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Investigating the Effect of Market Orientation Dimensions on Non-Financial Firm Performance in the Nigerian Fintech Sector

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ABSTRACT

This study investigated the effect of the dimensional use of the Market Orientation (MO) model on non-financial performance in the Nigerian Fintech sector. Specifically, this study employed the dimensions of customer orientation, competitor orientation, and inter-functional coordination of the Narver and Slater market orientation model. The Resource-based View Theory underpinned this study. This study employed a descriptive research design, with a population of 2451 employees from Fintech firms in Lagos State, Nigeria. A sample size of 345 employees was obtained using the Yamane formula, while convenience sampling was adopted for the study based on the respondents' availability and willingness to participate in the study. Data collected was analysed using correlation and regression analysis. The findings revealed that the MO dimension of inter-functional coordination negatively affects the non-financial performance of the selected Fintech firm. In contrast, the other dimensions (customer orientation and competitor orientation) showed positive and significant relationships with non-financial performance. The study, therefore, recommends synergy among the employees and various departments within the Fintech firms under study for efficient and effective dissemination of information to enhance the organisation's overall performance. As the regulator of these Fintech firms, the Central Bank of Nigeria must strongly support the Fintech sector through attainable policies.

Keywords: Competitor Orientation, Customer Orientation, Inter-Functional Coordination, Market Orientation (MO), Non-Financial Performance

1. INTRODUCTION

Consumer needs are constantly changing. Consequently, organisations ought to identify these changing needs of their consumers to ensure they remain innovative and consistently add value to their consumers, which guarantees their competitive edge in their various markets. The sole aim of a business organisation is to minimise costs while maximising new market opportunities and profits, which ultimately impact its performance (Smith et al., 2017). Onditi (2016) opined that firm performance is an important part of every business organisation, as it provides a standard to measure and achieve meaningful improvements in all facets of the firm's operations. The rise in goods and services of organisations has prompted them to develop innovative business models that may, in turn, present competitive threats to established businesses. Strategic flexibility with a focus on the market is also important because Fintech's capacity to outperform its competitors determines whether it survives and prospers (Cadogan et al., 2012).

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Therefore, quickly adjusting plans and responding efficiently to market dynamics becomes increasingly critical for improving Fintech's success in a rapidly changing marketplace (Shalender & Yadav, 2019). Thus, Market Orientation (MO) ushers in the required strategic flexibility to survive in the marketplace. Consequently, there is an increasing focus on determining the best business models in the sharing economy and conversations about revitalising pertinent markets in the Fintech Companies (Oliveira et al., 2020).

Given that, MO may be the new direction for an organisation's marketing decisions and strategies. It is remarkably different from hitherto product, production, and sales orientations that dominated the 1950s. These Fintechs are organisations categorised under organisations that offer financial solutions other than the traditional financial organisations located within Lagos, Nigeria. Given that a number of researchers have provided evidence in favour of MO as a beneficial organisational resource, there is a need for an additional study to examine the relationship between MO and performance across various organisations, especially within Fintechs. During COVID-19, many bank customers experienced difficulties accessing their funds due to insufficient funds or network failures, lack of swiftness, and many other factors. This increased patronage of Fintech with its unique products and services, and yet again, consumers experienced shortfalls. Several Fintechs emerged at that period that eventually fizzled away due to their inability to remain competitive, provide services that align with market needs, provide financial inclusion, and thrive in the harsh business environment. Additionally, there is an empirical dearth in literature regarding previous studies on MO and non-financial performance for Fintechs in the Nigerian context (Pham et al., 2024).

2. RESEARCH OBJECTIVES

The three research objectives are listed as:

- Research objective 1 - Investigate the effect of customer orientation on the non-financial performance of Fintech Firms in Lagos State.
- Research objective 2 - Investigate the effect of competitor orientation on the non-financial performance of Fintech Firms in Lagos State.
- Research objective 3 - Investigate the effect of inter-functional coordination on the non-financial performance of Fintech Firms in Lagos State.

