the banking sector is concerned, inter-functional coordination can be regarded as a prerequisite for efficient service delivery in banks. Collaboration between departments responsible for customers' relationships, operations, information technology, risk management, and marketing makes banking institutions more effective and responsive to customer needs and preferences (Wakjira & Kant, 2023).

Market Orientation in the Banking Sector: In the current era of technological advancement and financial innovation, banks need to change the way they operate to

respond to changing market conditions, technological developments, and increasing competition. In this context, market orientation becomes especially important since it enables banks to respond to changes in customers' preferences, increase their efficiency, and improve performance results (Alsharari, 2023).

Market orientation entails the use of market information to formulate strategies that would allow banks to satisfy customer needs and improve their competitive positions. Banks adopting market orientation monitor customers and competitors to develop financial products and services. Successful market orientation enables banks to increase service delivery quality, develop strong customer relationships, and achieve competitive advantage (Wakjira & Kant, 2023).

Rapid adoption of digital technologies has enhanced the importance of market orientation for modern banking institutions. Banks adopting market orientation can learn what their customers want to know about mobile banking, online banking, and other types of financial services. With the help of market information, banks can develop relevant solutions that would improve their efficiency and competitiveness (Zhang et al., 2023).

Importantly, market orientation can help banks to improve their strategic decision-making by identifying important market changes and competitors' behaviors. In this regard, market-oriented strategies can enable banking institutions to achieve competitive advantage in terms of customer satisfaction, profitability, innovation, and organizational performance (Alsharari, 2023).

Empirical Studies on Market Orientation and Organizational Performance: A number of recent empirical studies have found that market orientation has a positive effect on organizational performance. Recent findings indicate that organizations with market-oriented cultures can improve their performance and obtain better financial and non-financial performance results than market-averse organizations (Amin et al., 2024).

For instance, Boso et al. (2022) conducted a study focused on strategic orientation and organizational performance among service firms in emerging markets and showed that market orientation positively affected customer satisfaction, innovation capability, and

overall organizational performance. According to their findings, organizations that constantly monitor customers and competitors can significantly improve performance results.

Additionally, Wakjira and Kant (2023) explored the significance of market orientation for the business performance of Ethiopian banks and proved that there is a positive link between market orientation and organizational performance in the banking sector. They suggested that customer satisfaction and employee satisfaction partially mediated the relationship between market orientation and business performance.

Another recent study conducted by Yousaf et al. (2024) demonstrated that market orientation had a positive impact on organizational performance via the development of innovation capability and the creation of value for customers. Based on their findings, market-oriented organizations could effectively identify customers' needs and develop innovative solutions to customers' problems.

Furthermore, according to Zhang et al. (2023), market orientation contributed significantly to the organizational performance. In particular, they argued that the ability to monitor and respond to market and competitors played an important role in shaping the organizational performance of banking organizations.

Thus, based on recent empirical studies, market orientation has become recognized as an important strategic capability positively influencing organizational performance by helping organizations improve customer satisfaction and innovation and increase competitive advantage.

2.3.2. Entrepreneurial Orientation

Concept of Entrepreneurial Orientation: Entrepreneurial orientation (EO) can be regarded as one of the core dimensions of strategic orientation. Entrepreneurial orientation is a strategic perspective that includes behaviors related to opportunity recognition and exploitation, innovation, and competitive aggressiveness. EO represents a set of behaviors that enables organizations to respond to environmental opportunities and challenges in a proactive and innovative manner (Covin & Wales, 2022).

In recent years, EO has been recognized as a strategic capability that contributes significantly to organizational performance. Entrepreneurially oriented organizations show a tendency towards searching for opportunities, innovation, flexibility, and growth. Such organizations continuously search for opportunities and develop innovative solutions and proactive strategies to improve their competitiveness in dynamic business environments (Kraus et al., 2023).

Today, entrepreneurial orientation can be considered especially important because of globalization, digital transformation, changing customer preferences, and competition among organizations. Organizations characterized by entrepreneurial behavior are capable of coping with uncertainty, exploiting opportunities, and improving their performance results (Ferreira et al., 2023).

Dimensions of Entrepreneurial Orientation: There are numerous dimensions that represent entrepreneurial orientation in organizations. Entrepreneurial orientation usually refers to a multidimensional concept, and five dimensions are the most important among others. These dimensions include innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy (Covin & Wales, 2022).

Innovativeness: Innovativeness refers to organizations' tendency to experiment, create innovations, and introduce new products or technologies. Innovativeness is associated with the development and use of new technologies and solutions that help organizations create and implement innovative ideas (Ferreira et al., 2023).

Innovative organizations regularly look for innovative solutions to old problems, develop improvements, and improve their products and services. Innovativeness is an important dimension because it enhances knowledge accumulation, innovation, and technological progress and makes organizations capable of achieving competitive advantages (Amin et al., 2024).

In today's knowledge-based economy, innovativeness is becoming even more important for organizations. Innovatively oriented organizations have higher chances to become

productive, increase their customers' satisfaction and achieve financial results that are much better than those of traditional organizations (Kraus et al., 2023).

Reactiveness: Reactiveness describes an ability to anticipate future changes and act proactively. This dimension is associated with identifying and acting upon emerging opportunities, and thus, it enables organizations to respond to changes that may occur in the future. Proactive organizations scan the environment and try to predict market conditions (Covin & Wales, 2022).

Proactive organizations try to act ahead of competitors in order to exploit emerging market opportunities. This behavior helps organizations to develop a competitive advantage in the market and become market leaders. Consequently, proactiveness makes organizations capable of shaping the market (Lechner & Gudmundsson, 2024).

The research shows that reactiveness has a positive effect on organizational performance because it allows organizations to anticipate changes in the market and respond to environmental threats in a timely manner. In turn, it improves their market position and performance results (Ferreira et al., 2023).

Risk Taking: Risk-taking refers to a readiness to engage in ventures and projects involving significant uncertainty and high risks. In this regard, entrepreneurial organizations recognize that uncertainty is an inherent part of doing business and are ready to undertake risks in order to achieve their strategic objectives (Amin et al., 2024).

However, risk taking should not be understood as reckless behavior in organizations because it implies conducting careful evaluations and analyses. Moderate risk-taking enables organizations to implement innovations and develop new products, technologies, and business models that are likely to become successful (Kraus et al., 2023).

It should be mentioned that in rapidly changing business environments, risk-taking is becoming increasingly important for organizations because it helps organizations to innovate and grow. On the one hand, risk-averse organizations may miss many important opportunities. However, risk-taking alone will not be enough for success because organizations must control risks properly (Lechner & Gudmundsson, 2024).

Competitive Aggressiveness: Competitive aggressiveness means intensity and readiness to aggressively compete with rivals and develop strategies aimed at improving organizational competitiveness. Competitive aggressiveness involves direct competition, response to rivals' moves, and strategic efforts that help organizations outperform their competitors (Covin & Wales, 2022).

Organizations with high competitive aggressiveness pursue aggressive strategies that enable them to improve organizational market position and exploit opportunities. These organizations are known to have intensive competition, market responsiveness, and performance orientation. Therefore, it can be stated that competitive aggressiveness has an impact on organizations' performance (Ferreira et al., 2023).

Competitive aggressiveness positively affects organizations' market performance by encouraging organizations to increase service quality, improve efficiency, and introduce innovations to differentiate themselves from competitors. Thus, this dimension has an important role to play in the achievement of sustainable competitive advantages by organizations (Amin et al., 2024).

Autonomy: Autonomy refers to the degree of freedom granted to individual members or team members of an organization to develop innovative ideas and implement strategic initiatives. Autonomous organizations give their members more freedom to make decisions and solve problems. Autonomy stimulates innovations and encourages members of organizations to introduce new ideas (Lechner & Gudmundsson, 2024).

This dimension creates favorable conditions for innovations and entrepreneurial behaviors. Employees who have the freedom to make decisions and propose solutions are more creative and motivated. Thus, they have higher chances to come up with innovations that will be beneficial for organizations. Moreover, autonomy helps organizations cope with uncertainty in rapidly changing environments by allowing employees to respond immediately to opportunities and challenges (Kraus et al., 2023).

Entrepreneurial Orientation and Organizational Performance: As mentioned above, organizational performance is an important driver of organizations' competitiveness,

innovation capability, and development. Recent studies suggest that entrepreneurial orientation is one of the factors influencing organizational performance positively. Entrepreneurially oriented organizations usually exhibit a tendency to innovate, identify and act upon opportunities, and make proactive decisions. All of these factors are known to affect organizational performance positively (Amin et al., 2024).

Entrepreneurial orientation positively impacts organizational performance by helping organizations innovate, identify opportunities, and respond to environmental changes. Moreover, these capabilities are needed for developing competitive advantages that organizations use for increasing profits and achieving sustainable development (Kraus et al., 2023).

It has been proven that entrepreneurial organizations that exhibit higher levels of innovativeness, proactiveness, and risk-taking are more successful than those that have weaker entrepreneurial orientation. Specifically, entrepreneurial organizations have higher probabilities to achieve better financial results, grow their sales, improve customers' satisfaction, increase market share, and innovate successfully (Ferreira et al., 2023).

Entrepreneurial Orientation in the Banking Sector: In the current period of technological advancement and financial innovations, the banking sector undergoes significant transformations that affect its performance, innovation capabilities, and organizational development. For this reason, entrepreneurial orientation has become a particularly important dimension of strategic orientation that helps organizations maintain competitiveness and improve performance results (Mendy et al., 2023).

In this regard, entrepreneurial orientation includes developing innovative financial products and services, adopting emerging technologies, and exploiting new opportunities. Entrepreneurially oriented organizations constantly search for ways of innovation and improvement to satisfy customers' needs. Thus, entrepreneurial orientation contributes to organizational success in modern conditions (Amin et al., 2024).

Entrepreneurial banking includes such important activities as digital banking, mobile financial services, artificial intelligence, and other innovations in financial services. These initiatives transform the activities of banking organizations and make them capable of coping with uncertainties and environmental challenges. Entrepreneurially oriented banks can respond to changes more effectively compared to traditional ones (Mendy et al., 2023).

Additionally, it should be mentioned that entrepreneurial orientation helps organizations innovate and renew their strategic capabilities. As a result, entrepreneurs can react to changes in regulations, customers' needs, and competitive environment more efficiently. Thus, it contributes to their performance and success (Ferreira et al., 2023).

Empirical Studies on Entrepreneurial Orientation and Performance: Numerous recent studies have found out that entrepreneurial orientation positively affects the performance of banking organizations. For instance, Kraus et al. (2023) conducted a study and showed that entrepreneurial orientation significantly increases organizations' innovation capability, competitive advantages, and overall organizational performance. In this respect, entrepreneurial organizations perform better than others.

Similarly, in their recent research, Ferreira et al. (2023) proved that organizations showing higher levels of innovativeness, proactiveness, and risk-taking achieve significantly better financial performance and growth compared to organizations that do not manifest these entrepreneurial characteristics. This means that entrepreneurial orientation can contribute positively to organizational performance.

Also, Amin et al. (2024) provided a systematic review of strategic orientation and claimed that entrepreneurial orientation was one of the factors that positively influenced organizational performance among numerous others. It has been noted that entrepreneurial behaviors had an effect on the profitability, innovation capability, customer satisfaction, and performance of banking organizations.

Finally, Mendy et al. (2023) conducted an empirical study of banking organizations and found that entrepreneurial orientation had a positive effect on innovation adoption,

service quality, and operational performance in the banking sector. Banks pursuing entrepreneurial orientation tended to be more adaptable and performed better.

As can be seen, recent empirical findings demonstrate that entrepreneurial orientation positively influences the performance of organizations in the banking sector. Thus, it can be assumed that entrepreneurial orientation is a crucial driver of organizational performance and success in this industry.

2.3.3 Learning Orientation

Concept of Learning Orientation: Learning orientation refers to the organization's focus on generating and implementing knowledge and learning activities in order to increase organizational effectiveness and achieve success. It includes values and practices of an organization that encourage it to generate knowledge, learn, and adapt to changes in the environment. Organizations that adopt learning orientation view knowledge as a source of competitive advantage and continuously try to learn more (Real et al., 2023).

In today's rapidly changing world, learning orientation is one of the most important strategic capabilities that can be used by organizations to respond to changes, increase innovation capability, and achieve sustainable competitive advantage. Learning organizations are able to identify and exploit opportunities, overcome challenges, and improve capabilities that help them be more competitive. Thus, learning orientation contributes significantly to organizations' success (Amin et al., 2024).

Learning orientation promotes organizational transformation and encourages organizations to create value for their stakeholders. For this reason, learning organizations tend to learn constantly and innovate because these activities are necessary for the improvement of their capabilities and performance (Santos-Vijande et al., 2022).

Dimensions of Learning Orientation: As it has been mentioned earlier, learning orientation is a multi-dimensional concept. It involves numerous aspects that help organizations to adopt this capability. The main dimensions of learning orientation can include commitment to learning, shared vision, open-mindedness, and knowledge

sharing. Together, these dimensions promote knowledge generation and continuous learning processes in organizations (Amin et al., 2024).

Commitment to Learning: Commitment to learning refers to organizations' recognition of the importance of continuous learning for their success and competitiveness. Organizations are committed to learning when they are willing to spend time, money, and other resources to develop employees' knowledge and skills. Commitment to learning is manifested in the support of continuous learning processes, training, and professional development (Real et al., 2023).

The commitment to learning implies that organizations view continuous knowledge development as an important source of competitive advantage. Therefore, they tend to train their employees and develop their skills. This type of orientation can have a positive effect on learning and innovation and make organizations more competitive and flexible (Khan et al., 2024).

Moreover, this orientation creates conditions for continuous improvement and encourages organizations' employees to learn, gain new knowledge, and develop their skills to improve the organization's competitive position in the market (Santos-Vijande et al., 2022).

Shared Vision: Shared vision means having shared objectives, aspirations, and plans. When organizations have shared visions of what they intend to achieve in the future, they will be more united and committed to the common goals. Shared vision plays an important role in the promotion of organizational learning and the implementation of organizational strategies (Amin et al., 2024).

Organizations that have shared visions help their employees to realize them. For this reason, such organizations are more likely to benefit from organizational learning because the entire workforce will work towards one goal, which makes their learning activities more effective (Khan et al., 2024).

Organizations that possess shared visions are more cohesive and united. As a result, they can implement strategies of organizational learning more efficiently and successfully to increase their innovation and improve their market positions (Real et al., 2023).

Open-mindedness: Open-mindedness refers to readiness of organizations to accept and consider diverse ideas and opinions, criticize routine practices, and experiment. In this respect, open-minded organizations are more open to new ideas and perspectives, and are eager to introduce innovations. They are more sensitive to changes in the environment and are always ready to innovate in order to remain competitive in this regard (Santos-Vijande et al., 2022).

