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# Organization Capacity and Firm Performance

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***Abstract:***
*This study examined the effect of organization capacity on firm performance. The specific objectives were to; determine the influence of employee training on firm performance; examine the effect of market orientation on firm performance. The study made use of a sample of 150respondents generated drawn from existing materials in Asaba Delta State. Simple random sampling method was adopted to administer the respondents. Primary data was retrieved with the aid of semi-structured questionnaire. The research adopted a descriptive survey design method and statistical technique was multiple regression analysis in testing the hypotheses. The findings established that there is a significant relationship between organization capacity and firm performance. The study concludes that for firms to succeed in a highly competitive environment, they should be responsive to customer needs and wants and this requires them to be market oriented in terms of customer focus, competitor orientation and inter-functional co-ordination among the firm's internal departments. Finally, it was recommended that therefore the top management of a firm and the various departments should be supporting the market orientation as part of the antecedents to a market orientation and employee training.*

***Keywords:*** *Firm Performance, primary data, organization capacity*

## 1. Introduction

In a constantly changing world, organizations in general, and SMEs in particular, most often cause structural and cyclical barriers to remain competitive. To acquire and/or maintain a competitive advantage, SMEs must ensure a high level of performance, thanks to their organizational capacity. This last being viewed as the level of an organization's ability to deliver services and products that not only meet current customer expectations, but continually anticipate future market opportunities. The main elements of capacity are those associated with the human side of performance (Murphy, 2000).

According to the OECD (2006), capabilities refer to the ability of individuals, organizations and the community as a whole to successfully manage their business. Organizational capacity can therefore be considered as the set of resources, including knowledge and skills that can be mobilized by an organization to achieve the objectives assigned to it. For Winter (2000), 'an organizational capacity is a high level of routine (or a set of routines). That gives the management of an organization a set of decision options to produce significant outputs of a particular type '(Winter, 2000, p.983). The concept of organizational capacity defines the ability of the organization to carry out its productive activities efficiently and effectively by deploying, combining and coordinating its resources and skills through different value-creating processes, according to the objectives defined in advance. For Teece et al. (1997), organizational capabilities refer to a company's habit of integrating, building and reconfiguring internal and external skills to respond rapidly to the ever-changing environment. While SMEs account for 95% of the world's business population and 60% to 70% of employment (OECD, 2000), in Europe they make up more than 90% of enterprises in the European Union (European Commission, 1996). Cameroon is no exception, since 90% to 95% of the population of Cameroonian companies are SMEs and employ 49.7% of the assets (Perdrix, 2005). SMEs contribute significantly to economic development and job creation in the regions in which they operate (Vickers & North, 2000). Since the early 2000s, the Cameroonian public authorities, aware of the strengths of SMEs are trying, through various measures, to develop support for these vulnerable structures, including financial assistance. However, despite the many efforts made, many Cameroonian SMEs are experiencing considerable failures (Fansi, 2010) due to a deficit in their organizational capacity; arising from the problem of management which although constitutes constancy for any company, is even more important for the SME. It is even more so when we know that these SMEs have difficulty in better channeling and optimizing the skills within them. In addition, in the current context of the pandemic Covid-19 crisis which has undermined many organizations, the survival and sustainability of SMEs depends more than ever on their organizational capacity, in particular by becoming more innovative and agile for better adapted to an increasingly complex, uncertain and paradoxical world, but also by responding to a growing demand from employees who aspire to more 'well-being' and 'freedom'. Cameroonian SMEs therefore have every interest in changing their managerial models and reinventing certain practices to better adapt to this new world (Boubakary, 2019; Boubakary and Zerbib, 2019). In addition, as pointed out by Kamdem (2016), over the next decade, more than half of the world champions of economic growth will be African, and SME managers would benefit from using all their creativity and ingenuity in order to achieve in the face of a crisis (Boubakary, 2020).

*1.1. Statement of Problem*

It has been argued that achieving a position of competitive advantage is the precursor to the significant performance of a firm. Among the potential moderators in the relationship between competitive advantage and performance is the age and size of a firm. By having information on such potential moderating effects, the strategic business decisions of managers can be guided toward improvements in their companies' overall position.

The current business environment is very dynamic and competitive and this has made it necessary for business firms to have a very good understanding of the market they are operating in (Jyoti & Sharma, 2012). One of the requirements for a business to gain a competitive advantage and superior firm performance in a competitive and dynamic market is to have a near-perfect understanding of the market (Maydeu-Olivares & Lado, 2003).

