ORIGINAL ARTICLE

OPEN ACCESS

Impact Of Market Orientation, Learning Orientation and Marketing Strategies on Organizational Performance with The Mediating Role of Innovation: An Empirical Evidence of SMEs of Peshawar and Charsadda

Yasir Alam[1], Babar Ali[2], Amir Zaib[3]

1Director, FinTank Global LLC.
[2]Scholar, Institute of Management Sciences, Peshawar
[3]Deputy Manager Planning & Development, Institute of Management Sciences, Peshawar

Correspondence

Naveed Saif
(babaraliso007@gmail.com)
Submitted: July 23, 2022
Revised: October 19, 2022
Accepted: December 11, 2022
Published online: December 30, 2022

A B S T R A C T

Purpose-This study aimed to investigate the influence of market orientation, learning orientation, and marketing strategies on organizational performance with innovation as a mediator.

Design/methodology/Approach-The researchers used a quantitative survey approach and developed a multifactor questionnaire to gather data from 300 SMEs in Peshawar and Charsadda. The internal consistency of the instrument was assessed using Cronbach's alpha, which indicated that the instrument was reliable.

Results-Regression analysis was used to examine the impact of market orientation, learning orientation, and marketing strategies on organizational performance. The findings revealed that there is a significant negative impact of market orientation and marketing strategies on organizational performance while the impact of learning orientation is negative but insignificant. However, when the mediating effect of innovation was introduced, a positive impact was observed. This suggests that market orientation, learning orientation, and marketing strategies have a positive impact on organizational performance when innovation is included as a mediator.

Conclusion: This study provides valuable insights into the factors that influence organizational performance, highlighting the importance of market orientation, learning orientation, marketing strategies, and innovation. These findings can help SMEs to develop effective strategies that promote innovation and improve their overall performance. Further research could explore the impact of other variables on organizational performance and investigate the relationship between innovation and other performance indicators.

Key Word: Team-Focus Market Orientation, Learning Orientation, Marketing Strategies, and Innovation

1 | INTRODUCTION

Small and medium-sized enterprises (SMEs) play a crucial role in the economic development of any country (Manzoor et al., 2021). They are the backbone of most economies, creating jobs, generating revenue, and contributing to the growth of the GDP. However, SMEs face several challenges that hinder their growth and sustainability. One of the significant challenges is the lack of resources, which makes it difficult for them to adopt a proactive approach to marketing and innovation (Bhattarai et al., 2019). This paper aims to explore the impact of marketing orientation, learning orientation, and marketing strategies on organizational performance, with the mediating role of innovation in the context of small and medium enterprises in Pakistan.

Marketing orientation is a business philosophy that puts the customer at the center of everything a company does. It is a customer-focused approach that emphasizes understanding the customer's needs and wants, creating products and services that meet those needs, and communicating the value of those products and services effectively. A marketing orientation has a positive impact on organizational performance (Bhattarai et al., 2019). Customer-focused organizations tend to be more innovative, develop better products, and have more satisfied customers, which ultimately leads to higher sales and profits. Learning orientation on the other hand is a business philosophy that emphasizes continuous learning and development. It is a proactive approach to learning that focuses on identifying and addressing knowledge gaps, developing new skills, and adopting new technologies and practices (Cho & Lee, 2020). Learning orientation has a positive impact on organizational performance. Organizations that are learning-oriented tend to be more innovative, have a better understanding of their customers and are better equipped to meet changing market demands.

Marketing strategies are the plans and tactics that organizations use to promote their products and services to customers (Al-Surmi et al., 2020). They are the actions that organizations take to create value for their customers, differentiate themselves from their competitors, and achieve their business goals. Marketing strategies have a significant impact on organizational performance. Organizations that have well-defined marketing strategies tend to have higher sales, more satisfied customers, and stronger brand recognition. Innovation on the other hand is the process of developing new products, services, or processes that add value to the customer and the organization. It is a critical factor in the success of SMEs, as it allows them to create products and services that meet the changing needs of the market (Mukonza et al., 2020). Innovation acts as a mediating factor in the relationship between marketing orientation, learning orientation, marketing strategies, and organizational performance. Organizations that are customer-focused, learning-oriented, and have well-defined marketing strategies tend to be more innovative, which ultimately leads to higher organizational performance (Singh et al., 2021).

Research has shown that marketing orientation, learning orientation, and marketing strategies can all impact organizational performance. A marketing-oriented company is more likely to have a deep understanding of its customer's needs, which can lead to the development of innovative products and services. Similarly, a learning-oriented company is more likely to invest in employee training and development, which can lead to greater creativity and innovation (Udriyah et al., 2019).

Innovation plays a mediating role in the relationship between these factors and organizational performance. For example, a marketing-oriented company that invests in learning and development is more likely to generate innovative ideas that can drive its performance. Similarly, a company that uses effective marketing strategies to attract and retain customers may be better positioned to create innovative products and services. Previous studies have shown that marketing orientation, learning orientation, and marketing strategies have a positive impact on organizational performance (Varadarajan, 2020). However, the mediating role of innovation in this relationship has not been fully explored in the context of small and medium enterprises.