3. LITERATURE REVIEW

A research study was conducted by Oyewale and Iheanacho (2023) on the effect of MO and firm performance in a Nigerian financial service using Guaranty Trust Bank as a case study. The study employed a quantitative research design, while a structured questionnaire was used in data collection. Stratified sampling techniques were adopted in selecting 370 employees as the sample, while the data collected was analysed using inferential and descriptive tools of percentages, mean, standard deviation, and regression analysis, respectively. The result of the study revealed that inter-functional and customer orientations impact (major and big, respectively) firm performance, especially for firms in the service industry.

Again, Waruiru et al. (2018) conducted research to examine the influence of inter-functional coordination on the performance of insurance organisations in Kenya. The study adopted a cross-sectional survey research design. The study population was 50 insurance firms, and 384 employees comprised the sample size. The sample size was selected using a stratified random sampling technique. The quantitative data for the study was collected using questionnaires. The collected data was analysed using descriptive and inferential statistics, correlation, and multiple regression analysis, while the qualitative data was analysed using content analysis. The findings showed that inter-functional coordination was significantly related to organisational performance for insurance firms. The study suggests that insurance firms should allow for clear and effective organisational structure for smooth operations, ease of communication, and information sharing.

Another research study was conducted by Ogundare and Van der Merwe (2024) on the role of competitor orientation and proactiveness in competitive advantage for SMEs' performance in Nigeria. The study examined how competitor orientation and proactiveness enhance the performance of SMEs in Nigeria through the use of questionnaires for owners (managers) of SMEs. A quantitative research design, stratified and simple random sampling, was employed to obtain a sample of 100 SMEs' owners (managers). The study showed that customer orientation and proactiveness significantly affect SMEs' performance.

Additionally, Hassen and Singh (2020) conducted a study on the effect of MO on the performance of SMEs in Ethiopia's Amhara Region. The study employed a cross-sectional study using a sample size of 250 SMEs. The sample was selected using the simple random sampling technique. Primary data was collected using a well-structured questionnaire from the 250 managers and owners of SMEs. They employed a multivariate data analysis technique, structural equation modeling, to evaluate the data. Their research showed that the performance of SMEs in the area was significantly and favourably impacted by two aspects of MO; inter-functional cooperation and customer orientation. The competitor orientation component, however, did not have a statistically significant and favourable impact on performance. More MO is required to achieve greater performance. Finally, SMEs in the region were advised to improve their level of competition given that the enterprises operational in that region operate under a stiff competitive environment.

3.1 Market Orientation (MO)

Market Orientation (MO) is a multifaceted idea that can affect a business's performance (Abbu & Gopalakrishna, 2021; Sett, 2018). However, Liao et al. (2011) have contended that an empirical study is required to uncover new dimensions of the MO paradigm. According to Sett (2018), MO has three main components - identifying opportunities and risks, taking advantage of opportunities and/or fending off dangers, and modifying organisational resources to respond to changes in the external environment. According to Narver and Slater (1990), market-oriented businesses focus on rivals and customers. When a firm's culture is continuously and fully committed to creating superior customer value, it views it as market-oriented. According to some viewpoints, MO is characterised as a customer-focused approach (Crick, 2021; Osuagwu, 2019), consistent with the marketing idea that views customers as the primary focus of MO.

3.2 Customer Orientation and Firm Performance

Customer orientation refers to a business's approach to obtaining data on the behaviours of its present and potential customers and sharing and applying this data inside the organisation (Yuki & Kubo, 2023; Schulze et al., 2022). Identification, analysis, comprehension, and response to consumer behaviour are all included in the scope of customer orientation (Yang et al., 2020; Schulze et al., 2022). Customer orientation is the methodical process of gathering market input to obtain a comprehensive grasp of consumer behaviour (D'souza et al., 2022).