Customers in the market place have also become more educated about their needs, wants and rights as well as the many firms in the market that provide superior value for customers. This has made it necessary for firms to be market oriented for them to increase market share and achieve superior performance.

*1.2. Research Objectives*

The general objectives of this study are to determine the effect of organizational capacity and firm performance. The specific objectives are to:

- Ascertain the influence of resource acquisition on firm performance.
- Examine the effect of innovation on firm performance.
- Determine the effect of market orientation on firm performance.

*1.3. Research Questions*

- To what extent does resource acquisition influence firm performance?
- What is effect of market orientation on firm performance?
- Does market orientation affect firm performance?

*1.4. Formulated Hypothesis*

The study was guided by the following stated hypothesis

- There is no significance difference between resource acquisition on firm performance
- There is no significance difference between innovation on firm performance.
- There is no significance different between market orientation on firm performance.

## 2. Literature Review

*2.1. Concept of Innovation*

The term innovation generally includes three types of innovations i.e. Product innovation, process innovation and organizational innovation (Halila & Rundquist, The development and market success of eco-innovations, 2011). Innovation, green innovation, environmental innovation or sustainable innovation is usually used to find out those innovations that play their part to a sustainable atmosphere through the development of ecological improvements (Becker & Egger, 2013). Support and maintenance for the development and transmission of more ecological fit processes, products, organizational models and systems can direct to improvements in the living environment of present and future generations (Halila & Rundquist, The development and market success of eco-innovations, 2011). Innovation is also known as environmental innovation, consisting of any kind of product, process or organizational innovation that adds something towards sustainable development (Doran & Ryan, 2014).

Innovation is where organizations adapt or develop innovations which diagnose, observe decrease or prevent environmental problems. While conventionally so many managers and economists considered innovation as an extra burden of the cost for the firm, this is no longer the case now days (Doran & Ryan, 2014).

The need and demand for innovation has been augmented because of the requirement to deal with today's different environmental challenges. Innovation refers to the process of creating and developing ideas, way of operation, products and processes that assist in decreasing environmental burdens or reaching environmental sustainability targets (Rennings & Zwick, 2002).

According to Halila & Rundquist (2011) the ever escalating stress from the government and market concerning mechanized sustainability, developing an effectual and efficient innovation program and creation it a permanent component of a firm's management programs is significant. When it comes to practice, there are various types of innovations; product innovation, process innovation and organizational innovation. While every kinds of innovation have its own determinants, attribute plus contribution to business performance, it is not too successful to implement innovations without a holistic view (Cheng, Yang, & Sheu, 2014).

*2.2. Concept of Firm Performance*

Performance is one of the most complex concepts to describe in management, because it is difficult to separate from the context in which it is used. Performance is linked to an organization's ability to generate value in the future (Botton et al., 2012). For Messaoudène & Hernandez (2013), the complexity of the notion of organizational performance is due to the fact that it evolves according to the actors, organizations and sectors of action. It evokes the ability to achieve previously set objectives such as performance (reduce the differences between ends and means). Kalika (1988), on the other hand, defines organizational performance as 'measures directly related to the organizational structure and not to its possible social or economic consequences. These indicators are interesting in so far as they make it possible to discern organizational difficulties through their first manifestations, before the effects induced by them are felt from an economic point of view '(p.340). According to Bouquin (1997), organizational performance refers to the ability of a company to properly identify and implement strategies as part of its intended objectives. For Kalika (1988), organizational effectiveness is based on four factors: respect for the formal structure, relationships between services to minimize conflict, the quality and fluidity of the flow of information, and the flexibility of the structure to adapt to the constraints of the environment. For Morin, Savoie & Beaudin (1994), measuring organizational effectiveness is a judgment on an organization, based on a certain number of criteria, which are desired, desirable, sought-after results. For these authors, organizational performance has three dimensions: productivity, efficiency and profitability. Sicotte et al. (1999) and Giauque et al. (2008), on their part identify four dimensions to define performance: the accomplishment of the mission of the organization, acquisition and control of resources and skills, delivery of quality services and the development and maintenance of a common culture and values. In the context of this study, considering the approach of these different authors, we consider organizational performance as the way the company is organized to achieve its objectives and how it manages to achieve them. However, to what extent do skills and abilities contribute to the achievement of organizational performance.