Therefore, further research is needed to determine the extent to which innovation mediates the relationship between marketing orientation, learning orientation, marketing strategies, and organizational performance in small and medium enterprises. This research gap needs to be filled to better understand how these factors contribute to the success of small and medium enterprises in Peshawar and Charsadda, KP. These factors can probably influence a company's ability to innovate, which in turn can have a significant impact on its overall success. By investing in marketing orientation, learning orientation, and effective marketing strategies, companies can create a culture of innovation that can drive their performance and success (Zhang et al., 2019).

2 | LITERATURE REVIEW

2.1 | Market Orientation

It is a business concept that develops a central point for the overall activity of an organization in a customer's mindset (Bamfo et al., 2019). Market orientation is an organizational culture that places the highest emphasis on the successful development and preservation of superior value for customers while considering the interest of other stakeholders and offers guidelines for behaviors regarding the organizational generation, distribution, and responsiveness to market information (Hernández-Linares et al., 2021).

MO refers to the efficient and effective development of a culture within an organization for the executives that contribute value to its end users, resulting in increased performance. It consists of several dimensions, including inter-functional coordination, competitor and customer orientation focused on the long-term goals and performance of an organization (Bhattarai et al., 2019; Dabrowski et al., 2019; Na et al., 2019; Nakos et al., 2019; Pratono et al., 2019; Udriyah et al., 2019). Competitor and customer orientation include the overall operations involved in acquiring information regarding rivals and customers (Iyer et al., 2019). Information about rivals helps the organizations in putting efforts into the existing environment for improvement, and it usually is centered towards the marketing and R&D section because these sections are mainly focused on providing superior quality products and services to customers and then promoting it in the market (Udriyah et al., 2019).

2.2 | Innovation

Innovation is the process of making and adopting new items. "Innovation is part of the firm's culture, so it must innovate to make itself different from other firms (Na et al., 2019). Innovation means developing new products or bringing change to existing products, which can be either incremental or radical. Therefore, innovation can be a form of a product, a service, or a technology (Singh et al., 2021). In both the input and output market, innovativeness involves the willingness of the owners to learn and adopt more innovative techniques. The style of innovation, creativity and decision-making varies from individual to individual. Innovators prefer to do things differently, while adaptors prefer to do things using generally accepted theories/ policies (Zhang et al., 2019). Innovation can be done at different levels like; sectoral, regional, firm, and project levels. At the firm level, innovation is done in the firm's structure, culture, and management level (El-Kassar et al., 2019). According to (Durst et al., 2019), the reason behind the firms, which are successful in innovation, is that they sustain their technologies and ignore disruptive techniques or technologies. Product performance alongside its dimensions is increased by sustaining technologies, which are the products valued more by customers than those with disruptive technology. Small firm innovations are primarily based on off-the-shelf techniques and resources, usually offered by the supplying industries. They are a significant source of innovation for small firms (Durst et al., 2019). The capability to innovate varies from firm to firm and depends on various influential factors (Haryanto et al., 2017). The innovation has four categories, namely: process innovation, product innovation, marketing innovation, and organizational innovation (Mahmoud et al., 2016).

2.3 | Organizational Performance

The measure of success in marketing performance can be categorized into two categories: financial and non-financial (Khan & Bashir, 2020). Previous literature has focused more on firm-level measurement of marketing performance, which overviews sales, cash flows, and profits, but many researchers pointed out or were against the view of using only financial indicators to indicate marketing performance (Putra et al., 2020). The concept of business performance or marketing performance is centered on efficiency or effectiveness (Kharabsheh et al., 2017). Efficiency is related to the measurement of financial performance, e.g., net margin, gross margin, return on investment (ROI), relative profitability, etc. (Fang et al., 2014). Financial measures were of concern, but in the current context or the field of marketing, non-financial measures are seen as much needed side by side with that financial metrics.

Thus, another factor of organizational performance depends on the sales level and value. In the 1980s, market share became a popular way of predicting future cash flow and profitability (Fang et al., 2014). Over the past years, other non-financial metrics such as loyalty from customers, customer satisfaction, and brand equity are gaining much focus (Suliyanto & Rahab, 2012). Perhaps customer satisfaction as a measure of business performance has attracted much attention. Customer satisfaction is now considered a critical benchmark in many industries (Hutahayan, 2021). A satisfied customer base can be termed a vital marketing asset, leading to loyalty, revenue implications, and lowering marketing costs (Hutahayan, 2021).