Organizations characterized by this dimension are constantly analyzing their routines and activities in order to identify opportunities and weaknesses. Thus, they can easily recognize environmental changes and opportunities and adjust their learning activities accordingly. Open-mindedness helps organizations to innovate more intensively and successfully (Amin et al., 2024).

It should be noted that organizations characterized by high open-mindedness are more open to external knowledge and stimuli. Thus, they have more opportunities to introduce new ideas into their business processes and learn more to innovate successfully and be competitive (Khan et al., 2024).

Knowledge Sharing: Knowledge sharing refers to the exchange of information, experience, and expertise. Organizations characterized by knowledge sharing practice collaboration, discussion of organizational issues, and continuous information exchange. This type of organizational behavior helps organizations to promote learning and innovation and become more competitive (Real et al., 2023).

Knowledge sharing makes organizations more efficient because it reduces information gaps, promotes information flow, and facilitates knowledge creation. Organizations that share their knowledge tend to become more successful and innovative, as well as more competitive and effective (Santos-Vijande et al., 2022).

Knowledge sharing is associated with organizational learning and knowledge accumulation. Therefore, organizations can improve their learning processes by sharing their knowledge and information. Consequently, they will be more capable of increasing innovation and improving market positions (Amin et al., 2024).

Learning Orientation and Organizational Performance: Learning orientation is one of the crucial drivers of organizational performance and success in the current competitive environment. Organizational learning has many beneficial effects on organizational performance because it contributes to organizations' adaptation to changes, innovation capability, strategic flexibility, and continuous improvement. Thus, learning orientation helps organizations become more competitive and increase their financial performance and profitability (Khan et al., 2024).

Many theoretical works highlight the positive effect of learning orientation on organizational performance. Learning organizations tend to innovate and develop their capabilities in order to overcome environmental challenges. As a result, learning organizations can develop effective strategies to exploit emerging opportunities and improve their competitiveness (Real et al., 2023).

Additionally, learning orientation helps organizations to become more resilient in terms of continuous learning and information acquisition. This capability allows organizations to learn something new in order to adapt to rapidly changing conditions and overcome challenges in the environment. Thus, it contributes to their performance and innovation (Amin et al., 2024).

Learning Orientation in Banking Sector: Modern banking organizations operate under rapidly changing market conditions caused by technological innovation, regulation changes, and evolution of customer preferences. Under such circumstances, learning orientation becomes increasingly important for banking institutions to maintain their competitiveness and increase performance. Consequently, learning organizations can respond effectively to changes and improve their competitive advantages (Aboobucker & Bao, 2023).

Learning banking organizations are continuously learning about customers' needs and preferences, technological innovations, market trends, and regulatory requirements. Based on acquired information, these organizations create new financial products and innovate their processes. Learning organizations can improve their service delivery process and satisfy their customers. At the same time, they can adapt to changes in the environment and increase their market performance (Khan et al., 2024).

As it has been mentioned above, banking institutions undergo digital transformation that forces them to acquire knowledge about new technologies and innovations in order to be competitive. Learning orientation is essential for the successful adoption of artificial intelligence, digital banking platforms, data analytics, fintech innovations, and other technologies that make banking institutions competitive (Aboobucker & Bao, 2023).

Empirical Studies on Learning Orientation and Performance: Empirical evidence proves that learning orientation is positively correlated with organizational performance. For instance, Real et al. (2023) found that learning organizations exhibited higher innovation capability, adaptability, and organizational performance than others. These organizations invested significantly more in learning activities and achieved better performance results than their opponents.

Similarly, Santos-Vijande et al. (2022) analyzed the role of learning organizations and concluded that learning organizations developed higher innovation capability and enjoyed competitive advantages compared to their opponents. They found out that learning orientation helped organizations improve performance and achieve success.

Khan et al. (2024) studied the effects of learning orientation on organizational performance and revealed that learning organizations exhibited higher productivity, innovation capability, customer satisfaction, and profitability than non-learning organizations. Based on their analysis, learning orientation helped organizations enhance their strategic flexibility and resilience.

Finally, Aboobucker and Bao (2023) examined banking organizations and found that learning orientation positively influenced service innovation, digital transformation, and

organizational performance. Organizations characterized by learning orientation were more flexible and adaptable, which allowed them to respond to changes and maintain their market position.

Thus, recent empirical studies prove that learning orientation is an important strategic capability for achieving organizational performance. Through commitment to learning, shared vision, open-mindedness, and knowledge sharing, organizations can increase innovation capability and improve their performance results.

2.4 Organizational Performance

2.4.1 Concept of Organizational Performance

Definitions of Organizational Performance: The term organizational performance relates to the degree of success an organization obtains based on the efficient and effective use of resources. Organizational performance is a multi-faceted concept covering financial and non-financial aspects reflecting the success of organizations in achieving their strategic goals and objectives (Taouab & Issor, 2023).

In modern literature, organizational performance is defined as the ability of an organization to obtain desired results, add value to its stakeholders, remain competitive, and obtain sustainable growth. The indicators of performance include profitability, productivity, customer satisfaction, innovation capabilities, and market positions (Amin et al., 2024).

Organizational performance has been growing in importance in recent years due to its significance for strategic management. Organizational performance is considered an important indicator of organizational effectiveness and long-term sustainability since high-performance organizations have effective leadership, resource utilization, innovation capabilities, and adaptability (Alsharari, 2023).

Importance of Organizational Performance: It is essential to measure organizational performance since it helps evaluate the success of organizational activities and effectiveness. Organizational performance enables organizations to obtain profits, satisfy

stakeholders' needs, obtain investments, and remain competitive within constantly changing business environments (Taouab & Issor, 2023).

Measurement of organizational performance helps managers in making decisions about improving organizational effectiveness by obtaining insights about the current situation within organizations and required changes to increase organizational performance (Amin et al., 2024). In addition, high performance is crucial for ensuring the sustainability and development of organizations over time.

Performance Measurement Approaches: Organizational performance can be measured utilizing financial and non-financial approaches. Among the most common financial measures, there can be noted profitability, return on investment, income growth, and shareholder value. Non-financial measures of organizational performance include customer satisfaction, employee productivity, innovation capabilities, and customer services (Taouab & Issor, 2023).

The widely recognized framework for measuring organizational performance is Balanced Scorecard that incorporates the use of financial and non-financial measures. Financial measures provide insufficient information concerning long-term organizational performance (Kaplan et al., 2024).

Contemporary organizations prefer multidimensional performance measurement frameworks that incorporate financial and non-financial measures of organizational performance including customer value, innovation, organizational effectiveness, and learning.

2.4.2 Dimensions of Organizational Performance

Financial Performance: Financial performance refers to the ability of the organization to make profits and accomplish financial goals. This type of performance can be measured using factors like profitability, return on assets, return on equity, and growth in income.

Profitability: Profitability is the measure of the ability of an organization to make earnings as compared to its income, assets, or investment. It is one of the major performance indicators that show the success of the organization (Alsharari, 2023).

Return on Assets (ROA): Return on Assets is the ratio that shows the level at which the organization uses its assets to earn money. A high ROA signifies efficient usage of assets and thus improved performance. This measure is significant for the banking sector since the banks depend on effective asset management to get money (Aboobucker & Bao, 2023).

Return on Equity (ROE): Return on equity is the profit an organization makes from the equity capital put in. The measure shows how effective the managers in the organizations utilize the equity capital to generate wealth for the organization (Lee et al., 2024).

Revenue Growth: Revenue growth is the increase in the income of the organization over the years. It reflects the growth in the market of an organization, as well as growth in customers. It may be used to reflect the success of an organization in terms of competition in the market (Taouab & Issor, 2023).

Non-Financial Performance: These are factors beyond finance that affect the success of an organization. They play an essential role in determining the success of the organizations (Kaplan et al., 2024).

Customer Satisfaction: Customer satisfaction is about the level of contentment of the customer after getting the services. Highly satisfied customers tend to stay loyal and recommend the business to others. Customer satisfaction promotes growth in the organization (Amin et al., 2024).

Customer Retention: This refers to the ability of an organization to maintain its clients over the years. High retention rate means highly loyal customers who are satisfied with the services provided (Lee et al., 2024).

Employee Satisfaction: Employee satisfaction entails employee satisfaction with their working conditions, salaries, working relations, and career prospects. Such satisfied employees are likely to perform better in their work (Taouab & Issor, 2023).

Service Quality: Service quality is the level at which the services offered meet the needs and desires of the customers. It helps to improve customer satisfaction and retention rate (Aboobucker & Bao, 2023).

Innovation Performance: Innovation performance is the ability of an organization to offer innovating products, process, or services. Innovations help in creating competitive advantage among other factors for organizational growth and success (Khin & Ho, 2023).

Market Share: Market share is the proportion of total sales that belong to the organization. Higher market share signifies success and competitiveness (Alsharari, 2023).

2.4.3 Organizational Performance in the Banking Sector

Performance Indicators Used by Banks: The performance of banks can be assessed using different financial and non-financial indicators. Examples of financial indicators include profitability, ROA, ROE, NIM, and liquidity and capital adequacy ratios. Examples of non-financial indicators include customer satisfaction, service quality, innovativeness, and operational efficiency (Aboobucker & Bao, 2023).

Factors Determining Bank Performance: Different variables are known to determine the performance of a bank, including strategic focus, technology capability, and innovativeness, and leadership effectiveness, quality of service provision, customer satisfaction, risk management approach, and regulatory compliance. Several studies have found that factors like market orientation, entrepreneurial orientation, learning orientation, and technology orientation significantly influence bank performance (Amin et al., 2024).

In addition, other determinants of performance in the banking sector include digitization, organizational culture, skills of employees, and competition in the market. Those banks

that succeed in managing these determinants are more likely to perform well financially and nonfinancially (Lee et al., 2024).

Challenges Faced in Assessing Bank Performance: Many challenges confront banks during performance evaluation, and some of these challenges have been identified as technology disruption, cybersecurity concerns, growing competition in the market, regulatory changes, economic uncertainties, and evolving customer needs. It is necessary for banks to adapt continually to such challenges to remain competitive (Alsharari, 2023).

Another challenge that affects bank performance is increased competition in the industry as a result of emerging fintech companies providing new financial services to customers. This calls for banks to adopt measures like innovativeness, investment in technologies, service quality, and customer-oriented strategies for better performance and organizational success (Aboobucker & Bao, 2023).

2.5 Relationship between Strategic Orientation and Organizational Performance

The concepts of strategic orientation and organizational performance are widely discussed within the strategic management field. Specifically, strategic orientation can be defined as an organization's guiding principles and behaviors that help it to adapt to environmental changes, seize opportunities, and allocate resources in pursuit of its strategic objectives. Organizational performance means achieving financial and non-financial targets. Current literature clearly indicates that strategic orientation has a positive impact on organizational performance through innovations, responsiveness to customers, operational efficiency, and competitive advantage (Amin et al., 2024).

Organizations with strong strategic orientations can adapt themselves to changes in market conditions, introduce new innovations, and increase stakeholder satisfaction. With the use of strategic orientation, organizations are able to match their resources and capabilities with environmental needs (Ferreira et al., 2023).

2.5.1 Strategic Orientation and Financial Performance

Financial performance means an organization's ability to generate income and maximize its value. Profitability, return on assets, return on equity, and revenue growth are common indicators of financial performance. Strategic orientation facilitates financial performance through the identification of market opportunities, increases efficiency, and creates competitive advantages to increase income and reduce costs (Amin et al., 2024).

Market orientation, entrepreneurial orientation, learning orientation, and technology orientation positively affect financial performance. Market orientation contributes to profitability because organizations try to meet the needs of customers. Entrepreneurial orientation facilitates the development of innovative solutions that can bring additional profits. Similarly, technology orientation facilitates efficient operations (Khin & Ho, 2023).

Evidence from previous studies shows that organizations with strong strategic orientations perform better than organizations with poor strategic orientations when it comes to profitability, return on assets and equity, and revenue growth. Studies performed in banking sectors show that strategic orientation positively affects financial performance (Ferreira et al., 2023).

2.5.2 Strategic Orientation and Non-Financial Performance

Besides financial performance, organizations are assessed based on their ability to satisfy stakeholders' needs and interests through non-financial performance. Indicators of non-financial performance include customer satisfaction, customer retention rate, and employee satisfaction, quality of services, innovation performance, and market share. Recent research suggests that such indicators should be considered when measuring organizational success (Kaplan et al., 2024).

Market-oriented organizations focus on meeting customers' needs to ensure their satisfaction. Learning-oriented organizations develop their skills through acquiring knowledge and transferring it to employees. In this regard, the orientation towards

technologies helps to enhance quality of services delivered to customers. All these aspects help organizations to improve their non-financial performance (Aboobucker & Bao, 2023).

According to existing literature, organizations with strong strategic orientations positively influence non-financial performance indicators. This occurs due to the enhancement of capabilities, stakeholder relations, and innovation (Amin et al., 2024).

2.5.3 Strategic Orientation and Competitive Advantage

Competitive advantage is associated with the ability to create value and outperform competitors. The role of strategic orientation is important for creating competitive advantages in organizations. Specifically, such strategic orientations enable organizations to become customer-focused, innovators, and adaptive to environmental changes (Zhang et al., 2023).

Market orientation helps organizations understand customers' needs and preferences as well as the actions of competitors. The orientation towards entrepreneurship makes organizations develop innovations and search for new opportunities. Moreover, learning orientation leads to increased knowledge and expertise, and the orientation towards technologies results in digital transformation and innovation (Kraus et al., 2023).

Previous studies indicate that companies with strong strategic orientations achieve competitive advantages through innovations, creation of customer value, and efficient operations. Therefore, organizations that develop strong competitive advantages can ensure organizational performance (Ferreira et al., 2023).

2.5.4 Strategic Orientation and Sustainability of Organizational Performance

Performance sustainability means an organization's ability to maintain high-performance levels while adapting to environmental changes. In this regard, strategic orientation contributes to performance sustainability through continuous learning, innovations, adaptation to new technologies, and customer responsiveness (Amin et al., 2024).

Learning orientation implies that organizations are able to continuously acquire knowledge to adapt to environmental changes. Entrepreneurial orientation contributes to innovations and strategic renewal. The orientation towards technologies facilitates the implementation of innovations to support adaptation. At last, market orientation helps maintain customer focus and stay competitive (Aboobucker & Bao, 2023).

Research indicates that strategic orientation makes organizations resilient and sustainable in the context of performance because they learn and improve constantly (Khin & Ho, 2023).

2.6 Empirical Literature Review

Various empirical studies carried out in developed nations, developing nations, Africa, and Ethiopia provide an insight into the connection between strategic orientation and organizational performance. The effect of various elements of strategic orientation, such as market orientation, entrepreneurial orientation, learning orientation, and technology orientation, has been studied in numerous studies, and positive contributions of strategic orientation to financial and non-financial organizational performance outcomes have been established. There are some differences among findings, however.