Organization performance includes real productivity or outcome of a business which is calculated in opposite to its planned productivity or targets and aims. Organization performance has been defined as the capability of firm to accomplish its goals and objectives with the help of talented administration, good governance and have a constant rededication to accomplish business objectives (Mahapatro, 2013). Organizational performance is a sign which deal how well a business complete its goals. Organizational performance is one of the most key constructs in the research of management (Ho, 2008).

Researchers thought vary in terms of defining organization performance most of the researchers used the term performance to state the collection of measurement of input and output efficiency and transactional efficiency (Shahzad, Luqman, Khan, & Shabbir, 2012).

Organization performance is a very wide concept that encompasses different dimensions of management, operational and competitive excellence of an organization and its activities. Except financial performance there are some non-financial performance indicators that have been noted in past studies to improve understanding of organization performance, such as market performance and customer satisfaction (Chen & Quester, 2006).

*2.3. Relationship between Innovation and Firm Performance*

Today, many SMEs are increasingly using innovation (OECD, 2005), which is even seen as a powerful driver of their competitiveness (OSEO, 2008). According to Neely & Dehoff (2004), innovation is a skill that makes it possible to define and create new products and services, in order to make them quickly available on the market. In this definition, it is not only about innovation in research and development, but also all marketing, management and distribution. The ability to innovate can be understood by the number of innovations an organization is able to adopt or successfully implement. Innovation is a popular term in the management field since it is central to the management of the organization and, above all, promotes its success and performance (Montoya-Weiss & Calantone, 1994). Several authors have focused on the relationship between innovation and organizational performance. It is relevant to note that most authors agree on the achievement of superior performance due to innovation (Damapour, 1991; Capon et al., 1992; Slater, 1997; Hurley & Huit, 1998; Berton et al., 2004; Remon, 2012; Caverot et al., 2014; Temri et al., 2015). In particular, Damapour (1991) notes that, the adoption of innovation generally contributes to the performance and effectiveness of the organization. He mentioned that innovations are adopted to improve performance or eliminate the performance gap that may be caused by changes in the internal or external environment such as fluctuations in demand. Indeed, firms with greater capacity to innovate are able to develop a competitive advantage and achieve a high level of performance (Hurley & Huit, 1998). Duong & Paché (2015), in a study of industrial shippers in Vietnam's agro-food industries, also support the role of dynamic innovation capacity in improving performance. In the same vein, Berger-Douce (2014; 2015), in two case studies conducted with an SME, confirms the positive impact of innovation capacity on performance. Van Echtelt et al. (2008), also highlight that the innovation capabilities created by a company and reused later, will allow it to achieve a higher organizational performance. The study by Bridgstock et al. (2010), in the same logic, illustrates that, the innovation capacity of social enterprises influences their organizational performance. In this view, the following

*2.4. Relationship between Market Orientation and Firm performance*

Market orientation is regarded as a source of competitive advantage and can be an important determinant of firm performance (Mokhtar, Yusoff & Arshad, 2009). Superior firm performance can be achieved as market oriented firms are able to satisfy customers through tracking and responding to customer needs and wants (Jaworski &Kohli, 1993). A market oriented firm performs better in the market since it develops an organizational culture that helps in delivering superior value to customers (Narver & Slater, 1990; Pelham & Wilson, 1996; Slater & Narver, 1994b). A market orientation consists of three interrelated behavioral components; customer orientation, competitor orientation and inter-functional co-ordination (Narver & Slater, 2000). The orientation of a business is external such that it continuously collects and internally disseminates information about customers' competitors and other business stakeholders.

Market oriented firms draw on all functional areas to create competitive advantage and as such, market orientation is regarded as an important determinant of business performance (Day, 1994). Scholars such as Narver and Slater (1990), Jaworski and Kohli (1993), Slater and Narver (1994a), Popwaka (1996), Appiah-Aduand Rachnod (1998), Pelham (1999) and Kumar et al (1997) have empirically found a positive link between the extent of market orientation and firm performance. Thus, a business that increases its market orientation will improve its performance as argued by Khamwon and Speece (2005). Strengthening a firm's market orientation should result in favorable shifts in a firm's demand and cost curves. However other scholars have questioned the relationship between market orientation and firm performance. Caldor (1971) posited that the marketing concept is an inadequate prescription of marketing strategy because customers do not always know what they need.