2.4 | Customer Orientation

Customer orientation is also one of the critical factors when considering orientation. In the previous literature, the most focused factor in market orientation is customer orientation, and they give weight more than competitor focus and inter-functional coordination. It is because it is the highest priority and provides leads through which the company could provide something of superior value to the customer thinking beyond the status. To show commitment, they must maintain increasing boundaries (Lee et al., 2021). Considering this factor could lead a firm to foster innovation inside its boundaries (Lombardi et al., 2019). In a previous study, the distinction was never made to determine whether the firm is innovative in an administrative or technical context. However, they showed a positive correlation between customer orientation and innovative firms (Sa et al., 2020). Organizations committed to providing superior customer value have shown that they want to innovate the entire business system, not just think about innovating products or services (Feng et al., 2019).

2.4 | Marketing Strategies

Every organization's marketing strategy focuses on one primary goal: achieving a competitive advantage in the market and improving performance. It includes short- and long-term operations helping devise market-oriented product or service strategies because such products or services are expected to contribute value to a company (Al-Surmi et al., 2020). Marketing strategies also consider strategic orientation, which is developing and utilizing a strategy compatible with the market. Precisely, strategic orientation focuses on an organization's strategic predisposition, fit, thrust, and choice (Varadarajan, 2020).

Additionally, the market penetration strategy is also considered within the domain of marketing strategy since it is also focused on a company's overall growth. Market penetration strategies help organizations exploit and develop a product based on their expertise and market knowledge (Mukonza et al., 2020; Perevozova et al., 2020).

2.5 | Theoretical Background

Several theoretical frameworks can be used to explain the relationships between market orientation, learning orientation, marketing strategies, innovation, and organizational performance (Varadarajan, 2020). One such framework is the resource-based view of the firm, which suggests that a company's performance is a function of the resources and capabilities it possesses, and how it uses those resources and capabilities to create value for customers. According to this view, companies that are market-oriented, learning-oriented, and use effective marketing strategies are more likely to have the resources and capabilities needed to innovate and improve organizational performance. As argued by (Afriyie et al., 2018), Marketing plays a significant role in determining the strategic orientation and performance outcomes of the firm so from marketing and learning orientations and marketing strategies. They also argued by quoting (Kozlenkova et al., 2014), that an important determinant for competitive advantage and value creation is gained through acquiring capabilities and transformation of resources which will ultimately help in organizational performance. In addition to the resource-based view and variables of the study which are market orientation, learning orientation, marketing strategies, innovation, and organizational performance, ad considering based on the basis on resource-based perspective, the above variables are projected to have a positive effect on firm’s performance because they are based on the firm’s capability to manage information and adapt to the environment. Moreover, these capabilities are easily transferable between different countries by making strategic and innovation policies, as they do not depend on the context in which the firm carries out its business activity but rather are based on the management of information and adaptation to foreign markets (Fernhaber & McDougall, 2005).

Another theoretical framework is the dynamic capabilities view, which suggests that a company's ability to adapt and respond to changing market conditions is a key driver of performance. According to this view, companies that are market-oriented, learning-oriented, and use effective marketing strategies are better able to develop the dynamic capabilities needed to innovate and improve performance over time (Hernández-Linares et al., 2021). Furthermore, market orientation can be conceptualized as a “philosophy or way of thinking that places the highest priority on the creation of superior customer value in the marketplace” (Tajeddini & Ratten, 2020). Additionally, an organization having dynamic capabilities provide a strong learning capability and also allows firms to quickly resolve specific issues by the means of experimentation and repetition (Chiarelli, 2021). Chen et al. (2015), suggested that business analytics helps a firm establish knowledge creation routines, which are essential dynamic capabilities (Eisenhardt & Martin, 2000), to allow the firm to learn about customers, competitors, and the broader market environment (Wilden & Gudergan, 2015), thereby to increase its capability for strategic decision-making and innovation which ultimately leads to organizational performance.

2.6 | Market Orientation, Innovation, and Performance

If an organization wants to achieve something extraordinary and market performance above ordinary, it must create a sustainable competitive advantage and superior customer value (Mahmoud et al., 2016). The logic behind the sustainable competitive advantage is that if person X buys something, the offering must lead the customer to think that the perceived expected value has exceeded than expected value to the buyer of any alternative solution

(Haryanto et al., 2017). The difference comes in when the buyer compares the alternative opportunities based on the perceived benefits and whether the value for money has been generated. Also, it could be said in a way that whether a seller is providing buyers an alternative opportunity in terms of acquisition and use cost or not (Khan & Bashir, 2020).