2.6.1 Studies Carried Out in Developed Countries

In developed countries, researchers have established that there is a significant positive relationship between strategic orientation and organizational performance. According to the study carried out by Lee, Kim, and Park (2024), technology orientation increases innovation capability, customer satisfaction, and organizational performance in service companies of South Korea. Based on structural equation modeling, the researchers concluded that technology orientation helps to build a competitive position in today's fast-paced environment.

Ferreira, Fernandes, and Kraus (2023) examined the influence of entrepreneurial orientation on organizational performance in firms operating in Europe. Findings obtained in this study indicate that innovativeness, proactiveness, and risk-taking

positively affect organizational performance through innovations and strategic flexibility. These three elements play an important role in creating the opportunity for responding to changes in the business environment.

Learning orientation and its effect on organizational performance have been assessed by Real, Roldán, and Leal (2023). The study shows that learning orientation increases innovation capability and organizational performance. In particular, learning-oriented firms demonstrate greater adaptability to changing conditions and produce better performance results.

Zhang, Wang, and Chen (2023) examine the relationship between market orientation and firm performance in developed nations. They reveal that market orientation positively affects customer satisfaction, market share, and profitability because of customer orientation, competitor orientation, and inter-functional coordination.

Therefore, empirical studies carried out in developed nations prove that strategic orientation leads to improved performance in various firms through innovations, customer responsiveness, operational effectiveness, and other factors.

2.6.2 Studies Conducted in Developing Countries

Positive relationships between strategic orientation and organizational performance have been established in developing countries, as well. For instance, according to a study by Boso, Adeleye, Donbesuur, and Gyensare (2022), market orientation and entrepreneurial orientation lead to better performance through innovations and customer value creation.

In another study by Khin and Ho (2023), researchers establish the positive contribution of technology orientation to organizational performance in emerging markets, which occurs due to innovation capabilities, operational efficiency, and financial performance. Technology orientation positively affects financial performance because it is a mediator in the process.

According to Khan, Ahmed, Ali, and Rehman (2024), learning orientation and organizational performance are also positively correlated in developing countries.

Specifically, commitment to learning, knowledge sharing, and organizational learning positively affect innovation capability and organizational resilience, which increase organizational performance.

After conducting a systematic review of strategic orientation research, Amin, Aldakhil, Wu, Rezaei, and Cobanoglu (2024) concluded that market orientation, entrepreneurial orientation, learning orientation, and technology orientation positively affect organizational performance in developing economies. Strategic orientation becomes especially important in helping organizations overcome resource constraints and adapt to changing conditions.

This finding supports the notion that strategic orientation plays an important role in organizational success in developing countries with resource constraints and tough competition.

2.6.3 Studies Carried Out in Africa

Given tough competition and technological innovations in Africa, it is no surprise that many researchers decided to explore the impact of strategic orientation on organizational performance. Based on empirical data analyzed by Boso et al. (2022), one can conclude that strategic orientation has a positive effect on organizational performance, leading to better innovation capabilities and customer responsiveness.

Aboobucker and Bao (2023) assess learning orientation and digital transformation in the context of organizational performance among African financial institutions. Findings obtained by these researchers show that learning orientation positively affects organizational performance because it facilitates innovation and knowledge management.

Research conducted within African banking institutions proves that market orientation and technology orientation positively affect customer satisfaction, service quality, and performance outcomes. African banks focusing on digital banking services and customer-oriented strategies outperform other firms (Aboobucker & Bao, 2023).

Furthermore, research carried out among African organizations shows that learning orientation increases adaptability and organizational resilience. Thus, strategic orientation becomes more and more important in promoting organizational sustainability in Africa.

2.6.4 Empirical Studies in Ethiopia

Studies conducted in Ethiopia investigating the relationship between strategic orientation and organizational performance are becoming more and more popular, especially within the banking sector. Wakjira and Kant (2023) investigate the effect of market orientation on business performance of banks in Ethiopia. According to the findings of these authors, customer orientation, competitor orientation, and inter-functional coordination affect business performance positively. Employee and customer satisfaction partially mediate the relationship.

Another study conducted by Alemu and Tadesse (2024) investigates the effect of entrepreneurial orientation on organizational performance in Ethiopian financial institutions. Findings reveal that innovativeness, proactiveness, and risk-taking positively affect business performance by increasing service innovation and operational effectiveness.

Tesfaye and Bekele (2023) analyze the effect of technology orientation on business performance in Ethiopian commercial banks. The findings reveal that technology orientation positively affects customer satisfaction, service quality, and financial performance because of digital banking services.

The effect of learning orientation on organizational performance in service companies in Ethiopia was assessed in the study carried out by Gebremariam and Desta (2024). According to the findings of these researchers, learning orientation positively influences innovation capability and organizational performance.

Despite the number of empirical studies conducted in Ethiopia concerning organizational performance and strategic orientation, most researchers focus on individual elements of strategic orientation rather than on the combined impact of all four elements mentioned

above on organizational performance. Very few studies analyze the issue of interest within the banking sector of Addis Ababa.

2.6.5 Summary of Empirical Literature

Reviewing the literature related to the research issue of interest reveals that the correlation between strategic orientation and organizational performance is strongly positive in developed countries, developing countries, Africa, and Ethiopia. Market orientation positively affects customer satisfaction, customer retention, and profitability, while entrepreneurial orientation positively impacts organizational performance because of innovation capability and strategic flexibility. In turn, learning orientation positively impacts organizational performance by facilitating knowledge creation and innovation, while technology orientation positively affects organizational performance owing to digital transformation and improved service quality and operational efficiency.

While studies carried out in developed nations focus on the role of innovation and competitive advantages in mediating the correlation between organizational performance and strategic orientation, studies conducted in developing countries pay attention to overcoming resource constraints. In addition, research carried out in Africa emphasizes the importance of digital transformation, customer responsiveness, and organizational adaptability, while studies conducted in Ethiopia focus on individual elements of strategic orientation.

Thus, the empirical literature under discussion provides a sufficient amount of information needed to conduct the proposed research.

2.7 Research Gap

Although considerable amount of literature is available on strategic orientation and organizational performance, there still exist many gaps in the existing literature. Such gaps justify the need for conducting the current study entitled “The Effect of Strategic Orientation on Organizational Performance: The Case of Some Selected Banks.”

2.7.1 Conceptual Gap

From existing literature, strategic orientation has been established as a multidimensional construct, which is comprised of market orientation, entrepreneurial orientation, learning orientation, and technology orientation (Amin et al., 2024). Nevertheless, in many studies, emphasis has been put on the effects of only one or two aspects of strategic orientation, rather than all the dimensions of strategic orientation. In some studies, the focus is placed on the market orientation and performance, while other studies consider only the role of entrepreneurial orientation or technology orientation, respectively (Wakjira & Kant, 2023; Khin & Ho, 2023).

Consequently, the literature does not contain much empirical information about the joint effects of market orientation, entrepreneurial orientation, learning orientation, and technology orientation on organizational performance. In contrast, in the current study, the role of all four dimensions of strategic orientation will be considered at once.

2.7.2 Contextual Gap

It should be noted that most empirical studies on strategic orientation have been conducted in developed countries such as the United States, the United Kingdom, Germany, Spain, and South Korea, where the economic conditions, technological opportunities, and organizational practices are quite different from those in developing countries (Lee et al., 2024; Real et al., 2023).

However, although some studies on strategic orientation and organizational performance have been conducted in developing countries and Africa, very few studies have been conducted focusing on the situation in the Ethiopian banking sector. In this respect, the banking industry of Ethiopia is currently undergoing a lot of changes due to growing competition, digitalization, reforms in the financial sector, and evolving customers' expectations. Thus, results obtained in developed countries cannot be applied to Ethiopian banks due to existing differences in economic conditions, technological and organizational practices.

In this regard, the aim of the current study is to fill this particular gap and investigate the impact of strategic orientation on organizational performance in selected banks of Ethiopia.

2.7.3 Methodological Gap

Previous studies have used many types of research methodology and methods, both qualitative and quantitative, in order to test relationships between strategic orientation and organizational performance. Despite that, in most previous studies, researchers used only one or two variables, adopted a descriptive research design or applied some other research method that was not able to reveal a real relationship between strategic orientation and organizational performance (Ferreira et al., 2023).

Moreover, in some cases, the samples used were too small, and the research was performed in relation to some particular industry rather than to the whole economy. Finally, the literature lacks the studies where the effects of multiple dimensions of strategic orientation were assessed simultaneously using multiple regression analysis.

Consequently, in this study, in order to address this methodological gap, the method of quantitative analysis will be applied using multiple regression analysis in particular.

2.7.4 Empirical Gap

Many previous empirical studies have identified positive relationships between strategic orientation and organizational performance. However, the literature is still lacking some consistency as regards which of the strategic orientation dimensions is most important in relation to organizational performance. Some researchers argue that market orientation is the key variable, while other studies prove the importance of entrepreneurial orientation, learning orientation, or technology orientation (Amin et al., 2024).

Besides that, existing empirical studies conducted in Ethiopia are mostly focused on the individual aspects of strategic orientation, whereas the joint effects of market orientation, entrepreneurial orientation, learning orientation, and technology orientation on organizational performance have been rarely investigated. At the same time, limited empirical data is available concerning the impact of strategic orientation on both financial and non-financial performance indicators in the banking sector of Ethiopia.

In order to address the above stated gaps, in the current study, the influence of strategic orientation on organizational performance will be analyzed using empirical data.

2.8 Conceptual Framework of the Study

The proposed conceptual framework for the current study will be based on Resource-Based View Theory, Dynamic Capability Theory, Strategic Fit Theory, and empirical studies on strategic orientation and organizational performance. Under the conceptual framework, it is assumed that each aspect of strategic orientation directly influences organizational performance.

Independent Variables

Dependent Variable

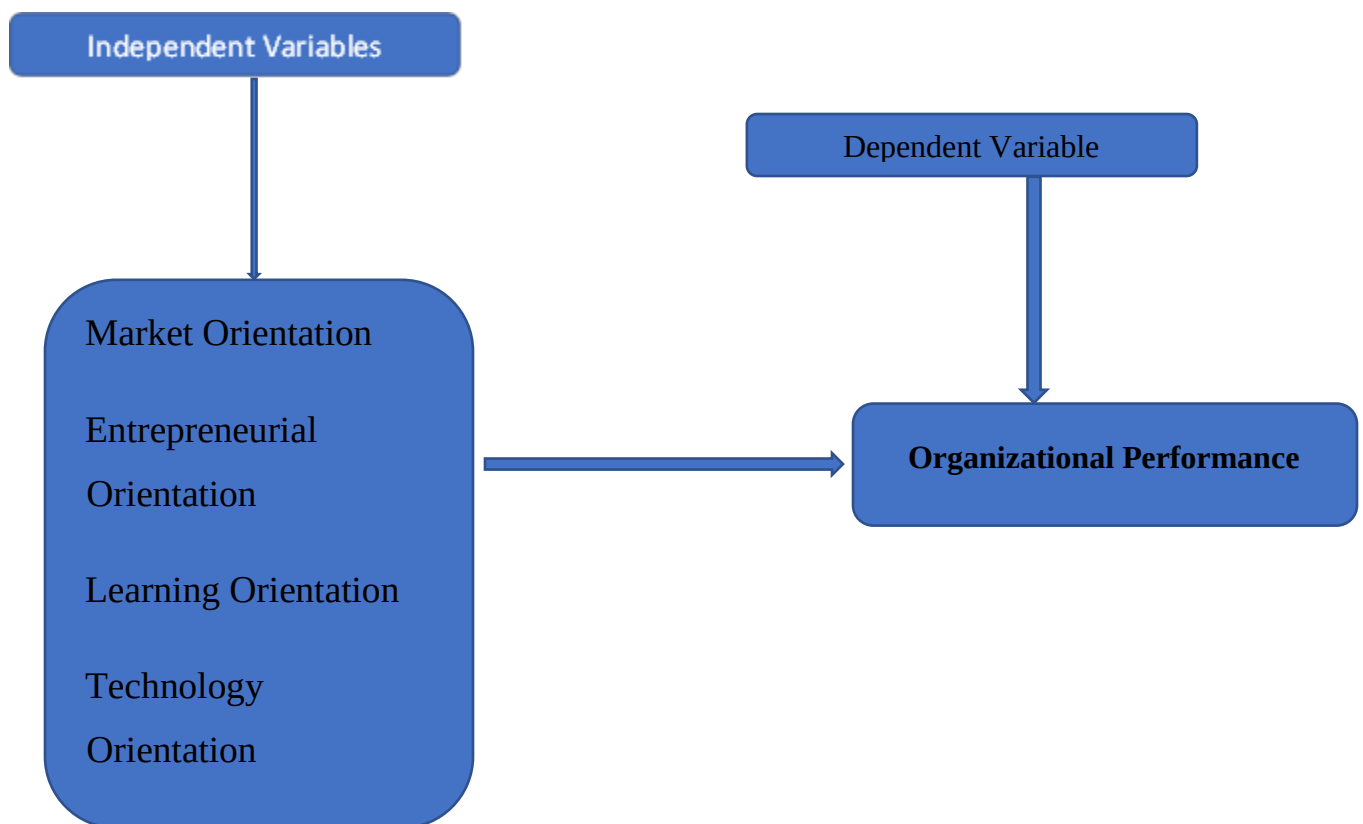


Figure 1: conceptual framework of the study; source from (Gebremariam and Desta., 2024).

Explanation of the Framework

The conceptual framework implies that organizational performance is affected by four dimensions of strategic orientation. With market orientation, organizations are able to know better about the needs of their customers and competitors. With entrepreneurial orientation, organizations are innovating, proactive and risk-taking. With learning orientation, organizations are acquiring new knowledge, exchanging it with each other, and becoming more adaptable. With technology orientation, organizations are innovating and digitalizing. All these dimensions together help to improve financial and non-financial performance of organizations.

2.9. Hypothesis Development

Following from the discussion in the previous sections of the literature, the following hypotheses are proposed for testing in the current study:

H1: Market Orientation and Organizational Performance

Market-oriented organizations are continuously tracking the needs of customers and competitor actions and thus are able to provide better customer values. Many studies have shown that there is a positive link between market orientation and organizational performance (Zhang et al., 2023; Wakjira & Kant, 2023).

H1: Market orientation has a positive and significant effect on organizational performance.

H2: Entrepreneurial Orientation and Organizational Performance

Organizations are innovating, proactive and taking calculated risks and thus become more adaptive and competitive. From empirical studies, it can be seen that entrepreneurial orientation has positive impacts on organizational performance (Ferreira et al., 2023).

H2: Entrepreneurial orientation has a positive and significant effect on organizational performance.

H3: Learning Orientation and Organizational Performance

Organizations are continuously acquiring, creating and using knowledge. As a result, learning orientation has positive effects on innovation capability, customer satisfaction and success in general (Real et al., 2023; Khan et al., 2024).