Gerken (1990) is another critic who pointed out that it is unrealistic to be market oriented since firms are no longer able to keep up with the erratic and constantly changing market developments. Bennet and Cooper (1979) have also noted that the ability of customers to verbalize what they need is limited by their knowledge and hence firms sometimes need to anticipate future needs and wants of customers. According to Hayes and Abernathy (1980) and Bennet and Cooper (1979), market orientation induces firms to be interested in short term and intermediate customer needs which can be detrimental to innovation and the long term success of a company.

*2.5. Relationship between Innovation and Firm Performance*

Today, many SMEs are increasingly using innovation (OECD, 2005), which is even seen as a powerful driver of their competitiveness (OSEO, 2008). According to Neely & Dehoff (2004), innovation is a skill that makes it possible to define and create new products and services, in order to make them quickly available on the market. In this definition, it is not only about innovation in research and development, but also all marketing, management and distribution. The ability to innovate can be understood by the number of innovations an organization is able to adopt or successfully implement. Innovation is a popular term in the management field since it is central to the management of the organization and, above all, promotes its success and performance (Montoya-Weiss & Calantone, 1994). Several authors have focused on the relationship between innovation and organizational performance. It is relevant to note that most authors agree on the achievement of superior performance due to innovation (Damapour, 1991; Capon et al., 1992; Slater, 1997; Hurley & Huit, 1998; Berton et al., 2004; Remon, 2012; Caverot et al., 2014; Temri et al., 2015). In particular, Damapour (1991) notes that, the adoption of innovation generally contributes to the performance and effectiveness of the organization. He mentioned that innovations are adopted to improve performance or eliminate the performance gap that may be caused by changes in the internal or external environment such as fluctuations in demand. Indeed, firms with greater capacity to innovate are able to develop a competitive advantage and achieve a high level of performance (Hurley & Huit, 1998). Duong & Paché (2015), in a study of industrial shippers in Vietnam's agro-food industries, also support the role of dynamic innovation capacity in improving performance. In the same vein, Berger-Douce (2014; 2015), in two case studies conducted with an SME, confirms the positive impact of innovation capacity on performance. Van Echtelt et al. (2008), also highlight that the innovation capabilities created by a company and reused later, will allow it to achieve a higher organizational performance. The study by Bridgstock et al. (2010), in the same logic, illustrates that, the innovation capacity of social enterprises influences their organizational performance. In this view, the following

*2.6. Theoretical Framework*

2.6.1. Theory Resources Theory

The theory of resources and skills Since the work of Penrose (1959), considered as the founding father of the approach by resources and skills, this theoretical approach is attracting increasing interest from researchers, consultants and practitioners alike. Resources can be defined as tangible or intangible assets attached to the business. Since Wernerfelt's (1984) first propositions, Barney's statement of fundamental principles (1991) and Conner's (1991) argument, the resource approach has risen to the rank of theory (Brulhart et al., 2010). For Wernefelt (1984), Barney (1991) and Collis (1991), the success of a company lies in the resources it has at its disposal or can mobilize to satisfy its customers. In this sense, the resource approach is seen as an option to Porter's (1980) speech, which highlights the company's positioning in the face of competition. Thus, the resource approach considers the enterprise as a set of basic resources or assets, some of which are of particular importance, such as the firm's know-how. This know-how refers to both the core competencies and the organizational capacities that make it possible to implement them. It is in this sense that Durand (2006) emphasizes that, the idea of key competences and resource-based theory became familiar only after the publication of the famous article by Hamel & Prahalad (1990), because these authors have had the merit of highlighting the difference from one company to another by the possession of scarce resources. Skills and abilities are therefore organizational routines, maintained and developed by collective learning (Burger-Helmchen & Frank, 2011). In other words, when resources are able to perform a task or activity, they are a competency for the firm that can provide a competitive advantage if it is valuable, rare and sustainable, hard to imitate, and non-substitutable (Penrose, 1959; Barney, 1991; Arcand, 2006). In this context, the competitive advantage no longer necessarily lies in the exploitation of a dominant and protected position in a market, but in the optimal valuation of its resources. For Grant (1991), creating a skill requires an assembly of resources, but also involves learning, which will be done through repetition, experience. Desreumaux et al. (2006) go further to consider that the very foundation of the strategy lies in the ability of the company to exploit the external conditions that explain its performance. Resource analysis therefore emphasizes the importance of combining resources and skills in the pursuit of competitive advantage, as the business is equated with a portfolio of resources that cannot be traded on the market.