The previous literature suggests critical factors. “Those factors are positively related to sales growth, profitability, customer service, sales revenue, employee satisfaction, new product success, customer retention, overall business performance, innovation marketing fit, employee’s organizational commitment product advantage, project impact performance, and inter-functional teamwork (Putra et al., 2020). Both proactive and responsive market orientations have played a significant role in making a firm innovative performance better and improving the performance of the company through new products that add value for customers (Kharabsheh et al., 2017). Based on the above-stated literature, the following hypotheses are formulated:

H1: *Market Orientation is positively correlated with organizational performance.*

H2: *Market Orientation is positively correlated with organizational performance with the mediating role of innovation.*

2.7 | Learning Orientation, Innovation, and Performance

Learning orientation is critical in bringing organizational innovation and creating superior performance organization-wide (Fang et al., 2014). Previous literature provides clear evidence of the impact of market and learning orientation on company marketing performance (Fang et al., 2014). Literature links the association between learning orientation and performance by indicating that organizations with high learning orientation generally surpass their rivals, gaining competitive advantage, particularly in intense and turbulent environments (Cho & Lee, 2020). Learning orientation implies that a firm is paying attention to its customers because its focus is on understanding, effectiveness, and efficiency in satisfying their stated and hidden needs through bringing new products and services and creating new ways of doing business. It would lead to superior outcomes outperforming others through tremendous new product success, superior growth, profitability, superior customer retention, and presenting high customer-defined quality (Cho & Lee, 2020). Customer orientation, learning orientation, and HR's role positively affect a company's marketing performance (Bamfo et al., 2019). A study on the relationship between Entrepreneurial orientation, organizational learning, and marketing activities on entrepreneurial performance in international business companies was conducted. The results presented a positive relationship between market orientation, organizational learning, and innovation with international business performance (Suliyanto & Rahab, 2012).

H3: *Learning orientation is positively correlated with organizational performance.*

H4: *Learning orientation is positively correlated with organizational performance with the mediating role of innovation.*

2.8 | Marketing Strategies, Innovation, and Performance

Scholars revealed a significant impact of marketing strategies on company performance from their findings. In this context, it has been observed that marketing strategies centered on market penetration and product differentiation help create value and improve an organization's performance (Khan & Bashir, 2020). Empirical literature reveals the positive relationship between marketing strategies and the performance of an organization concerning sales and overall operations. Product service and quality, which is the design adaptation strategy, positively affect organizational performance. Innovation and quality improvement in the product are the prominent features of organizational performance (Hutahayan, 2021). Likewise, the marketing mix has also been observed to improve performance since it includes product packaging, brand image, product diversification, quality, and promotions. Among all the attributes of the marketing mix, scholars favored advertisement as the most influential attribute in improving the profit and sales of an organization (Bamfo et al., 2019). Furthermore, market visits and customer feedback were observed to increase coordination and healthy relationships with customers and create opportunities for the organizations to expand in the market. Based on the above-stated literature, the following hypotheses are formulated:

H5: *Marketing strategies are positively correlated with organizational performance.*

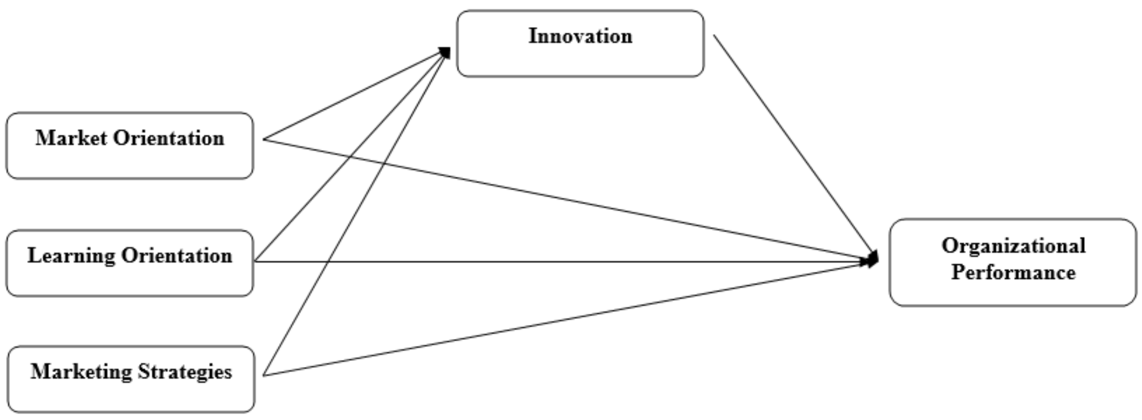
H6: *Marketing strategies are positively correlated with organizational performance with the mediating role of innovation.*

2.9 | Theoretical Framework

Based on the hypotheses developed for the study after an extensive review of the literature, the following framework is developed for the study. As shown below:

Figure 1.

Theoretical Model



3 | METHODOLOGY & DESIGN

The research methodology used in the study on the impact of market orientation, learning orientation, and marketing strategies on organizational performance with the mediating role of innovation was a quantitative survey design. The researchers adapted a multifactor questionnaire to gather data from 300 SMEs in Peshawar and Charsadda. The study employed 300 respondents because prior studies also utilized either less or almost the same sample size (Mahmoud et al., 2016). Therefore, this study also relied on employing 300 individuals for the study. The survey instrument was tested for internal consistency using Cronbach's alpha, which measures the reliability of the instrument. Since the questionnaire was adapted so the survey instrument included five major variables comprised of different statements related to market orientation (Na et al., 2019), learning orientation (Lee et al., 2021), marketing strategies (Varadarajan, 2020), innovation (Putra et al., 2020) and market performance (Sa et al., 2020; Singh et al., 2021).