H3: Learning orientation has a positive and significant effect on organizational performance.

H4: Technology Orientation and Organizational Performance

Organizations are investing in technology capabilities and innovations and therefore increase their effectiveness. Previous studies suggest that technology orientation helps in increasing organizational performance through innovation and digitalization (Khin & Ho, 2023; Lee et al., 2024).

H4: Technology orientation has a positive and significant effect on organizational performance.

H5: Strategic Orientation and Organizational Performance

Organizations become more innovative, proactive, efficient and competitive as a result of implementing multiple aspects of strategic orientation. Existing empirical evidence shows that strategic orientation dimensions together have positive effects on organizational performance (Amin et al., 2024).

H5: Strategic orientation dimensions jointly have a positive and significant effect on organizational performance.

2.10. Summary of Literature Review

The literature has been reviewed on the topic of strategic orientation and organizational performance. Major theories associated with the notion of strategic orientation such as Resource-Based View Theory, Dynamic Capability Theory, Contingency Theory, Strategic Fit Theory, and Market-Based View Theory have been discussed.

Further, the dimensions of strategic orientation have been defined. It has been explained that the main dimensions of strategic orientation are: market orientation, entrepreneurial

orientation, learning orientation, and technology orientation. The four dimensions have been analyzed and it has been shown that these factors play a major role in increasing organizational effectiveness through customer satisfaction, innovation capability, operational efficiency, and competitiveness.

The concept of organizational performance and its dimensions including financial (profitability, return on assets, return on equity, and revenue growth) and non-financial indicators (customer satisfaction and retention, employee satisfaction, service quality, innovation performance and market share) have been described.

Studies carried out in developed countries, developing countries, Africa, and Ethiopia have shown a positive impact of strategic orientation on organizational performance. At the same time, gaps related to theory, context, methodology, and empirical findings have been detected, especially in regard to the situation in the Ethiopian banking sector.

Finally, on the basis of theoretical review, a conceptual framework and five research hypotheses have been suggested.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

In this chapter, a brief description will be provided regarding the research methodology used to explore the impact of strategic orientation on organizational performance in selected banks. This includes the research philosophy, research approach, research design, target population, sampling procedures, sample size determination, sources of data, data collection tools, validity and reliability test procedures, analysis techniques, model specification, and ethical issues in the research process.

3.2 Research Philosophy

The research philosophy may be described as a collection of beliefs held about the nature of reality and knowledge. It was adopted based on its appropriateness for addressing the stated research questions and hypotheses.

This study adopts positivist research philosophy since it involves a scientific investigation of measurable phenomena using empirical methods.

As mentioned before, a positivist research philosophy is most appropriate when dealing with quantitative data in which causality is being tested among variables (Saunders et al., 2023).

In light of this, the positivist philosophy seems the most appropriate given that the study attempts to establish the influence of strategic orientation dimensions on organizational performance by measuring the variables.

3.3 Research Approach

The deductive research approach was used in the current study.

In the deductive approach, research is carried out based on the formulation of research hypotheses. These hypotheses result from theories and previous studies.

The current study is informed by the theories of Resource-Based View, Dynamic Capability, Strategic Fit, and Market-Based View theories. Based on these theories, relevant hypotheses concerning market orientation, entrepreneurial orientation, learning orientation, technology orientation, and organizational performance have been formulated. This calls for a deductive approach.

3.4 Research Design

The explanatory cross-sectional design was used in the current study.

Since the research seeks to establish a cause-and-effect relationship between strategic orientation dimensions and organizational performance, an explanatory research design has been adopted. In other words, the design allows establishing how changes in the independent variables influence the dependent variable.

The cross-sectional design has been selected because the data collection takes place at one point in time. It is a design that is cost-effective and less time-consuming.

3.5 Research Method

This study applied a quantitative research methodology.

The application of the quantitative approach was dictated by the need to use objective measurements and statistical tests to test the research hypotheses developed in Chapter Two.

Furthermore, the quantitative approach facilitates generalization of the findings and offers objective proof in relation to the influence of strategic orientation on organizational performance.

3.6 Target Population

The target population of the study comprises employees working in selected commercial banks in Addis Ababa, Ethiopia.

Respondents drawn from these banks were considered to be the right individuals to provide information since they have the required knowledge about the strategies pursued by their companies in terms of business practices and innovation.

The focus on selected banks was informed by the highly competitive nature of the banks in question, hence the influence of strategic orientation on organizational performance. The research was conducted on Dashen Bank, Awash International Bank, Bank of Abyssinia, Nib international Bank and Anbessa international bank the target employees in these bank are 998 and sample were taken nearly in equal proportion.

3.7 Sampling Design

3.7.1 Sampling Technique

Stratified random sampling procedure was used to obtain the samples.

Based on the selected banks, strata have been identified, and the required number of respondents was proportionately selected from each stratum. Stratified random sampling was used to ensure adequate representation of the employees in the selected banks.

In the process of stratifying the sample, simple random sampling was then used to draw samples.

3.7.2 Sample Size Determination

Sample determination was done using Yumane's formula (Yumane, 1964) in order to get the right sample size to draw the required sample size in relation to the selected bank employees.

$$n = \frac{N}{1 + N (e^2)}$$

Where;

n = is the sample size

N= is the population

1= is a constant

e²= is the estimated standard error which is 5% for 95% confidence level

$$n = 998/1+998(0.05^2) = 286$$

As such, a 95% confidence level has been used to indicate the confidence in the reliability of each question's answer. The researcher can allow for an error margin of 5%, indicating that the responses may differ due to differences in answers. As a consequence, the number 286 is recognized as the appropriate sample size for the targeted group. Questionnaires were then sent out proportionally to 286 employees working in the selected bank. For this purpose, stratified sampling was conducted in order to gather employee views on the selected bank, performance, and orientation.

3.8 Sources of Data

The study made use of primary as well as secondary sources of information.

Primary Information: The primary information was gathered from the employees of the selected banks by using structured questionnaires.

Secondary Information: Secondary information was gathered from books, journal articles, annual reports, policies, websites, etc.

3.9 Data Collection Instrument

The main instrument used for data collection was the questionnaire. The questionnaire consisted of three parts. Part A gathered information about the demographic attributes of the respondents. Part B concentrated on the elements of strategic orientation that included Market Orientation, Entrepreneurial Orientation, Learning Orientation, and Technology Orientation. Part C measured the organizational performance. The measuring scales had five points that ranged from 1 – “Strongly Disagree,” 2 – “Disagree,” 3 – “Neutral,” 4 – “Agree,” and 5 – “Strongly Agree.” In order to validate the measurement instrument, the measuring scales were selected based on other validated studies.

3.10 Validity and Reliability of Instruments

3.10.1 Validity

Content Validity: Content validity was assured through evaluation by research advisors and experts in strategic management and banking disciplines. Their feedback was taken into consideration when administering the questionnaire.

Construct Validity: Construct validity was determined through factor analysis and checking item loadings.

3.10.2 Reliability

By reliability, we refer to the degree to which a measure gives out dependable and consistent results when employed in similar circumstances. In order to determine the internal consistency of questionnaire items, the Cronbach's Alpha coefficient was calculated for each variable of the research. Generally, the Cronbach's Alpha value greater than 0.70 is considered as satisfactory, 0.80 or greater is regarded as reliable and 0.90 or greater is regarded as highly reliable.

Table 1: Reliability Analysis of Study Variables

Study variables	Cronbach's Alpha	N of Items
Market Orientation	0.971	9
Technology Orientation	0.965	9
Entrepreneurial Orientation	0.980	9
Learning Orientation	0.987	9
Non-Financial performance	0.980	9

As shown in Table 1, all the variables in this study demonstrated outstanding levels of internal consistency. Market Orientation obtained a coefficient of Cronbach's Alpha of 0.971, and Technology Orientation obtained a coefficient of 0.965. Both Entrepreneurial Orientation and Non-Financial Performance obtained a coefficient of reliability of 0.980; however, Learning Orientation obtained the highest value of 0.987. Such values demonstrated the presence of a high level of consistency of items measuring each particular construct.

Given the fact that all the coefficients of Cronbach's Alpha were noticeably higher than the acceptable value of 0.70, the measurement scales could be regarded as highly reliable. As can be seen, the results showed that the questionnaire items measured their constructs consistently and provided reliable data. Thus, the instrument could be used for further statistical analysis, such as correlation and multiple regression analysis. It was revealed that there were no problems with reliability in this study.

3.11 Variables of the Study

A variety of important variables were used to understand the influence of the organizational strategic orientation on performance outcomes. The independent variables in this study include the following: Market Orientation refers to the organization's ability to be oriented toward its customers' needs, competitors, as well as any changes within the market environment that can bring about more value creation; Entrepreneurial Orientation means that there is willingness to innovate, to be proactive in seeking opportunities, and to accept risks; Learning Orientation implies an emphasis on continuous learning, exchange of information, and adaptation; finally, Technology

Orientation involves the use and integration of new technologies in operations. These independent variables were selected because they are believed to have an influence on the outcome of the research. The dependent variable in this study is organizational performance, meaning the overall efficiency and effectiveness of the organization in achieving its business objectives, such as the financial performance, customer satisfaction, and innovation. Understanding the relationship between these variables will help comprehend the effect of organizational strategic orientations on performance.

3.12 Data Analysis Methods

The data collection method entailed coding and analyzing the collected data using the software SPSS version 27. Descriptive statistics were applied, and these include the use of frequencies, percentages, and means. The latter two were calculated as well for each variable under consideration to understand better the distribution of respondents according to these variables. Inferential statistical methods included correlation analysis of key variables, which helped to measure relationships and the strength thereof. Multiple linear regression analysis was also performed to determine how different strategic orientations of an organization affect the organization's performance.

3.13 Model Specification

The study employed the following multiple regression model:
$$OP = \beta_0 + \beta_1 MO + \beta_2 EO + \beta_3 LO + \beta_4 TO + \varepsilon$$

Where:

OP = Organizational Performance

MO = Market Orientation

EO = Entrepreneurial Orientation

LO = Learning Orientation

TO = Technology Orientation

$\beta_0 = \text{Constant}$

$\beta_1 - \beta_4 = \text{Regression Coefficients}$

$\varepsilon = \text{Error Term}$

3.14 Diagnostics tests

Normality Test

Normality of data was verified using histograms and Normal Probability Plots. In the case of histograms, data showed almost normal distribution since it formed a nearly perfect bell-shaped curve. On the other hand, in Normal Probability Plots, all the points were lying close to the diagonal line, indicating that the residual was normally distributed. The conclusion from this was that the data had normality assumption.

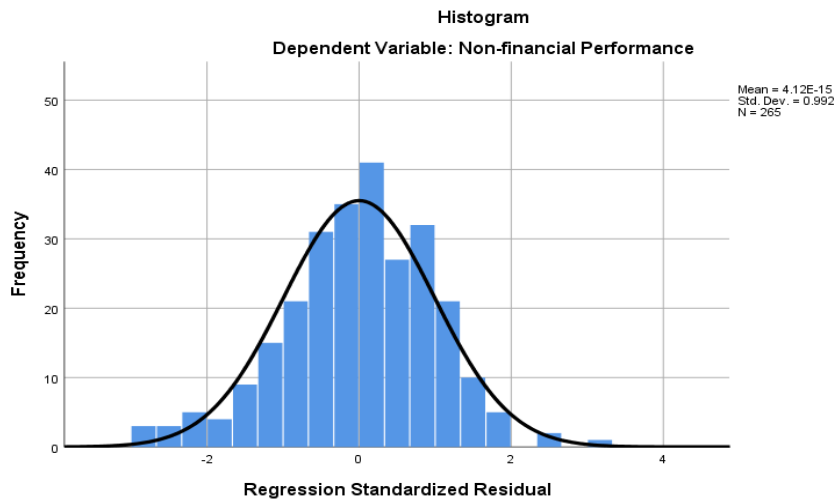


Figure 2: Normality Test by Histogram

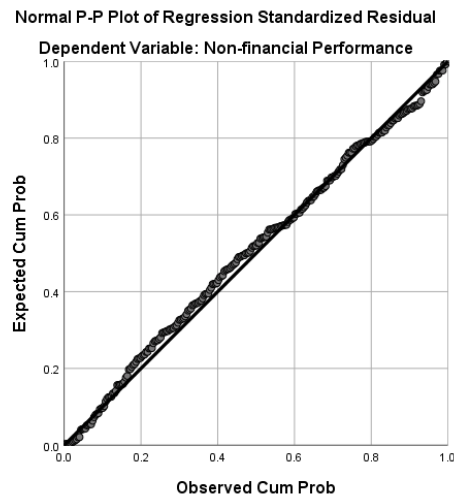


Figure 3: Normality Test by P-P Plot

Linearity test

The scatterplot of standardized residuals against standardized predicted values was analyzed to check whether the assumption of linearity holds for the regression model. The residuals were randomly spread along the zero line without forming any kind of pattern or curve or trend. The dots were spread evenly on the line of predictions, which meant that there was a linear relationship between the predictor and response variables (Non-financial Performance). Hence, the assumption of linearity of the multiple linear regression models held true. The extremely small R^2 value ((4.441×10^{-16})) also indicated that there was no linear pattern among the residuals.

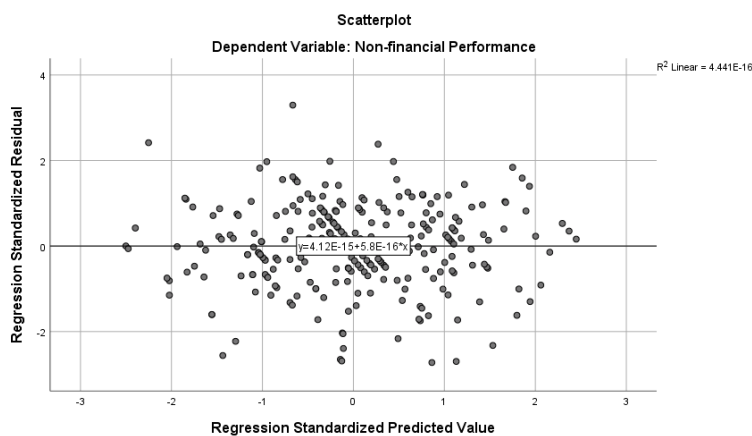


Figure 4: linearity test by Scatterplot

Hetroscadisity test

Heteroscedasticity was determined through the study of residual statistics and the graph of standardized residuals plotted against standardized predicted values. The distribution of the residuals was random, and there were no signs of any funnel shape or specific trend. In addition, the minimum value for the standardized residuals is -2.724 and the maximum value is 3.295, with a mean value of 0.000 and a standard deviation of 0.992, which means that the variation in the error terms is stable throughout the predicted values. Thus, the variance in the residuals is considered to be homogeneous, satisfying the assumption of homoscedasticity.