2.6.2. Empirical Review

Collin *et al.*, (2018), they carried out an investigation on Innovative low-cost strategy and firm performance of restaurants, they observed that to improve the appreciation of the moderating role of competitive intensity on the relationship between low-cost strategy and firm performance of restaurants, the study uses empirical data collected from 118 restaurants operators, Ghana. The effects of relationships and the interaction of low-cost strategy and competitive intensity were tested using regression analysis.

The findings indicate the existence of a significant positive relationship between low-cost strategy and firm performance. The effect of competitive strategy on firm performance was found to be partially significant. The findings revealed that competitive intensity does moderate the relationship between low-cost strategy and firm performance of restaurants. Implications of the findings for restaurant operators suggest that effective application of low-cost strategy and monitoring and managing competitive intensity results in high performance.

Haryantoand Haryono (2015) and did a study on the influence of market orientation, innovation type and enterprise performance in the furniture industry in Indonesia and found that Low entry and innovation type influences the enterprise performance. Langerak, Hultink and Robben (2004) did a study in Netherlands on Low entry product advantage and launch proficiency on new product performance and organizational performance.

The results of the study by Langerak, Hultink and Robben (2004) provided the evidence that Low entry is related positively to; product advantage and launch tactics but found that Low entry has no direct relationship to new product performance and organizational performance.

Collin et al (2018), they carried out an investigation on Innovative low-cost strategy and firm performance of restaurants, they observed that to improve the appreciation of the moderating role of competitive intensity on the relationship between low-cost strategy and firm performance of restaurants, the study uses empirical data collected from 118 restaurants operators, Ghana. The effects of relationships and the interaction of low-cost strategy and competitive intensity were tested using regression analysis. The findings indicate the existence of a significant positive relationship between low-cost strategy and firm performance. The effect of competitive strategy on firm performance was found to be partially significant. The findings revealed that competitive intensity does moderate the relationship between low-cost strategy and firm performance of restaurants. Implications of the findings for restaurant operators suggest that effective application of low-cost strategy and monitoring and managing competitive intensity results in high performance

## 3. Methodology

### *3.1. Research Design*

This study deployed questionnaire survey as the main method for primary data collection. This was supplemented by limited observation during site visits for survey and by secondary data collected from government gazettes and company documents, such as annual reports on staff training. The questionnaire contained three sections: the first was designed to capture employees' awareness of training; the second section aimed to identify the forms and frequency of training as perceived by employees; the third section sought information about employee training and organizational performance. The questionnaire includes open-ended as well as close-ended questions. For the latter, the most items were measured on a five Likert scale ranging from 1-5, with 5 indicating strongly agrees, and 1 indicating strongly disagrees. Of the 150 employees of selected firms, 150 were sampled randomly across the firm and were given the questionnaires to fill in. Respondents included managers and employees of firms. The response rate was 100 per cent. Quantitative data was processed and analyzed using Statistical Package for Social Science (SPSS, Version 22). Descriptive statistics in the form of frequency and percentages were used to summarize and organize the data whiles inferential statistics, such as correlation analysis was also conducted to investigate the effect of employee training on organizational performance. Means and standard deviations were calculated for various dimensions of training and the performance indicators. Cronbach's Alpha was also calculated to get the internal consistency of the items on the questionnaire. The Cronbach's Alpha for employee training and organizational performance items was 0.901 and 0.821 respectively. This suggests that the internal consistency of the questionnaire was satisfactory.

## 4. Results and Discussion

| Gender | Number of Respondents | Percentage (%) |
|---|---|---|
| Male | 70 | 58.3 |
| Female | 50 | 41.7 |
| Total | 120 | 100 |

*Table 1: Sex of Respondents*
*Source: field survey 2021*

From the above Table 1, it shows that (58.3%) of the sample population were male and (41.7%) were female. However, this information shows that there were more male than female respondents.

| Age Bracket | Number of Respondents | Percentage (%) |
|---|---|---|
| < 30 years | 17 | 14.2 |
| 31-40 Years | 39 | 32.5 |
| 41 Years and above | 64 | 53.3 |
| Total | 120 | 100 |