Descriptive statistics and frequency tables were used to analyze the demographic characteristics of the respondents, such as age, gender, and work experience. Regression analysis, specifically structural equation modeling (SEM), was used to examine the impact of market orientation, learning orientation, and marketing strategies on organizational performance with innovation as a mediator. The study used primary data collected from SMEs in Peshawar and Charsadda, which is a useful approach for understanding the specific context and conditions of the research problem. The quantitative survey design allowed the researchers to measure the strength and direction of the relationships between the variables of interest. The use of SEM enabled the researchers to model the complex relationships between the variables and to test the mediating effect of innovation on the relationship between the independent and dependent variables.

Overall, the research methodology used in this study provides a robust and rigorous approach to investigating the impact of market orientation, learning orientation, and marketing strategies on organizational performance with innovation as a mediator. A total of forty-two constructs including nine about market orientation, seven about learning orientation, nine about marketing strategies, eleven about innovation, and six about market performance have been added to the questionnaire.

4 | RESULTS AND ANALYSIS

4.1 | Demographic Profile of the Respondents

While surveying the respondents, the demographic profile of the respondents was also asked. Table 1. below shows the demographic profile of the respondents. It can be observed that the majority of the respondents who participated in the study were male. Moreover, most of the respondents responded were in the age limit is between 25 and 35. Finally, they were having a level of experience of 1 to 2 years. As shown in table 1. below:

Table 1

Demographic Profile of Respondents

Demographics	Factors	Frequency	Percent	Cumulative Percent
Gender	Male	276	70.1	70.1
	Female	118	29.9	100.0
Age	25-30	160	40.6	40.6
	31-35	156	39.6	80.2
	Above 35	78	19.8	100.0
Experience	0-2	108	27.4	27.4
	2-4	104	26.4	53.8
	4-6	104	26.4	80.2
	Above 6	78	19.8	100.0

4.2 | Reliability Statistics

A reliability test is commonly performed to test the internal consistency of the survey instrument. A reliability test is usually performed using the value of Cronbach alpha as a benchmark. A value of Cronbach alpha of more than 0.6 is considered acceptable. From the table below it can be observed that the value of Cronbach alpha for every individual factor and the overall instrument is reliable hence it can be stated that the survey instrument is internally consistent. As shown in table 2. below:

Figure 2

Reliability Statistics

Variables	Items	Value of Cronbach Alpha
Market Orientation	5	0.610
Learning Orientation	5	0.747
Marketing Strategies	6	0.713
Innovation	5	0.654
Organizational Performance	5	0.712
Overall	26	0.787

4.3 | Structural Equation Modelling (SEM) – Path Analysis

Structural equation modeling (SEM) was performed to examine both the unmediated and mediated effect. Initially, the direct effect of market orientation, learning orientation, and marketing strategies on organizational performance was observed using AMOS V26 thereafter the mediator has been introduced in the final model to observe whether the mediation is no, partial, or full. Partial mediation is when the unmediated effect between a dependent variable and predictors is statistically significant but when the mediator is introduced the direct unmediated effect reduces up to some extent while full mediation is when the unmediated effect between a dependent variable and predictors is statistically significant but when the mediator is introduced, the direct effect become statistically insignificant (Preacher et al., 2004). From the results, it can be observed that there is a partial mediation among the variables of the study.

A general and widely used fitness index used by the scholars namely root mean square of error (RMSEA) was used in this study to measure the goodness of fit of the study model for the overall SEM. From the outcomes, it was observed that there is a significant negative impact of market orientation, and marketing strategies on organizational performance while there is a significant positive impact of innovation on organizational performance. Additionally, the impact of learning orientation on organizational performance was observed to be negative but insignificant. Moreover, the mediation analysis revealed that innovation plays a mediation role between marketing orientation, learning orientation, marketing strategies, and organizational performance. The reason why the negative impact in the direct path changed to a positive one is due to the mediation effect of innovation.