Table 2: Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.9995	4.9463	2.9937	.79727	265
Residual	-.90369	1.09318	.00000	.32922	265
Std. Predicted Value	-2.501	2.449	.000	1.000	265
Std. Residual	-2.724	3.295	.000	.992	265

a. Dependent Variable: Non-financial Performance

Multicollinearity test

The presence of multicollinearity among the independent variables was checked using Tolerance and Variance Inflation Factor (VIF). The tolerance values were found to range between 0.119 and 0.268, all of which were higher than the lowest acceptable tolerance value of 0.10. On the other hand, the VIF values were found to range between 3.728 and 8.390, all of which were lower than the critical value of 10.

In particular, Technology Orientation was found to have a tolerance of 0.254 and VIF of 3.940, Entrepreneurial Orientation was found to have a tolerance of 0.186 and VIF of 5.388, Learning Orientation was found to have a tolerance of 0.119 and VIF of 8.390,

while Market Orientation was found to have a tolerance of 0.268 and VIF of 3.728. Even though Learning Orientation had the highest VIF value, it was still below the acceptable level of 10.

Thus, it can be said that the existence of multicollinearity among the variables was not a matter of concern in this regression model. It can be observed that the independent variables were sufficiently independent of each other and the assumption of no multicollinearity was not violated.

Table 3: tolerance and variance inflation factors of the study variables

		Tolerance	VIF
1	(Constant)		
	Technology Orientation	.254	3.940
	Entrepreneurial Orientation	.186	5.388
	Learning Orientation	.119	8.390
	Market Orientation	.268	3.728

Autocorrelation test

The existence of autocorrelation was tested through the use of the Durbin-Watson statistic. From the findings, a Durbin-Watson value of 1.946 was obtained, which was quite near to the optimal value of 2.0. Because the statistic was within the desired range of 1.5-2.5, there was no sign of any positive or negative autocorrelation in the residual terms. Thus, the model could be considered valid for testing hypotheses.

Table 4: Durbin-Watson test

Durbin-Watson
1.946

3.15 Ethical Issues

The entire research process was guided by ethical principles. Respondents were free to participate or not. All respondents' rights to confidentiality and anonymity were

observed, and all information was collected only for academic use. Moreover, they were made aware of their freedom to withdraw from the study at any time without suffering any negative consequences.

The proposed research methodology is consistent with your hypotheses (H1-H5) and strategic orientation dimension measures, as well as regression analysis as a technique of measuring its impact on performance of selected Ethiopian banks.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS & INTERPRETATION

4.1 Introduction

This chapter covered the analysis and interpretation of the impact of strategic orientation on the performance of organizations in the chosen bank. Some of the issues included in this chapter are the introduction, the response rate, the demographic profile of respondents, the strategic orientation, organizational performance, and many more. Finally, the impact of strategic orientation on performance demonstrated through regression and correlation analysis.

4.2 Response Rate of the Respondents

265 out of 286 questionnaires distributed among the employees of the chosen bank were received, giving a response rate of 93%.

Table 5: *Response Rate*

Total questionnaire Distributed	Questionnaire returned	Not Responded	Response Rate
286	265	21	93%

Source: Own Survey, 2026

To enhance the reliability and validity of the results collected, a total of 286 questionnaires were issued to the target respondents. Of the total number, 265 were successfully returned, giving a total response rate of 93%. According to Mugenda & Mugenda (2003), a response rate of 50% would be considered acceptable, while 60% would be good. 70% and above is regarded as an excellent response rate for analyzing collected data. Thus, the 93% response rate achieved in this study is impressive and high enough for statistical analysis.

4.3 Respondents' Demographics

Table 6: *Demographic Characteristic of the Respondents*

		Frequency	Percent	Valid Percent	Cumulative Percent
Age	21–30	116	43.8	43.8	43.8
	31–40	71	26.8	26.8	70.6
	41–50	50	18.9	18.9	89.4
	51 and above	28	10.6	10.6	100.0
	Total	265	100.0	100.0	
Gender	Female	111	41.9	41.9	41.9
	Male	154	58.1	58.1	100.0
	Total	265	100.0	100.0	
Educational Qualification	First Degree	171	64.5	64.5	64.5
	Post Graduate and above	94	35.5	35.5	100.0
	Total	265	100.0	100.0	
Experience	Below 5years	87	32.8	32.8	32.8
	6–10 years	87	32.8	32.8	65.7
	11–15 years	48	18.1	18.1	83.8
	15 years and above	43	16.2	16.2	100.0
	Total	265	100.0	100.0	

Source: Own Survey, 2026

Table 6 shows the demographics of the 265 respondents who participated in the research study. Looking at age groups, the greatest percentage of respondents, which was 116 or

43.8%, fell into the age bracket of 21-30 years while 71 or 26.8% fell into the age bracket of 31-40 years. The other age group, which consisted of respondents between 41-50 years, had 50 or 18.9% and 28 or 10.6% had age bracket of 51 years and above. The results indicated that the majority of the respondents were relatively young and fell into economically active age bracket.

Considering gender, 154 or 58.1% of the respondents were males while 111 or 41.9% were females. This shows that there were more male respondents in the research study.

As far as the education qualification is concerned, most of the respondents, 171 or 64.5% respondents had a first degree while 94 or 35.5% respondents had postgraduate and above degrees. This implies that the majority of respondents had high level of education qualification and was able to give informed answers to questions raised in the survey.

Looking at work experience, 87 (32.8%) respondents had below 5 years of experience while equal number (87 or 32.8%) had work experience of 6-10 years. Also, 48 (18.1%) respondents had 11-15 years of work experience and 43 or 16.2% respondents had more than 15 years of experience. These results indicate that respondents had different experiences with the majority having less than 10 years' work experience.

4.4 Descriptive Analysis on Strategic Orientation

4.4.1 Effect of Market Orientation on Organizational Performance

Table 7: *The Market Orientation Dimension at selected bank*

	N	Mean	Std. Deviation
Our bank continuously tries to identify additional customer needs.	265	3.02	.935
The bank places strong emphasis on understanding customers' needs.	265	3.00	.921
The bank is willing to respond quickly to customer suggestions.	265	3.00	.939
Employees throughout the organization discuss competitive activities.	265	3.00	.947

Our bank regularly collects information about competitors' activities.	265	3.01	.935
The bank continuously evaluates the strengths and weaknesses of key competitors.	265	3.00	.955
Managers discuss how everyone in the bank can contribute to creating customer value.	265	2.98	.941
All business functions are responsive to one another's needs and requests.	265	3.01	.937
All departments are integrated in serving the needs of target markets.	265	3.01	.955
Valid N (listwise)	265		

Source: Own Survey, 2026

As shown in Table 7, this table highlights the responses of the respondents to market orientation practices at the selected bank. It was found that there was a moderate level of market orientation at the selected bank. This was indicated by the fact that means scores for all measured dimensions ranged between 2.98 to 3.02 on the Likert scale.

The response "our bank continuously tries to identify additional customer needs" received the highest mean score of $M = 3.02$, $SD = 0.935$). This meant that the respondents agreed on the fact that the bank continuously attempted to identify the needs of its customers. Similar responses, such as "Our bank regularly collects information about competitors' activities," "All business functions are responsive to one another's needs and requests," and "All departments are integrated in serving the needs of target markets" had a mean score of 3.01. This indicated the fact that there was a moderate level of agreement among respondents regarding the fact that the bank monitored competitor activities and promoted coordination between different departments.

The responses such as “The bank places strong emphasis on understanding customers' needs,” "The bank is willing to respond quickly to customer suggestions," "Employees throughout the organization discuss competitive activities," and "The bank continuously evaluates the strengths and weaknesses of key competitors" all scored a mean of 3.00. It was evident that the bank was moderately involved in competitor-oriented and customer-centered activities.

The response "Managers discuss how everyone in the bank can contribute to creating customer value" received the lowest mean score of ($M = 2.98$, $SD = 0.941$). However, it was quite close to the overall average mean score. This means that managers discussed how everybody in the bank would create customer value, but their efforts could still be enhanced.

The standard deviation scores ranged from 0.921 to 0.955. This indicated the fact that there was a low variability in the responses given by the respondents concerning market orientation of the bank.

In summary, it is worth saying that it was observed that the selected bank had a moderate level of market orientation. It placed a lot of emphasis on customer needs and tried to monitor its competitors. Such practices could have a positive effect on the organizational performance of the selected bank.

4.4.2 Impact of Technology Orientation on Performance

Table 8: *The Technology Orientation Dimension at selected bank*

	N	Mean	Std. Deviation
Our bank allocates resources for investment in the latest technologies and future technological changes.	265	3.00	.947
Our bank purchases and uses new technologies to position itself ahead of competitors.	265	2.98	.949
Our bank's policy is to adopt up-to-date technologies.	265	3.02	.925
Technical innovations based on research results are readily accepted in our company.	265	3.00	.925

Management actively seeks innovative ideas.	265	3.00	.935
Employees are encouraged to have new ideas for new services.	265	3.03	.896
Our bank is very active in developing new technologies.	265	3.04	.908
Our bank's product development programs are more ambitious than competitors.	265	3.00	.902
Our bank invests significantly in research and development activities.	265	2.9925	.95740
Valid N (listwise)	265		

Source: own Survey, 2026

Table 8 represents descriptive statistics of technology orientation dimensions at the selected bank. As can be seen from the findings, the technology orientation practices of the bank were assessed as moderate ones, with mean scores varying between 2.98 to 3.04 on a five-point Likert scale.

Among all items measured, the item "Our bank is very active in developing new technologies" achieved the highest mean score ($M = 3.04$, $SD = 0.908$). Thus, it could be assumed that respondents believed that the bank was actively involved in developing new technologies. In addition, the item "Employees are encouraged to have new ideas for new services" had mean score of 3.03 ($SD = 0.896$), indicating that the bank moderately supported creativity and innovation of its employees. Moreover, the item "Our bank's policy is to adopt up-to-date technologies" received rather high mean score of 3.02 ($SD = 0.925$).

Furthermore, the items "Our bank allocates resources for investment in the latest technologies and future technological changes," "Technical innovations based on research results are readily accepted in our company," "Management actively seeks innovative ideas," and "Our bank's product development programs are more ambitious than competitors" were rated as having mean scores of approximately 3.00, demonstrating a moderate level of respondents' agreement about the bank's commitment to technological advancements and innovations.

It is noteworthy that the item "Our bank purchases and uses new technologies to position itself ahead of competitors" received mean score of 2.98 ($SD = 0.949$) and the item "Our

bank invests significantly in research and development activities" had mean score of 2.99 (SD = 0.957). It should be stated that the above mentioned findings indicated that the bank had some commitment to technological investments and research activities, but there was still something to improve in these aspects.

The standard deviations varied from 0.896 to 0.957, which implied a relatively low variation of responses.

Thus, it may be concluded that the technology orientation of the selected bank was rather moderate one. The bank invested in technology development, encouraged innovation and adopted new technologies. These practices positively influenced the bank's performance.

4.4.3 Effect of Entrepreneurial Orientation on Performance

Table 9: *The Entrepreneurial Orientation Dimension at selected bank*

	N	Mean	Std. Deviation
Our bank continuously improves and innovates its way of doing business.	265	3.00	.935
Managers in the bank are willing to engage in new innovations.	265	3.00	.894
We believe that wide-ranging actions are necessary to achieve objectives.	265	3.02	.917
Managers of the bank are willing to take calculated risks.	265	3.05	.916
The bank's managers have a tendency to take bold and aggressive decisions.	265	3.02	.929
We prepare for radical industry changes.	265	3.02	.953
We initiate actions to which other organizations respond.	265	3.03	.939
Our bank proactively introduces new products and services to customers.	265	3.04	.910
Our bank usually takes initiative rather than being a follower.	265	2.9925	.94945
Valid N (listwise)	265		

Source: Own Survey, 2026

Table 9 summarizes the descriptive statistics for entrepreneurial orientation of the selected bank. It is evident from the findings that the participants believed the bank to practice entrepreneurial orientation at a moderate level with the mean scores ranging between 2.99 and 3.05.

The dimension of entrepreneurial orientation that received the highest mean score was the statement "Managers of the bank are willing to take calculated risks" with the mean value $M = 3.05$, $SD = 0.916$. The finding suggests that the participants had a favorable view that the managers of the bank were willing to take calculated risks in order to achieve the goals. Furthermore, the statement "Our bank proactively introduces new products and services to customers" got a mean score of 3.04 ($SD = 0.910$), indicating that the bank showed a moderate level of proactiveness in responding to the market challenges and needs of the customers.

Similarly, the statement "We initiate actions to which other organizations respond" had a mean score of 3.03 ($SD = 0.939$), suggesting that the bank was moderately proactive in setting trends and influencing actions of others in the industry. In addition, the statements "We believe that wide-ranging actions are necessary to achieve objectives," "The bank's managers have a tendency to take bold and aggressive decisions," and "We prepare for radical industry changes" received a mean score of 3.02 each, indicating that the participants moderately believed that the bank engaged in strategic initiatives, bold decision-making, and preparation for changes in the environment.

Moreover, the statements "Our bank continuously improves and innovates its way of doing business" and "Managers in the bank are willing to engage in new innovations" had a mean score of 3.00 each, indicating a moderate level of innovation and willingness to embrace new ideas in the organization.

The statement "Our bank usually takes initiative rather than being a follower" scored the lowest mean score of $M = 2.99$, $SD = 0.949$. However, this finding was quite similar to the average mean scores and suggested that the bank was proactive and could become a leader in the industry by taking initiative.

The values of the standard deviation varied from 0.894 to 0.953, suggesting that the variation in the responses was low.

In summary, it can be said that the selected bank practiced entrepreneurial orientation at a moderate level. The bank seemed to encourage calculated risk-taking, innovation, proactivity, and bold decision-making. These entrepreneurial practices were bound to have a positive effect on organizational performance in terms of increasing adaptability, fostering innovation, gaining competitive advantages, and reacting to changes in the environment.

4.4.4 Effect of Learning Orientation on Organizational Performance

Table 10: *The learning orientation Dimension at selected bank*

Descriptive Statistics			
	N	Mean	Std. Deviation
Managers basically agree that our employees' ability to learn is the key to our competitive advantage	265	3.01	.939
The bank at all levels senses that employee learning is an investment, not an expense	265	3.03	.955
Learning in the bank is seen as a key item necessary to guarantee organizational survival	265	3.01	.929
There is a well-expressed concept of „who we are“ and „where we are going“ as a business unit	265	2.99	.947
Employees consider themselves as partners in charting the direction of the bank	265	3.03	.961
Top management of the bank believes in sharing the vision for bank with the lower levels	265	3.01	.925
We are not afraid to reflect critically on the shared assumptions we have about the way we do business	265	3.00	.943
Our business unit places a high value on open-mindedness	265	3.01	.949
Managers encourage employees to “think outside of the box.”	265	3.00	.911
Valid N (listwise)	265		

Source: Own Survey, 2026

As presented in Table 10, the descriptive statistics of the learning orientation dimensions in the chosen bank show that respondents considered the bank's learning orientation practices to be moderate, as the mean scores varied between 2.99 and 3.03 on a five-point Likert scale.