*Table 2: Age Distribution of Respondents*
*Source: field survey 2021*

The table above shows that 17 respondents, representing 14.2% in the age bracket of 30 years and above while 39 respondents representing 32.5% were between 31- 40 years while 64 respondents representing 53.3% were between age brackets of 41 years and above, which is the highest frequency.

| Response | Frequency | Percentage (%) |
|---|---|---|
| Single | 51 | 42.5 |
| Married | 69 | 57.5 |
| Total | 120 | 100 |

*Table 3: Marital Status*
*Source: Field Survey 2021*

The table above shows that 69 respondents representing 57.5% were married, 51 respondents representing 42.5% was single. Single has the highest frequency of the sample size.

| No of Years | Frequency | Percentage (%) |
|---|---|---|
| WAEC/NECO/NCE | 9 | 7.5 |
| OND | 12 | 10.0 |
| HND/B.Sc. | 36 | 30.0 |
| MBA | 35 | 29.2 |
| Others | 29 | 23.3 |
| Total | 120 | 100 |

*Table 4: Educational Background*
*Source: Field Survey 2021*

The above table shows that 10 respondents representing 7.5% have WAEC/NECO/NCE. 12 respondents representing 10% have OND, 36 respondents representing 30.0% have HND/B.Sc, 35 respondents which represents 29.2% have MBA while other educational qualification was 23.3% which represents 29 respondents.

| Category of Management | Frequency | Percentage (%) |
|---|---|---|
| Top Level | 49 | 40.8 |
| Middle Level | 38 | 31.7 |
| Lower Level | 33 | 27.5 |
| Total | 120 | 100 |

*Table 5: Management Background*
*Source: Field Analysis, 2021*

The table above shows that 49 respondents representing 40.8% were top level management which has the highest frequency of the sample size. 38 respondents representing 31.7% were middle level management. While 33 respondents representing 27.5% were lower level management.

**5. Test of Hypothesis**

- $H_{o1}$: There is no significance difference between resource acquisition on firm performance
- $Ho_{3:}$ There is no significance difference between innovation on firm performance

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.145 | 1.380 | | 2.279 | .024 |
| | Resource acquisition | .252 | .067 | .262 | 3.767 | .000 |
| | Innovation | .324 | .079 | .367 | 2.653 | .001 |
| | Market orientation | .235 | .077 | .264 | 2.578 | .002 |
| a. Dependent Variable: Firm performance | | | | | | |

*Table 6: Regression Analysis for Organization Capacity and Firm Performance*
*Source: Field Survey (2021)*

The result from the regression analysis on Table 6 showed that employee training (POS) exhibit positive effects on firm performance (β = 0 .262, P > 0.05). Market orientation exhibit positive effects on firm performance (β = 0 .048, P > 0.05).

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .613[a] | .375 | .362 | 1.5858 |
| a. Predictors: (Constant), Innovation, resource o, market orientation, | | | | |

*Table 7: Model Summary*
*Source: Field Survey (2021)*

Table 4.9 revealed the extent to which organizational capacity accounted for change in firm performance as indicated by the adjusted R Squared value which showed that 36.2% (0.362) of the change in firm performance is brought about by the use of organization capacity.

*5.1. Test of Hypotheses*

In this study the following basic decision rules guide the use of regression analysis employed for test of hypotheses, therein:

The study assumes significance level of 0.05 as a basis for the acceptance or rejection of either H0 or Ha.

- The significance value represents the relationship between the independent and dependent variable. Where significance value is ≤ 0.05, accept Ha and reject Ho, but where significance value is 0.05 or greater (≥) we accept H0 and reject Ha.
- The R-Squared value shows the percentage of the response variable variation that is explained by the regression model (the closer it tilts/tends to 1 the better it is for the establishment of goodness of fit between the dependent and independent variable. Where adjusted R-Squared is within 0.5 and 1, the regression exhibit high level of goodness of fit.
- The R-value shows the correlation between the predicted/expected values and the observed values. Where R-value is within 0.5 and 1, movement in the dependent variable can be accurately measured, leaving room for other factors not included in the model specification (accounting for total level of variability in the model specification).

*5.2. Hypothesis one*

- $H0_1$: Resource acquisition does not have relationship with firm performance
- Decision Rule: Reject null hypothesis (H0) if p-value is less than 0.05 if not, do not reject.