Figure 3

CB-SEM - Outer Path

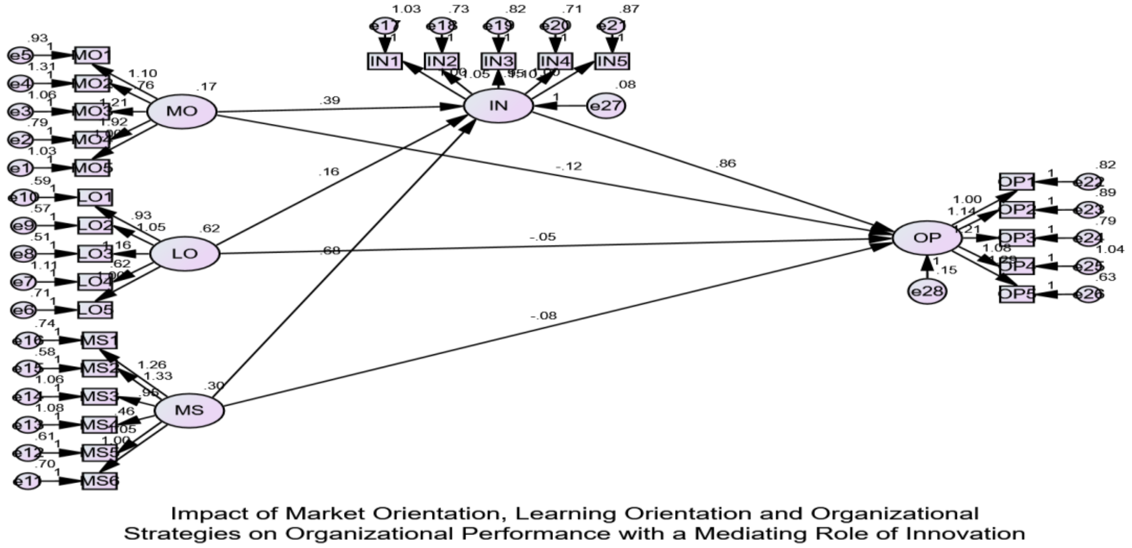


Figure 1 illustrates the path established from predictors (market orientation, learning orientation, and marketing strategies) to mediators (innovation) and consequently to the dependent variable (organizational performance). From the above-stated figure 1, it can be observed that the unmediated effect among market orientation and marketing strategies were negative and statistically significant though positive and statistically significant for the relationship between innovation and organizational performance. The direct impact of learning orientation on organizational performance was observed to be negative but insignificant. Additionally, when the mediator is introduced the effect becomes positive and statistically significant.

Table 2

CB-SEM Estimates

Variables	RMSEA	Estimates	p-value	Significance of Difference
		Innovation Strategies		
MO–IN–OP		0.338	***	Significant
MO – IN		0.394	***	Significant
IN – OP	0.043	0.859	***	Significant
MO – OP		-0.124	***	Significant
		Innovation Strategies		
LO–IN–OP		0.135	***	Significant
LO – IN		0.157	***	Significant
IN – OP	0.043	0.859	***	Significant
LO – OP		-0.053	0.056	Insignificant
		Innovation Strategies		
MS–IN–OP		0.584	***	Significant
MS – IN		0.680	***	Significant
IN – OP	0.043	0.859	***	Significant
MS – OP		-0.076	***	Significant

Table 3 shows meditating, and direct effect estimates of structural equation modeling (SEM) path analysis. From the results, it can be observed that market orientation, learning orientation, and marketing strategies have a significant positive impact on innovation while market orientation and marketing strategies have a negative significant impact on organizational performance. Additionally, from the mediation analysis, it can be observed that there is a significant positive impact of market orientation, learning orientation, and marketing strategies on organizational performance with the mediating role of innovation in the case of SMEs of Peshawar and Charsadda.

5 | DISCUSSION

The fundamental objective of the study was to examine the impact of market orientation, learning orientation, and marketing strategies on organizational performance with the mediating role of innovation. To accomplish these six (06) hypotheses were formulated after thoroughly reviewing the literature.

From the outcomes, it was observed that almost all the constructs were interrelated. Based on the structural equation model (SEM) results it was observed that market orientation has a statistically significant impact on organizational performance. As our hypothesis of the study H1, H3, and H5 are supported and are consistent and supported by present literature and prior studies (Putra et al., 2020) reported a significant positive relationship among the variables. Hence, it can be stated that the orientation of the market, learning, and marketing strategies are the variables of this study as well as the fundamental ground for a corporation's values with the help of which organizational performance is increased (Kharabsheh et al., 2017). Based on the above statement the study H1, H3, and H5 hypotheses are supported in context with literature Though in the context of this study since SMEs were employed, therefore, it may be due to their inaccurate estimation of the market practices, rigid structures and culture for employees and vague strategies of marketing which may have resulted in the deterioration of their organizational performances.

The suggestion for SMEs is that when focusing to develop a learning corporation, it is significant that organizations put their customers at the core while doing their activities. It was reported that SMEs' novelty is figured out by the extent of the orientation of the market. Thus, the outcomes suggested that there is a direct relationship between the four variables namely market orientation, learning orientation, marketing strategies, and organizational performance and innovation. These outcomes are supported by (Fang et al., 2014).

Additionally, from the outcomes, it was observed that the mediation effect is statistically significant and positive. As hypotheses H2, H4 and H6 were about mediation among the variables these outcomes are supported by the prior literature. The study of (Bamfo et al., 2019; Cho & Lee, 2020) revealed that there is a significant positive impact of market orientation, learning orientation, and marketing strategies on organizational performance with the mediating role of innovation which was also our study hypothesis H2, H4, and H6. This can be because novelty in an organization helps in providing efficiency and effectiveness in the activities performed within and outside the organization (Suliyanto & Rahab, 2012). Thus, it can be stated that the relationship among the five variables namely market orientation, learning orientation, marketing strategies, and organizational performance and innovation is statistically significant.