The statements "The bank at all levels senses that employee learning is an investment, not an expense" and "Employees consider themselves as partners in charting the direction of the bank" received the highest mean scores ($M = 3.03$, $SD = 0.955$ and $M = 3.03$, $SD = 0.961$, respectively). It could be stated that, according to the respondents, the bank considered employee learning to be important and promoted employee involvement in organizational direction-setting.

In a similar manner, the statements "Managers basically agree that our employees' ability to learn is the key to our competitive advantage," "Learning in the bank is seen as a key item necessary to guarantee organizational survival," "Top management of the bank believes in sharing the vision for the bank with the lower levels," and "Our business unit places a high value on open-mindedness" were rated with a mean score of 3.01. It could be concluded that the respondents moderately agreed with the statements above, which means that they acknowledged that the bank valued the strategic significance of learning, knowledge sharing, and open-mindedness in order to achieve organizational success.

In addition, the statements "We are not afraid to reflect critically on the shared assumptions we have about the way we do business" and "Managers encourage employees to think outside of the box" were evaluated with the mean score of 3.00, which indicates that the respondents supported the idea of critical reflection and creativity.

The lowest mean score was obtained by the statement "There is a well-expressed concept of who we are and where we are going as a business unit" ($M = 2.99$, $SD = 0.947$), which implies that there should be some improvement in terms of defining the organizational identity and future direction.

It should be noted that the values of the standard deviation ranged from 0.911 to 0.961, which implies that the variability in respondents' perceptions is rather low and the level of consensus in their opinion is quite high.

Summarizing the results, it could be stated that the learning orientation practices at the chosen bank were moderate. The bank values employee learning, promotes participation in organizational decision-making, encourages knowledge sharing, open-mindedness, and innovative thinking, which could contribute to organizational performance.

4.5 Descriptive Analysis of Organizational Performance

Table 11: *The Organizational Performance at selected bank*

	N	Mean	Std. Deviation
Our bank is able to grasp the right timing for launching new services	265	3.01	.929
The launch speed of new services is faster than other companies in the same industry	265	2.98	.931
Our bank is able to adjust or change our management process based on the market competition	265	2.99	.909
The degree of automation operation is much higher than other companies in the same industry	265	3.00	.933
Our bank is able to retain outstanding staff	265	2.97	.947
Our bank has an excellent staff welfare policy	265	3.00	.943
Our bank is equipped with the ability to develop high-quality new services	265	3.00	.925
Our bank is active in nurturing staff's leadership	265	3.02	.937
Our bank vigorously invests in the development of new markets	265	2.9849	.91689
Valid N (listwise)	265		

Source: Own Survey, 2026

Table 11 shows the descriptive statistics in relation to the organizational performance at the selected bank. The findings showed that respondents considered organizational performance of the bank to be moderate as mean scores ranged between 2.97 to 3.02.

Regarding the organizational performance indicators, the statement “Our bank is active in nurturing staff's leadership” had the highest mean score ($M = 3.02$, $SD = 0.937$) suggesting that the respondents were mostly agreeable about the development of

leadership skills and capabilities among the employees of the bank. The next indicator was “Our bank is able to grasp the right timing for launching new services” which had a mean score of 3.01 (SD = 0.929), showing that the bank had moderate capabilities of identifying and capitalizing market opportunities by introducing new services at the appropriate time.

The indicators, “The degree of automation operation is much higher than other companies in the same industry,” “Our bank has an excellent staff welfare policy,” and “Our bank is equipped with the ability to develop high-quality new services” had mean scores of 3.00 which indicates that the respondents agreed that the bank had efficient operations, satisfactory staff welfare policies, and good service development capabilities. In addition, the indicator “Our bank is able to adjust or change our management process based on market competition” had a mean score of 2.99 (SD = 0.909) suggesting that the bank had a moderate level of adaptability to market competition changes. Also, the indicator “Our bank vigorously invests in the development of new markets” had a mean score of 2.98 (SD = 0.917) and suggested a moderate level of commitment to market development initiatives.

The indicator “The launch speed of new services is faster than other companies in the same industry” had a mean score of 2.98 (SD = 0.931) showing that respondents considered the speed of introducing new services as average relative to its competitors. Lastly, the lowest mean score was obtained for the indicator “Our bank is able to retain outstanding staff” (M = 2.97, SD = 0.947) meaning that respondent thought that the bank had to improve its ability to retain outstanding staff members.

The standard deviation ranged between 0.909 and 0.947 indicating that there was low variation in responses among respondents which suggests moderate agreement.

Therefore, it was found that the bank had moderate organizational performance. In particular, it had good capabilities of developing staff's leadership skills, introducing innovative services, having operational efficiency, maintaining staff welfare and being adaptable to market competition conditions. However, some improvements in the areas of staff retention, service introduction speed, and market development could have made organizational performance better.

4.6 Relationship between Strategic Orientation and Performance

4.6.1 Pearson Correlation Analysis

Table 12: Correlation Analysis Matrix (N=265)

	Technology Orientation	Entrepreneurial Orientation	Learning Orientation	Market Orientation	Non-financial Performance
Technology Orientation	1	.813	.858	.746	.831
Entrepreneurial Orientation	.813	1	.896	.800	.881
Learning Orientation	.858	.896	1	.851	.893
Market Orientation	.746	.800	.851	1	.840
Non-financial Performance	.831	.881	.893	.840	1

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Own Survey, 2026

Table 12 contains the Pearson correlation coefficients between Technology Orientation, Entrepreneurial Orientation, Learning Orientation, Market Orientation, and Non-financial Performance. Pearson correlation analysis was carried out in order to assess the relationships between the study variables. The correlation coefficients were within the range of 0.746 to 0.896 and all relationships were statistically significant at the 0.01 level ($p < 0.01$).

The results showed that Technology Orientation had a strong positive and significant relationship with Non-financial Performance ($r = 0.831$, $p < 0.01$). It meant that the increases in technology orientation led to the high levels of non-financial performance. In other words, it was possible to say that banks investing in technologies and innovations achieved the best organizational results.

In addition, Entrepreneurial Orientation had a very strong positive and significant relationship with Non-financial Performance ($r = 0.881, p < 0.01$). Thus, banks having innovativeness, proactiveness, and taking risks achieved superior non-financial performance.

Moreover, Learning Orientation had the strongest positive correlation with on-financial Performance ($r = 0.893, p < 0.01$). It means that those organizations that emphasize continuous learning, knowledge sharing, and development of employees were more likely to have enhanced organizational performance.

Finally, Market Orientation had a strong positive and significant relationship with Non-financial Performance ($r = 0.840, p < 0.01$). It meant that banks focusing on customer needs, competitor monitoring, and coordination of organizational activities achieved superior performance.

Correlation analysis has shown strong positive relationships between the independent variables. Thus, Technology Orientation was positively correlated with Entrepreneurial Orientation ($r = 0.813, p < 0.01$), Learning Orientation ($r = 0.858, p < 0.01$), and Market Orientation ($r = 0.746, p < 0.01$). Entrepreneurial Orientation had a very strong relationship with Learning Orientation ($r = 0.896, p < 0.01$) and Market Orientation ($r = 0.800, p < 0.01$). In turn, Learning Orientation had a strong relationship with Market Orientation ($r = 0.851, p < 0.01$).

Thus, it became clear that all four dimensions of strategic orientation had positive and significant relationships with non-financial performance. Among the independent variables, Learning Orientation had the strongest relationship with non-financial performance. After that, Entrepreneurial Orientation, Market Orientation, and Technology Orientation were ranked. These results show that enhancing organizational orientations would lead to the improvement of non-financial performance of the chosen bank. Additionally, statistically significant positive relationships provide some evidence for testing the proposed relationships in the study and using multiple regression analysis.

4.7 Multiple Regression Analysis for the Effect of Strategic Orientation on performance

4.7.1 Model Summary

Table 13: *Model Summary of Regression Analysis*

Model Summary					
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.924a	.854	.852	.33174	1.946
a. Predictors: (Constant), Market Orientation, Technology Orientation, Entrepreneurial Orientation, Learning Orientation					
b. Dependent Variable: Non-financial Performance					

Source: SPSS Regression results output, 2026

Table 13 indicates the fitness of the multiple regression model utilized to analyze the effect of the variables of strategic orientation on non-financial performance. Four predictor variables: Market Orientation, Technology Orientation, Entrepreneurial Orientation, and Learning Orientation have been included in the regression model.

The regression analysis indicated that the multiple correlation coefficient ($R = 0.924$) is very high and demonstrates a very strong positive relationship between the strategic orientation variables combined and the dependent variable (non-financial performance). This means that the independent variables collectively are highly associated with the dependent variable.

The coefficient of determination ($R^2 = 0.854$) means that 85.4% of the variation in non-financial performance was accounted for by the combined effect of Market Orientation, Technology Orientation, Entrepreneurial Orientation, and Learning Orientation. It can be concluded that the regression model possesses a very high explanatory power. The remaining 14.6% of the variation in non-financial performance can be accounted for by other factors than those included in the model and random error.

Moreover, the Adjusted R^2 value equal to 0.852 shows that taking into account the number of predictors, about 85.2% of the variation in non-financial performance is explained by the strategic orientation variables. In this way, the small difference between R^2 and Adjusted R^2 shows that the regression model is stable and that the predictors included in the model substantially contribute to explaining organizational performance.

The standard error of the estimate (0.33174) is rather low. It means that the actual values of non-financial performance are very close to the values predicted by the regression model. In this way, we can conclude that the predictive ability of the regression model is quite high.

What is more, the Durbin-Watson statistic (1.946) is very close to the ideal value of 2.0. It means that there is no significant autocorrelation problem in the regression model. Hence, one of the main assumptions of multiple regression analysis is fulfilled.

Overall, it can be said that the results of the regression analysis indicate that the regression model fits the data perfectly. The analysis results show that strategic orientation variables combined explain a significant part of the variation in non-financial performance. Hence, Market Orientation, Technology Orientation, Entrepreneurial Orientation, and Learning Orientation are the significant determinants of organizational performance in the selected bank. Consequently, the model is appropriate for further regression coefficients analysis.

4.7.2 Analysis of Variance Table (ANOVA)

Table 14: ANOVA

		Sum	of			
Model		Squares	df	Mean Square	F	Sig.
1	Regression	167.808	4	41.952	381.193	.000 ^b
	Residual	28.614	260	.110		
	Total	196.422	264			

a. Dependent Variable: Non-financial Performance

b. Predictors: (Constant), Market Orientation, Technology Orientation, Entrepreneurial Orientation, Learning Orientation

Source: SPSS Regression results output, 2026

Analysis of Variance (ANOVA) was performed to check the overall statistical significance of the regression model in determining the influence of strategic orientation dimensions on non-financial performance. The ANOVA results are shown in Table 14 below.

According to the results obtained, the regression model had a Regression Sum of Squares (SSR) of 167.808. At the same time, the Residual Sum of Squares (SSE) amounted to 28.614, which led to the total sum of squares (SST) being 196.422. In this case, it can be said that a considerable amount of variation in non-financial performance is explained by independent variables used in the model.

Moreover, it has been determined that the ANOVA results are statistically significant, since the F-statistic equals 381.193 (corresponding p-value 0.000 [$p < 0.05$]). It means that the regression model is more significantly predictive of non-financial performance compared to the model without predictor variables.

In particular, the results indicate that the combination of Market Orientation, Technology Orientation, Entrepreneurial Orientation, and Learning Orientation has had a significant influence on non-financial performance in the chosen bank. The very high F-value shows the significant impact of independent variables used in the model in terms of prediction of organizational performance.

As the significance level ($p = 0.000$) is smaller than the standard significance level of 0.05, the null hypothesis of the equality of regression coefficients was rejected. As a result, it can be stated that at least one dimension of strategic orientation has a statistically significant effect on non-financial performance.

Thus, the ANOVA results have proven the statistical significance of the regression model and its appropriateness for determining the variance in non-financial performance. The obtained data proves the impact of strategic orientation dimensions on non-financial performance and makes it possible to proceed to the analysis of regression coefficients.

4.7.3 Beta coefficients

Table 15: Coefficients

		Unstandardized		Standardized		
		Coefficients		Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.008	.083		.091	.927
	Technology Orientation	.187	.049	.177	3.776	.000

Entrepreneurial Orientation	.322	.055	.322	5.856	.000
Learning Orientation	.243	.066	.252	3.673	.000
Market Orientation	.240	.046	.236	5.169	.000

Source: SPSS Regression results output, 2026

Table 15 shows regression coefficients demonstrating the effect size of each strategic orientation dimension on non-financial performance. The regression analysis was performed to examine the effect size, direction, and statistical significance of the impact of Technology Orientation, Entrepreneurial Orientation, Learning Orientation, and Market Orientation on non-financial performance.

It can be concluded from the results of the regression analysis that all four independent variables had a positive and statistically significant effect on non-financial performance, since their coefficients were positive and their significance values were less than 0.05.

The intercept had an unstandardized coefficient of $B = 0.008$ and significance of $p = 0.927$, which means that the constant term was not statistically significant. That is, when all predictor variables were set equal to 0, the non-financial performance level was not significantly different from 0.

Technology Orientation had a positive and statistically significant effect on non-financial performance ($\beta = 0.177$, $B = 0.187$, $t = 3.776$, $p = 0.000$). It implies that an increase in technology orientation by one unit increases non-financial performance by 0.187 units. Thus, technology investment and technological development positively contributed to organizational performance.

Entrepreneurial Orientation had the strongest positive effect on non-financial performance ($\beta = 0.322$, $B = 0.322$, $t = 5.856$, $p = 0.000$). This finding suggests that an increase in entrepreneurial orientation by one unit increased non-financial performance by 0.322 units. This means that innovativeness, proactiveness, and risk taking behavior were the key factors affecting organizational performance.

Learning Orientation had a positive and statistically significant effect on non-financial performance ($\beta = 0.252$, $B = 0.243$, $t = 3.673$, $p = 0.000$). The finding implies that an increase in learning orientation by one unit increases non-financial performance by 0.243

units. Organizations focusing on learning and knowledge sharing showed better performance.

Similarly, Market Orientation had a positive and statistically significant effect on non-financial performance ($\beta = 0.236$, $B = 0.240$, $t = 5.169$, $p = 0.000$). This finding implies that an increase in market orientation by one unit increases non-financial performance by 0.240 units. Hence, the focus on customer needs and competitor analysis contributed to organizational performance.