3.3 Competitor Orientation and Firm Performance

Competitor orientation is a business's capability to analyse its rivals' strengths, weaknesses, and short- and long-term strategies (Yulianthini et al., 2021). According to Narver and Slater (1990) and Yulianthini et al. (2021), this approach involves identifying current and potential competitors, assessing their technologies, and determining their appeal from the target customers' perspective. Emphasising the importance of meeting and surpassing the competition, competitor-oriented businesses continuously compare their products and capabilities with those of their competitors.

3.4 Inter-functional Coordination and Firm Performance

The concept of an inter-functional approach is demonstrated when there is a concerted attempt to optimise the company's resources to provide superior performance in the eyes of the client (Mubarak, 2019). This suggests that an inter-functional attitude acknowledges that understanding and meeting consumer needs is a team effort involving multiple departments. According to Chan (2020), a strong inter-functional orientation means that these divisions work together and exchange information to ensure the entire firm is customer-focused and adaptable to changing market conditions.

3.5 Theory

The Resource-based View (RBV) Theory, as propounded by Wernefelt (1984), as cited in Lockett et al. (2009), views firms' assets and resources as being semi-permanently attached to the firm. The theory emphasises the resources a firm has developed to succeed in its competitive landscape, viewing its internal environment as the major root of competitive advantage. As stated by Barney (1991), this theory posits that an organisation's sustained competitive advantage is centered on its resources being valuable, rare, imperfectly imitable, and highly non-substitutable. In the context of Fintech, applying this theory to the current study offers a framework for comprehending how Fintech's internal resources and competencies might influence its competitive advantage and, ultimately, its performance. Resources, however, are not enough to achieve the desired performance. Hence, the market needs identification through market orientation philosophy and satisfying such needs.

4. RESEARCH METHODOLOGY

This study employed quantitative techniques of descriptive research design to evaluate the dependent variable's predictability on the independent variable while establishing the influence of the variables (MO and non-financial performance) under study (Churchill & Jacobucci, 2002). A self-administered questionnaire divided into two sections of the respondents' demographic data as part A and 34 questions of part B regarding the study variables was used as the study instrument.

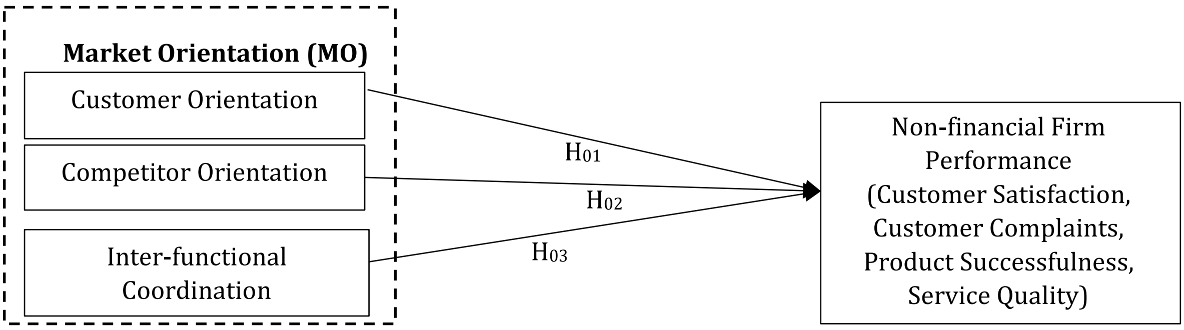

Figure 1. Study Model

The study population consisted of employees from the Fintech firms under study, totaling 2,451, as provided by the Human Resource Department of these firms. A sample size of 345 employees was chosen using the Yamane formula, while the researcher conveniently distributed the questionnaires based on the availability of the respondents. A reliability study was conducted using 32 respondents conveniently selected from Fintech employees who are knowledgeable in this study, while a validity test was done using 10 experts in the marketing and management departments of the University of Lagos. The data gathered for the study was analysed using Pearson correlation moment and regression analysis. The study model is, therefore, as follows.

5. RESEARCH FINDINGS

This research study used the Statistical Package for Social Science (SPSS) version 29.0 for analysis. Correlation and regression analyses were used to determine the relationship between the market orientation dimensions (customer orientation, competitor orientation, and inter-functional coordination) and non-financial performance for Fintech firms.