The results from the regression analysis on Table 13 showed that the calculated level of significance which is 0.000 is less than the p-value of 0.05 i.e. (sig value 0.000 < p value 0.05). The stated null hypothesis is rejected thereby accepted the alternate hypothesis which implies that Resource acquisition have positive effect on banking performance.

*5.3. Hypothesis Three*

- $H0_2$: Innovation does not have relationship with firm performance

From the results showed from the regression analysis on Table 13 the calculated level of significance which is 0.002 is less than the p-value of 0.05 i.e. (sig value 0.002 < p value 0.05). The stated null hypothesis is rejected thereby accepted the alternate hypothesis which implies that Innovation have positive effect on firm performance.

*5.4. Hypothesis Two*

- $H0_2$: Market orientation does not have relationship with firm performance

From the results showed from the regression analysis on Table 13 the calculated level of significance which is 0.002 is less than the p-value of 0.05 i.e. (sig value 0.002 < p value 0.05). The stated null hypothesis is rejected thereby accepted the alternate hypothesis which implies that Market orientation have positive effect on firm performance.

## 6. Discussion of Findings

Here the researcher discussed the findings of the study based on the regression analysis and support from the literature reviewed.

*6.1. Resource acquisition and Firm Performance*

The results from table 4.9 revealed that there is a significant positive relationship between Resource acquisition and firm performance. The results revealed that there is a significant positive relationship between employee training and firm performance at 0.000. Also, the model summary table revealed that the r value is 0.613[a]. The r squared value of 0.377 depicts a near goodness of fit relationship between Resource acquisition and firm performance. The adjusted r square value on its own part shows 0.362 implies that 36.2% of the variants of employing training used in this study affect firm performance. The result from the regression analysis showed that Resource acquisition exhibit a positive effect on firm performance (β = 0 .262, P > 0.05).

*6.2. Market Orientation and Firm Performance*

The results from table 4.9 revealed that there is a significant positive relationship between market orientation and firm performance. The results revealed that there is a significant relationship between market orientation and firm performance at 0.002. Also, the model summary table revealed that the r value is 0.613[a]. The r squared value of 0.375 depicts a near goodness of fit relationship between market orientation and firm performance. The adjusted r square value on its own part shows 0.362 implies that 36.2% of the variants of market orientation used in this study affect firm performance. The result from the regression analysis showed that market orientation exhibit a positive effect on firm performance ($\beta = 0\ .264$, $P > 0.05$).

In accordance with Kohli and Jaworski (1990) posit that by instilling a sense of pride and mutual trust among employees, a market orientation will enhance an employee's willingness to make sacrifices for the organization, employee team spirit, the motivation to satisfy customer needs and job satisfaction. In the words of Day, 2009 Market oriented firms draw on all functional areas to create competitive advantage and as such, market orientation is regarded as an important determinant of business competitive advantage.

## 7. Summary of Findings

The study examines the effect of Organization capacity and firm performance. A total of 150 copies of questionnaire were administered to the respondents in. Of this figure, 120 copies of the questionnaire, representing 94.4% were retrieved while 30 copies representing 5.6% were not retrieved, the 120 copies of the questionnaire duly completed and returned were used for the analysis of data in the study. After proper analysis and interpretation of the data collected for the research, the study discovered the following:

The result revealed that employee training has a significant positive influence on firm competitive ; It was found from this study that market orientation has a significantly effect on firm performance.

## 8. Conclusion

From the literature review, this study concludes that market orientation predicts firm performance and that market orientation is robust across industry and country boundaries and this conclusion is consistent with conclusions of past researchers. For firms to succeed in a highly competitive environment, they should be responsive to customer needs and wants and this requires them to be market oriented in terms of customer focus, competitor orientation and inter-functional co-ordination among the firm's internal departments. The internal environment of firms is an important moderator of the market orientation – firm performance relationship and therefore the study concludes that the management of a firm and its employees can create a barrier to market orientation if the organizational culture is not customer oriented.

## 9. Recommendations

- Therefore the top management of a firm and the various departments should be supporting the market orientation as part of the antecedents to a market orientation.
- The effect of a market orientation in a very turbulent environment will enable firms to detect and respond to market changes better since a high level of market turbulence requires a higher level of market orientation for a firm to perform well. Similarly the consequences of a market orientation or the lack of it will be felt by customers, the firm in terms of its innovativeness as well as employees in terms of their motivation and team spirit.

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