Based on the standardized beta coefficients, predictors were ordered by their effect on non-financial performance as follows:

1. Entrepreneurial Orientation ($\beta = 0.322$) – the strongest predictor
2. Learning Orientation ($\beta = 0.252$) – the second strongest predictor
3. Market Orientation ($\beta = 0.236$) – the third strongest predictor
4. Technology Orientation ($\beta = 0.177$) – the fourth strongest predictor

The regression equation was represented as follows:

$$\text{Non-Financial Performance} = 0.008 + 0.187(\text{Technology Orientation}) + 0.322(\text{Entrepreneurial Orientation}) + 0.243(\text{Learning Orientation}) + 0.240(\text{Market Orientation})$$

In summary, it can be concluded that all dimensions of strategic orientation had a positive and statistically significant effect on non-financial performance. Entrepreneurial Orientation was the strongest predictor, followed by Learning Orientation, Market Orientation, and Technology Orientation.

4.7.4 Hypothesis testing

Table 16: Summary of Hypothesis Testing Results

Hypothesis	Statement	Decision
H1	Market Orientation has a positive and significant effect on non-financial performance.	Supported
H2	Technology Orientation has a positive and significant effect on non-financial performance.	Supported
H3	Entrepreneurial Orientation has a positive and significant effect on non-financial performance.	Supported

H4	Learning Orientation has a positive and significant effect on non-financial performance.	Supported
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According to the findings, Market Orientation positively and significantly influenced non-financial performance. It means that banks that identified customer needs, monitored competitors and coordinated their activities successfully were more likely to have superior performance.

Also, Technology Orientation had a positive and significant influence on the non-financial performance. It indicates that investments in development of new technologies and innovations had a positive impact on the organization's effectiveness.

It was found that Entrepreneurial Orientation positively and significantly affected the non-financial performance. In other words, being proactive and innovative increased the possibility of obtaining positive organizational outcomes.

Additionally, Learning Orientation positively and significantly affected the non-financial performance. In other words, the emphasis on learning, knowledge transfers, employee growth and open mindedness allowed to increase performance.

Therefore, according to the hypothesis testing results, all four strategic orientation dimensions were found to be significantly important for improvement of the non-financial performance in the selected organization. It proves that the strategic orientation is an important determinant of performance and can positively influence it if improved.

Note: In order to interpret the results of hypothesis testing with the help of beta coefficients, t-values and p-values, the Coefficients Table (Regression Coefficients Output) should be provided from SPSS.

4.8. Discussions

4.8.1 Demographic Characteristics: Comparison with Previous Studies

As per the demographic profile, the highest percentage of respondents (43.8%) belonged to the 21-30 age groups, thus indicating that the bank workforce is mostly young. Such a finding is in line with the recent researches revealing an increased presence of young workers in the banking industry owing to digitalization and technological advancement. As per KPMG (2024) and Deloitte (2023), financial institutions hire younger employees in order to implement digital banking projects and technological transformation. Moreover, Adewale and Nwosu (2023) revealed that African commercial banks use

younger employees because they better adapt to technological change and innovations oriented towards clients. The finding, however, differs from the studies carried out in the mature European banking environment due to the implementation of employee retention strategy and long organizational tenure (European Banking Authority [EBA], 2024).

The analysis of the gender composition reveals that the majority of respondents (58.1%) were male. Such a finding is consistent with the recent reports indicating that despite the substantial increase in the gender diversity, the male employees represent a larger portion of the labor force in many banking organizations because they occupy management and technical positions. According to the World Economic Forum (2024) and International Labour Organization (2023), the global banking industry faces the issue of gender disparity although the situation has greatly changed due to the inclusion practices. The current finding, however, differs from the recent research by the African Development Bank (2023) and the World Bank (2024) showing an increasing proportion of women in African financial institutions as a result of gender mainstreaming, diversity management, and affirmative employment.

According to the educational profile, most respondents (64.5%) received a bachelor's degree whereas a considerable number of respondents have postgraduate education. Such a finding is supported by the human capital theory indicating that employees having higher education possess more analytical skills, innovation capacity, and decision-making abilities. As per the recent studies by Al-Mamary et al. (2023) and Nguyen and Harrison (2024), highly educated employees play an essential role in improving the adaptability and competitiveness of organizations especially in the context of knowledge-intensive service industries like banking. In comparison to the previous research, the current finding indicates that banks have increasingly hired and retained employees with high education in order to meet the demands of digital banking, regulatory compliance, and customer relationship management.

In relation to the work experience, the results show that a great number of employees had less than ten years of service. Such a finding is supported by the recent studies indicating that rapidly developing banking industries often exhibit relatively low tenure rate because of the mobility of employees, technological restructuring, and changing career

preferences among younger employees. According to the report of PwC (2024), financial institutions all over the world face employee mobility issues because of new expectations at workplaces and demands for digital skills. Similarly, Mensah and Boateng (2023) indicated that young tenure structure occurs at banks undergoing modernization and technological transformation. The current finding, however, differs from the evidence provided by long-standing banking institutions in the developed countries due to career progression and retention practices (EBA, 2024).

4.8.2 Market Orientation: Comparison with Previous Research

The findings indicate a moderate level of market orientation (Mean $\approx$ 3.00) thus implying that the bank has demonstrated appropriate attention to customers, competitors, and interdepartmental coordination. Such a finding supports the classical market orientation model developed by Narver and Slater (1990) and Kohli and Jaworski (1990) emphasizing customer orientation, competitor orientation, and interfunctional coordination. The recent studies confirm the above mentioned theoretical claims. As per Ali, Hilman, and Gorondutse (2023), customer-oriented and competitor-responsive organizations are more adaptable and provide better services in dynamic business environments. Also, Hoque et al. (2024) revealed that market orientation is an important factor of organizational responsiveness and customer satisfaction in financial institutions.

A moderate mean score indicates that market orientation practices are not completely implemented at the bank. The current finding differs from those revealed in the recent studies in the context of highly competitive banking environment where higher levels of market orientation have been detected. As per Al-Hawary and Al-Fassed (2023), banks with high customer intelligence systems and market responsiveness achieve higher market orientation score and better organizational results. The current findings therefore reveal that the market orientation theory is relevant but there are opportunities to improve customer focus and market intelligence.

4.8.3 Technology Orientation: Comparison with Previous Studies

The results revealed a moderate level of technology orientation thus implying that there are some attempts of technological adoption and innovations at the bank but they are not sufficiently developed. Such a finding is consistent with the recent theoretical and empirical research claiming that technology orientation is a critical antecedent of innovation and competitive advantages. As per Achi et al. (2022) and Khin and Ho (2023), the organizations with high technology orientation exhibit better innovation results, operational efficiency, and customer service delivery.

The moderate score, however, shows that the levels of investments in technologies and their adoption are lower than those seen in leading financial institutions. According to the reports by OECD (2024) and McKinsey & Company (2024), the best-performing banks increasingly invest in the implementation of artificial intelligence, cloud computing, big data analytics, and fintech. The current findings therefore indicate that even though the bank implements technologies, it needs to make extra investments in digital capability.

4.8.4. Entrepreneurial Orientation: Comparison with Previous Research

The findings revealed a moderate level of entrepreneurial orientation thus indicating that the bank shows the proper levels of innovativeness, proactiveness, and risk-taking behavior. Such a finding supports the entrepreneurial orientation model advanced by Lumpkin and Dess (1996) emphasizing innovativeness, proactiveness, and risk-taking as the main dimensions of entrepreneurial behavior. The recent studies confirmed the importance of the above mentioned model in improving organizational performance and competitiveness. As per Ferreira et al. (2023), entrepreneurial orientation improves innovation results and strategic flexibility of service organizations. Similar results have been revealed by the study of Kraus et al. (2024) indicating that organizations demonstrating entrepreneurial orientation exhibit higher levels of adaptability and sustainability.

The moderate score, however, reveals that entrepreneurial practices have not yet become a part of the organizational culture at the bank. Such a finding differs from the results of

the recent studies carried out at highly innovative organizations where entrepreneurial orientation was much higher and was related to better performance results (Aftab et al., 2023). The results therefore indicate that there is a need for encouraging innovative thinking and proactive strategy implementation.

4.8.5. Learning Orientation: Comparison with Previous Studies

The findings revealed a moderate level of learning orientation thus indicating that the bank values employee learning, knowledge sharing, and continuous improvement. The result is consistent with the organizational learning theories advanced by Sinkula et al. (1997) and confirmed by the recent researches. As per Real, Roldán, and Leal-Rodríguez (2023), learning-oriented organizations develop better innovation capacity and adaptation to environmental changes. Likewise, Rahman et al. (2024) revealed that learning orientation significantly contributes to the knowledge creation and organizational resilience.

The moderate score, however, implies that the learning processes have not been institutionalized. Such a finding differs from the recent findings showing that learning orientation becomes deeply integrated into organizational culture at high-performing organizations thus contributing to innovation and strategic renewal (Alegre & Chiva, 2023). The bank can therefore benefit from the development of knowledge management systems, employee development programs, and organizational learning process.

4.8.6. Organizational Performance: Comparison with Previous Studies

The findings revealed a moderate level of organizational performance thus indicating that the bank achieves satisfactory results in innovation, employee retention, service responsiveness, and operation effectiveness. The result is consistent with the multidimensional performance perspective proposed by Kaplan and Norton (1996) indicating that organizational success depends on the balance of financial and non-financial performance indicators. The recent studies support the above mentioned perspective. According to the research by Mio et al. (2023), the organizations

demonstrating the superior performance have a good alignment of learning, internal processes, customer satisfaction, and strategic objectives.

The moderate performance level, however, shows that the organization has not achieved optimal organizational results yet. Such a finding differs from the results of the recent empirical studies indicating that the organizations having stronger strategic orientations like market orientation, technology orientation, entrepreneurial orientation, and learning orientation achieve much higher performance levels. As per Santos-Vijande et al. (2023) and Buli and Yesuf (2024), the firms with high strategic orientations consistently outperform the competitors in innovation, customer satisfaction, and organizational effectiveness. The current findings therefore imply that the improvement of the identified strategic orientations could improve organizational performance of the bank.

4.9 Relationship between Strategic Orientation and Performance: Comparison with Previous Studies

4.9.1 Pearson Correlation Analysis: Comparison with Previous Studies

Results from Pearson's correlation analysis showed that all dimensions of strategic orientation – technology orientation, entrepreneurial orientation, learning orientation, and market orientation – were significantly and positively correlated with non-financial performance with correlation coefficients between 0.746 and 0.893. These findings corroborate strategic orientation theory, according to which organizations that manage to effectively integrate strategic capabilities with environmental conditions experience higher performance outcomes. In recent empirical research, significant positive relationships between dimensions of strategic orientation and organizational performance have been repeatedly identified. For example, Santos-Vijande et al. (2023) found that companies that had higher market, learning, and innovation orientations had significantly better customer satisfaction, innovation performance, and organizational effectiveness indicators. At the same time, Al-Hawary and Al-Fassed (2023) demonstrated that market-oriented organizations achieved higher service quality and customer responsiveness, leading to better organizational performance outcomes. Hence, the current findings

support the idea that strategic orientation is still one of the key factors determining organizational performance within modern banking.

Among dimensions of strategic orientation, learning orientation had the highest positive correlation with non-financial performance ($r = 0.893$). This result means that learning processes, knowledge acquisition, and knowledge-sharing play a vital role in enhancing organizational outcomes. This result is consistent with recent findings by Real et al. (2023) and Rahman et al. (2024), according to which learning-oriented organizations achieved higher innovation capability, adaptability, and organizational resilience. At the same time, Alegre and Chiva (2023) found that organizations fostering learning achieved higher levels of innovation and organizational competitiveness. Compared to previous studies, the current finding suggests that learning orientation has gained particular significance within the banking sector due to fast-changing environment, increasing customer expectations, and the knowledge intensity of financial services.

A strong positive correlation between technology orientation and non-financial performance ($r = 0.831$) is also consistent with recent empirical literature focusing on the impact of digital transformation and technological innovations on the performance of financial institutions. For example, Khin and Ho (2023) found that technology-oriented organizations achieved higher operational efficiency, innovation performance, and customer satisfaction. Similarly, Achi et al. (2022) found that technological capability significantly contributed to organizational competitiveness and service quality. However, compared to findings presented by McKinsey & Company (2024) and OECD (2024), which identified even higher correlations between technology and performance in digital banking environments, the current result suggests that although technology orientation significantly influenced performance, further technological advancements are possible in the studied bank.

4.10. Multiple Regression Analysis: Model Fit Comparison

The multiple regression analysis resulted in the identification of very high coefficient of determination ($R^2 = 0.854$), meaning that 85.4% of the variation in non-financial performance was explained by joint influence of market orientation, technology

orientation, entrepreneurial orientation, and learning orientation. This finding shows remarkably high explanatory power and suggests that dimensions of strategic orientation constitute important determinants of organizational performance within the banking sector.

The finding is consistent with recent empirical findings regarding the role of strategic capabilities in explaining organizational performance. For example, Buli and Yesuf (2024) found that dimensions of strategic orientation collectively explained a relatively high proportion of variation in organizational performance in service organizations. Similarly, Ferreira et al. (2023) found that entrepreneurial and innovation-related orientations increased organizational effectiveness and competitiveness. Comparing to earlier findings with moderate levels of explanatory power, the exceptionally high R^2 in the current study indicates that strategic orientation may be more important within the development country banking sector where competitive advantages are created through internal capabilities.

The finding also supports the arguments of Mio et al. (2023), who suggested that the performance of service organizations is highly dependent on internal strategic factors, such as learning systems, innovation capability, customer responsiveness, and knowledge management practices. Consequently, the current finding highlights the importance of strategic orientation as a comprehensive approach to increasing organizational performance.

4.10.1. ANOVA Results: Comparison with Previous Studies

The ANOVA test results revealed that the regression model was statistically significant ($F = 381.193$, $p < 0.001$), meaning that the dimensions of strategic orientation provide a meaningful explanation of variations in non-financial performance. The finding supports recent empirical studies focusing on the collective role of strategic orientations in explaining organizational performance.

For example, Kraus et al. (2024) found that entrepreneurial, market, and innovation orientations increased organizational adaptability and competitiveness. At the same time,

Santos-Vijande et al. (2023) reported that joint application of strategic orientations significantly improved organizational performance through increasing innovation, customer value creation, and operational effectiveness. The extremely large value of F statistic obtained in the current study suggests a stronger collective impact of strategic orientations than is normally observed in the previous studies. This may mean that strategic alignment plays a more important role in banking organizations where customer responsiveness, technological capability, innovation, and learning operate jointly to influence performance outcomes.

Moreover, the finding supports the perspective on strategic orientation as multidimensional concept whose dimensions complements each other and do not work independently. Therefore, the significant ANOVA result provides strong evidence about the collective impact of strategic orientation dimensions on organizational performance.