6 | CONCLUSION

The main objective of the study was to examine the impact of market orientation, learning orientation, and marketing strategies on organizational performance with the mediating role of innovation. The study adopted a quantitative survey design using an adapted multifactor questionnaire. Since the study used primary data, so data from the SMES of Peshawar and Charsadda was collected from 300 respondents. Initially, a reliability test was performed to test the internal consistency of the instrument. The reliability test was performed using the value of Cronbach's alpha. From the value, it has been observed that the overall instrument is reliable. Thereafter, descriptive statistics and frequency tables of the demographic were performed. From the demographic profile of the respondents, it was observed that the majority of the respondents were male, who were within the age limit between 25 and 35 years, and were having experience of 1 or 2 years. Finally, regression analysis precisely SEM was performed to examine the impact. It was observed that the unmediated effect between the variables is negative like there was a significant negative impact of market orientation, learning orientation, and marketing strategies on organizational performance however when the mediating effect of innovation was introduced in the model it became positive as there was a significant positive impact of market orientation, learning orientation and marketing strategies on organizational performance with the mediating role of innovation observed.

5.1 | Recommendations

Based on the findings of the study on the impact of market orientation, learning orientation, and marketing strategies on organizational performance with the mediating role of innovation, the following recommendations can be made for SMEs in Peshawar and Charsadda:

- SMEs should conduct regular market research to understand their target market, customer needs, and preferences. This can help SMEs to develop products and services that meet the needs of their customers, which can lead to better organizational performance.
- SMEs should invest in employee training and development to foster a learning culture. This can help employees to stay up to date with the latest market trends, develop new skills, and improve their performance.
- SMEs should develop effective marketing strategies that are tailored to their target market. This can include digital marketing, social media, and other advertising channels. Effective marketing can help SMEs to reach their target customers and increase their sales and revenue.
- SMEs should encourage innovation and creativity among their employees. This can be achieved by providing incentives for innovation, creating a supportive work environment, and promoting a culture of experimentation. Innovation can help SMEs to develop new products, services, and processes that can improve their organizational performance.
- SMEs should create a supportive work environment that fosters teamwork, communication, and collaboration. This can help employees to work together effectively and achieve better results.
- SMEs should consider developing partnerships and collaborations with other businesses in their industry. This can help them to access new markets, share resources and knowledge, and improve their organizational performance.

5.2 | Implications

Based on the findings of the study on the impact of market orientation, learning orientation, and marketing strategies on organizational performance with the mediating role of innovation, the following implications can be drawn for SMEs in Peshawar and Charsadda:

- SMEs should focus on understanding their target market, customer needs, and preferences. This requires regular market research and customer feedback. By being market-oriented, SMEs can develop products and services that meet the needs of their customers, which can lead to better organizational performance.
- SMEs should promote a culture of continuous learning and improvement. This can be achieved by providing training and development opportunities to employees, encouraging knowledge sharing, and promoting a growth mindset. A learning-oriented culture can help SMEs to adapt to changes in the market and improve their organizational performance.
- SMEs should invest in developing effective marketing strategies that are tailored to their target market. This can include digital marketing, social media, and other advertising channels. Effective marketing can help SMEs to reach their target customers and increase their sales and revenue.
- SMEs should encourage innovation and creativity among their employees. This can be achieved by providing incentives for innovation, creating a supportive work environment, and promoting a culture of experimentation. Innovation can help SMEs to develop new products, services, and processes that can improve their organizational performance.

REFERENCES

Afriyie, S., et al. (2018). The role of marketing capabilities as a resource-based view on organizational performance. 41(1), 109-123.

Al-Surmi, A., et al. (2020). The impact of aligning business, IT, and marketing strategies on firm performance. 84, 39-49.

Bamfo, B. A., et al. (2019). Market orientation and performance of small and medium enterprises in Ghana: The mediating role of innovation. *6*(1), 1605703.

Bhattarai, C. R., et al. (2019). Market orientation, market disruptiveness capability and social enterprise performance: An empirical study from the United Kingdom. *96*, 47-60.

Chen, D. Q., et al. (2015). How the use of big data analytics affects value creation in supply chain management. *32*(4), 4-39.

Chiarelli, A. J. S. B. I. R. (2021). The impact of dynamic capabilities and market orientation on firm performance: a case study of higher education consulting firms. *5*(1), e312.

Cho, Y. H., & Lee, J.-H. J. S. (2020). A study on the effects of entrepreneurial orientation and learning orientation on financial performance: Focusing on mediating effects of market orientation. *12*(11), 4594.

Dabrowski, D., et al. (2019). Market orientation and hotel performance: The mediating effect of creative marketing programs. *41*, 175-183.

Durst, S., et al. (2019). The linkage between knowledge risk management and organizational performance. *105*, 1-10.

Eisenhardt, K. M., & Martin, J. A. J. S. m. j. (2000). Dynamic capabilities: what are they? , *21*(10-11), 1105-1121.

El-Kassar, A.-N., et al. (2019). Green innovation and organizational performance: The influence of big data and the moderating role of management commitment and HR practices. *144*, 483-498.

Fang, S.-R., et al. (2014). Internal market orientation, market capabilities and learning orientation. *48*(1/2), 170-192.

Feng, T., et al. (2019). Customer orientation and firm performance: The joint moderating effects of ethical leadership and competitive intensity. *100*, 111-121.

Fernhaber, S. A., & McDougall, P. P. (2005). New venture growth in international markets: the role of strategic adaptation and networking capabilities. In *International entrepreneurship* (Vol. 8, pp. 111-136). Emerald Group Publishing Limited.

Haryanto, A. T., et al. (2017). Market orientation, learning orientation and small medium enterprises performance: the mediating role of innovation. *7*(1), 484-491.

Hernández-Linares, R., et al. (2021). Dynamic capabilities and SME performance: The moderating effect of market orientation. *59*(1), 162-195.

Hutahayan, B. J. A. P. M. R. (2021). The relationships between market orientation, learning orientation, financial literacy, on the knowledge competence, innovation, and performance of small and medium textile industries in Java and Bali. *26*(1), 39-46.

Iyer, P., et al. (2019). Market orientation, positioning strategy and brand performance. *81*, 16-29.

Khan, I., & Bashir, T. J. I. J. o. M. S. (2020). Market orientation, social entrepreneurial orientation, and organizational performance: The mediating role of learning orientation. *13*(4), 673-703.

Kharabsheh, R., et al. (2017). Learning orientation, market orientation and organizational performance: The mediating effect of absorptive capacity. *7*(1), 114-127.

Kozlenkova, I. V., et al. (2014). Resource-based theory in marketing. *42*, 1-21.

Lee, C. M. J., et al. (2021). Service customer orientation and social sustainability: The case of small medium enterprises. *122*, 751-760.

Lombardi, S., et al. (2019). Linking employees' affective commitment and knowledge sharing for an increased customer orientation.

Mahmoud, M. A., et al. (2016). Market orientation, learning orientation and business performance: The mediating role of innovation.

Manzoor, F., et al. (2021). Small and medium-sized enterprises and economic growth in Pakistan: An ARDL bounds cointegration approach. *7*(2), e06340.

Mukonza, C., et al. (2020). The influence of green marketing strategies on business performance and corporate image in the retail sector. *29*(3), 838-845.

Na, Y. K., et al. (2019). The effect of market orientation on performance of sharing economy business: Focusing on marketing innovation and sustainable competitive advantage. *11*(3), 729.

Nakos, G., et al. (2019). The mediating role of alliances in the international market orientation-performance relationship of SMEs. *28*(3), 603-612.

Perevozova, I., et al. (2020). Integration of the supply chain management and development of the marketing system. *9*(3), 496-507.

Pratono, A. H., et al. (2019). Achieving sustainable competitive advantage through green entrepreneurial orientation and market orientation: The role of inter-organizational learning.

Preacher, K. J., et al. (2004). SPSS and SAS procedures for estimating indirect effects in simple mediation models. *36*, 717-731.

Putra, A., et al. (2020). Examining the linkage among market orientation, learning orientation and innovation performance: The mediation role of knowledge management. *7*(6), 131-145.

Sa, M. L. L., et al. (2020). Knowledge creation process, customer orientation and firm performance: Evidence from small hotels in Malaysia. *25*(2), 65-74.

Singh, S. K., et al. (2021). Top management knowledge value, knowledge sharing practices, open innovation and organizational performance. *128*, 788-798.

Suliyanto, S., & Rahab, R. J. A. S. S. (2012). The role of market orientation and learning orientation in improving innovativeness and performance of small and medium enterprises. *8*(1), 134.

Tajeddini, K., & Ratten, V. J. J. o. S. M. (2020). The moderating effect of brand orientation on inter-firm market orientation and performance. *28*(3), 194-224.

Udriyah, U., et al. (2019). The effects of market orientation and innovation on competitive advantage and business performance of textile SMEs. *9*(9), 1419-1428.

Varadarajan, R. J. I. M. M. (2020). Customer information resources advantage, marketing strategy and business performance: A market resources based view. *89*, 89-97.

Wilden, R., & Gudergan, S. P. J. J. o. t. A. o. M. S. (2015). The impact of dynamic capabilities on operational marketing and technological capabilities: investigating the role of environmental turbulence. *43*, 181-199.

Zhang, Y., et al. (2019). The influence of management innovation and technological innovation on organization performance. A mediating role of sustainability. *11*(2), 495.