4.10.2. Regression Coefficients: Comparison of Predictors' Effect

The regression coefficients showed that all four dimensions of strategic orientation significantly influenced non-financial performance. The strongest predictor was entrepreneurial orientation ($\beta = 0.322$), followed by learning orientation ($\beta = 0.252$), market orientation ($\beta = 0.236$), and technology orientation ($\beta = 0.177$).

The dominant influence of entrepreneurial orientation is consistent with recent findings by Ferreira et al. (2023) and Kraus et al. (2024), who found that innovativeness, proactiveness, and risk-taking significantly increase organizational performance and competitive advantage. Similarly, Aftab et al. (2023) found that entrepreneurial orientation remains one of the strongest predictors of organizational success in dynamic and highly competitive environments. These findings suggest that organizations able to proactively identify opportunities and implement innovations achieve better performance outcomes.

Learning orientation was the second most important dimension, which is supported by findings by Real et al. (2023) and Rahman et al. (2024), according to which learning enhances adaptability, innovation capability, and organizational resilience. Significant

impact of market orientation is consistent with Al-Hawary and Al-Fassed (2023) and Hoque et al. (2024), who found that customer-oriented organizations achieve better service quality and organizational effectiveness. At the same time, the smallest value of standardized coefficient in the case of technology orientation is consistent with findings by Khin and Ho (2023), who suggested that technological capability positively contributes to performance through enhancing innovation, process improvement, and customer service optimization.

4.10.3. Hypothesis Testing: Comparison with Previous Research

The hypothesis testing results showed that all four dimensions of strategic orientation significantly and positively affected non-financial performance. These findings provide strong empirical support for strategic orientation theory, according to which organizational success depends largely on development and integration of market-, entrepreneurial-, technological-, and learning-oriented capabilities.

The findings are consistent with recent empirical literature by Santos-Vijande et al. (2023), Buli and Yesuf (2024), and Ferreira et al. (2023), who found that strategic orientation dimensions significantly increase organizational performance in various organizational settings. Similarly, Rahman et al. (2024) found that learning-oriented organizations achieve better adaptability and resilience, while Khin and Ho (2023) found that technology orientation positively impacts organizational competitiveness.

Compared to the previous studies that focused on context-specific or partial influence of strategic orientation dimensions on organizational performance, the current study demonstrated more comprehensive impact of those dimensions on organizational performance. Therefore, it is possible to conclude that in contemporary banking, strategic orientations can be viewed as a set of complementary organizational capabilities that allow increasing innovation, customer responsiveness, employee effectiveness, and organizational performance. Consequently, managers need to regard strategic orientation as a comprehensive strategy that allows generating sustainable competitive advantage and long-term organizational success.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. Summary of Findings

The primary purpose of this study was to analyze the impact of strategic orientation dimensions, which are market orientation, technology orientation, entrepreneurial orientation, and learning orientation, on the non-financial performance of the bank. The data collected from 265 employees was analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression analysis.

The demographic findings indicated that the majority of respondents' age ranges from 21 to 30 years, implying that the bank is relatively young. There were more male respondents than female ones. The majority of the respondents held a bachelor's degree, whereas a considerable number of them obtained their postgraduate degrees. Concerning their work experience, the majority of the employees have been working for the company for less than ten years. Thus, it may be assumed that there is a relatively young and educated workforce within the organization.

According to the descriptive analysis, it may be said that all strategic orientation dimensions were practiced at a moderate level in the bank. The market orientation dimension had a moderate mean score, implying that there was a moderate level of focus on customers' needs, competitors and interdepartmental coordination. As for technology orientation, the moderate level implies that the bank introduced some technologies, but there is still some room for adopting advanced technologies. The same concerns the entrepreneurial orientation, where the moderate level indicates that the innovativeness, proactiveness, and risk taking behaviors are at a moderate level. Learning orientation was also practiced at a moderate level, meaning that the bank has a certain level of knowledge sharing, continuous learning, and employee development. Non-financial performance dimension was rated at a moderate level, which means that the bank has moderate performance in areas such as innovation, service quality, employee retention, customer responsiveness, and operations.

The correlation analysis has shown that all strategic orientation dimensions are strongly and positively correlated with non-financial performance of the organization. Learning orientation dimension showed the highest positive correlation with the performance, then

came the technology orientation, entrepreneurial orientation, and market orientation. Therefore, it may be concluded that any improvement in strategic orientation practices results in improvements in organizational performance.

The results of the multiple regression analysis have additionally proven that strategic orientation dimensions have a significant influence on non-financial performance of the organization. According to the results, the model explained 85.4 percent of the variance in the dependent variable ($R^2 = 0.854$). The ANOVA results indicate that the regression model was statistically significant, implying that the combination of the strategic orientation dimensions influences the performance of the organization.

As for the regression coefficient results, all strategic orientation dimensions had positive and significant impacts on non-financial performance. Entrepreneurial orientation turned out to be the strongest predictor of performance, followed by learning orientation, market orientation, and technology orientation. Therefore, it may be assumed that promoting innovativeness, proactiveness, and risk taking behaviors has the greatest effect on the performance of the organization compared to other strategic orientations.

Thus, the results of the hypothesis testing indicated that all of the suggested hypotheses were supported. Specifically, market orientation, technology orientation, entrepreneurial orientation, and learning orientation had a positive and significant effect on non-financial performance of the bank.

5.2. Conclusion

The current research sought to assess the effect of strategic orientation dimensions on organizational performance of selected banks. More precisely, the research studied the effect of such dimensions as market orientation, technology orientation, entrepreneurial orientation, and learning orientation on organizational performance. It was found out that each of these strategic orientation dimensions had a positive and statistically significant effect on organizational performance, suggesting that strategic orientation is an important element in making the organizations effective and competitive.

Starting from the first objective, it was revealed that market orientation had a positive and significant effect on organizational performance. It can be assumed that organizations which manage to understand customer needs, monitor competitors' activity, and coordinate organizational resources will achieve better performance outcomes. Thus, the

development of strategies aimed at customer satisfaction, and establishment of systems to gather information about the market will increase chances for organizational success.

As for the second objective, it was discovered that technology orientation had a positive and significant influence on organizational performance. One may conclude that usage of technologies increased operational efficiency of organizations, their innovation capability, and ability to respond to customers' needs. Although this strategic orientation dimension had a rather smaller effect on organizational performance in comparison with others, its significance cannot be underestimated.

Considering the third objective, it was found out that entrepreneurial orientation had the biggest effect on organizational performance among all examined strategic orientation dimensions. One may assume that organizations promoting innovativeness, proactiveness, and taking risks can be expected to perform better than others. It means that the organizations need to develop such a corporate culture where creativity and innovations will be encouraged.

In relation to the fourth objective, it was revealed that learning orientation had a positive and significant effect on organizational performance. The findings indicate that organizations which foster continuous learning and improvement, knowledge sharing and development, and adaptation of organizations are in a position to perform better. Moreover, learning orientation had one of the highest relationships with organizational performance.

To sum up, it can be said that this study found out that strategic orientation is a significant determinant of organizational performance in the banking sector. It was revealed that the dimensions of market orientation, technology orientation, entrepreneurial orientation, and learning orientation together can explain considerable amount of variance of organizational performance. In order to perform better, banks have to adopt integrated strategic orientation approach.

5.3. Recommendations

5.3.1. Recommendations to Selected Banks

The following recommendations are based on the findings of this study and are proposed to enhance organizational performance of selected banks through strategic orientation.

First, the banks should enhance market orientation by continually discovering customers' needs, preferences, and expectations. The identification of customers' needs can be done using customer satisfaction surveys, handling complaints appropriately, having good market intelligence system, etc. Besides, management should encourage interdepartmental coordination in order to ensure sharing of customer-related information.

Second, the banks should focus on improving their technological capability and embracing digital transformation. Due to the significant effect of technology orientation on organizational performance, management should adopt advanced banking technologies, digital platforms, data analysis systems, and cyber security systems. Continuous technological upgrading improved organizational performance in terms of service delivery, operations efficiency, and customer experience.

Third, the banks should create a business environment conducive for entrepreneurial activities. Due to the finding that entrepreneurial orientation was the strongest predictor of organizational performance, management should encourage creativity, innovations, and problem solving among staff members. Innovation programs, employee suggestion scheme, reward for innovation, etc., should be considered in order to foster the development of entrepreneurial behavior in the organization.

Fourth, the banks should foster learning orientation by encouraging continuous learning and knowledge-sharing. The management should develop and implement various training and development programs, mentoring program, professional certification program, etc. Staff members should also be encouraged to share experience and best practice across different departments in order to promote organizational learning and continuous improvement. Such actions will increase staff competence, adaptability, and innovation capability.

Finally, since all strategic orientation dimensions were significantly influential on organizational performance, the selected banks should embrace an integrated strategic orientation framework which emphasizes market orientation, technology orientation, entrepreneurial orientation, and learning orientation.

5.3.2. Recommendations for Further Studies

While this study provided some valuable insights about the connection between strategic orientation and organizational performance, some areas could have been investigated further.

First, future studies should involve a much bigger sample size and involve many different types of banks such as private, public, and international banks. Comparisons of various types of financial institutions would increase the generalizability of findings.

Second, future researchers may consider investigating other dimensions of strategic orientation or incorporating other organizational variables (such as innovation capability, organizational culture, leadership style, employee engagement, and digital transformation) as mediator or moderator variables. It would give a much more comprehensive picture of the factors influencing organizational performance.

Third, this study focused on non-financial measures of performance only. Future research could involve both financial and non-financial performance measures in order to make the evaluation of organizational performance more holistic.

Fourth, future researchers may use longitudinal design in order to investigate the influence of strategic orientation on organizational performance over time. Such a research design would allow drawing conclusions about the causality and long-term effects of the adoption of strategic orientation practices.

Finally, future studies may investigate strategic orientation in different organizations (such as insurance, telecommunications, manufacturing, healthcare, and public institutions). This would allow determining whether the relationships discovered in this study are universal across industries and economic sectors.

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Appendices I



Addis Ababa University

Collage of Business and Economics

Department of Management

Questionnaire will be filled by employees of some selected Banks

Dear Respondent: I am MSc in Management post graduate student at Department of Management, College of Business and Economics, Addis Ababa University. This questionnaire is designed to collect relevant information for the research carried out on the topic “The effect of strategic Orientation on the Organizational Performance: The case of some selected banks”. The study will conduct for academic purpose that is for partial fulfillment of the requirements of the Master of Science in Management (General). Hence, your responses will be kept confidential.

The soundness and validity of findings highly depend on your honest and thoughtful responses. Therefore, I kindly request you to fill the questionnaire carefully and return at your earliest convenience. Thank you in advance for your kind cooperation!

Please note the following points before you start;

- ❖ You need not write your name.
- ❖ Thank you for your cooperation and willingness to support the research efforts,

Kind regards,

Name: Michael Melaku

Tell: +251903188360

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Part I: General Profile (Please put (√) mark in the box that best describes you)

Age:

21–30 ☐ 31–40 ☐ 41–50 ☐ 51 and above ☐

Gender:

Female ☐ Male ☐

Educational Qualification:

First Degree ☐ Post Graduate and above ☐

Experience:

Below 5years ☐ 6–10 years ☐ 11–15 years ☐ 15 years and above ☐

Part II: strategic orientation Measures

This part of the questionnaire is meant to measure the strategic orientation of the bank.

Please put (√) on the alternative choice that best describes your view using the five Point Likert Scale shown under.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

I. Market Orientation					
Customer Orientation					
Our bank continuously tries to identify additional customer needs.					

The bank places strong emphasis on understanding customers' needs.					
The bank is willing to respond quickly to customer suggestions.					
Competitor orientation					
Employees throughout the organization discuss competitive activities.					
Our bank regularly collects information about competitors' activities.					
The bank continuously evaluates the strengths and weaknesses of key competitors.					
Inter-functional Coordination					
Managers discuss how everyone in the bank can contribute to creating customer value.					
All business functions are responsive to one another's needs and requests.					
All departments are integrated in serving the needs of target markets.					
II. Technology Orientation					
Technological Capability	1	2	3	4	5
Our bank allocates resources for investment in the latest technologies and future technological changes.					
Our bank purchases and uses new technologies to position itself ahead of competitors.					
Our bank's policy is to adopt up-to-date technologies.					
Innovation Adoption	1	2	3	4	5
Technical innovations based on research results are readily accepted in our company.					
Management actively seeks innovative ideas.					
Employees are encouraged to have new ideas for new services.					

R&D Intensity	1	2	3	4	5
Our bank is very active in developing new technologies.					
Our bank's product development programs are more ambitious than competitors.					
Our bank invests significantly in research and development activities.					
III. Entrepreneurial Orientation					
Innovativeness	1	2	3	4	5
Our bank continuously improves and innovates its way of doing business.					
Managers in the bank are willing to engage in new innovations.					
We believe that wide-ranging actions are necessary to achieve objectives.					
Risk-Taking	1	2	3	4	5
Managers of the bank are willing to take calculated risks.					
The bank's managers have a tendency to take bold and aggressive decisions.					
We prepare for radical industry changes.					
Pro-activeness	1	2	3	4	5
We initiate actions to which other organizations respond.					
Our bank proactively introduces new products and services to customers.					
Our bank usually takes initiative rather than being a follower.					
IV. Learning Orientation	1	2	3	4	5
Commitment to learn					
Managers basically agree that our employees' ability to learn is the key to our competitive advantage					
The bank at all levels senses that employee learning is an investment, not an expense					

Learning in the bank is seen as a key item necessary to guarantee organizational survival					
Shared Vision					
There is a well-expressed concept of „who we are“ and „where we are going“ as a business unit					
Employees consider themselves as partners in charting the direction of the bank					
Top management of the bank believes in sharing the vision for bank with the lower levels					
Open-Mindedness					
We are not afraid to reflect critically on the shared assumptions we have about the way we do business					
Our business unit places a high value on open-mindedness					
Managers encourage employees to “think outside of the box.”					

Part III: Organizational Performance of some selected banks using non-financial performance measures

Please indicate 1 (to a very little extent) to 5 (to a very great extent) to what extent the bank achieves its non-financial performance mentioned under.

1 = To a very little extent

2 = To a little extent

3 = To some extent

4 = To a considerable extent

5 = To a very great extent

To what extent does the bank achieve its Non-financial Performance in Customer?

Perspective, Internal Business Perspective and Innovation and Learning Perspective? Organizational Performance	1	2	3	4	5
Customer Perspective/ performance					

Our bank is able to grasp the right timing for launching new services					
The launch speed of new services is faster than other companies in the same industry					
Our bank is able to adjust or change our management process based on the market competition					
Internal Business Perspective					
The degree of automation operation is much higher than other companies in the same industry					
Our bank is able to retain outstanding staff					
Our bank has an excellent staff welfare policy					
Innovation & Learning Perspective					
Our bank is equipped with the ability to develop high-quality new services					
Our bank is active in nurturing staff's leadership					
Our bank vigorously invests in the development of new markets					

Thank you!!