Research objective 1 of this study is to investigate the effect of customer orientation on the non-financial performance of Fintech Firms in Lagos State.

Table 1 Regression Results of Customer Orientation on Non-Financial Firm Performance

Variables	β	t	Sig.	R	R^2	F	p
Constant		2.520	0.012	0.813	0.671	608.551	<0.05
Customer Orientation	0.819	4.669	0.000				

The regression analysis of the impact of customer orientation on Fintech's non-financial firm performance is shown in Table 1. The R^2 value of 0.671 indicates the coefficient of determination, which shows that 67.1% of the variance in the firm's performance can be explained by customer orientation at 0.000 significance level. The strength of the link is expressed in standard deviation units by the standardised coefficient (β) of 0.819. The high t-value of 4.669 signifies the statistically significant association between customer orientation and non-financial firm performance. The F-statistic value of 608.551 shows a high F-value, indicating a statistically significant model. Also, the p-value <0.05 signifies that customer orientation significantly impacts non-financial firm performance for FinTech.

Research objective 2 for this study is to investigate the effect of competitor orientation on the non-financial performance of Fintech Firms within Lagos State.

Table 2 Regression Results of Competitor Orientation on the Non-Financial Firm Performance

Variables	β	t	Sig.	R	R^2	F	p
Constant		6.717	0.012	0.811	0.658	574.393	<0.05
Competitor Orientation	0.819	23.967	0.000				

Table 2 shows the regression analysis of the effect of competitor orientation on the non-financial firm performance. The strength of the link is expressed in standard deviation units by the standardised coefficient (β) of 0.819. The R^2 value of 0.658, which indicates the coefficient of determination, revealed that the competitor orientation could explain 65.8% of the variance in the firm's performance at 0.000 significance level. The F-statistic value of 574.393 shows a high F-value, indicating a statistically significant model. Also, the p-value <0.05 signifies that competitor orientation significantly impacts non-financial firm performance for FinTech.

Research objective 3 for this study is to investigate the effect of inter-functional coordination on the non-financial performance of Fintech Firms within Lagos State.

Table 3 Regression Results of Inter-Functional Coordination on the Non-Financial Firm Performance

Variables	β	t	Sig.	R	R^2	F	p
Constant		18.046	0.000	0.040	0.002	0.593	<0.05
Inter-functional Coordination	-0.045	-0.770	0.442				

Table 3 shows the regression analysis of the effect of inter-functional coordination on the non-financial firm performance. The strength of the link is expressed in standard deviation units by the standardised coefficient (β) of -0.045. The R^2 value of 0.002, which indicates the coefficient of determination, revealed that 0.2% of the variance in the firm's performance can be explained by the inter-functional coordination. The F-statistic value of 608.551 shows a high F-value, indicating a statistically significant model. Also, the p-value <0.05 signifies that customer orientation significantly impacts non-financial firm performance for FinTech.

6. RESULTS AND DISCUSSION

This study investigates the MO dimensions and non-financial firm performance of FinTech in the emerging Nigerian Fintech sector in Lagos State. The MO dimensions of customer orientation, competitor orientation, and inter-functional coordination were examined and tested to determine their respective effects on Fintech's non-financial firm performance.

The results showed that the customer orientation dimension has a strong, positive, and significant effect on non-financial firm performance. This finding concurs with the scholarly research of Oyewale and Iheanacho (2023) on MO effect and firm performance in a Nigerian financial service firm using Guaranty Trust Bank plc as a case study. Customer focus was identified to greatly impact the performance of firms, especially as it relates to the service industry, one to which the Fintech organisations in this study belong. This study additionally revealed that competitor orientation strongly, positively, and significantly affects non-financial firm performance. This research finding aligns with Ogundare and Van der Merwe’s (2024) study on the role of competitor orientation and proactiveness on competitive advantage for SMEs performance in Nigeria, where competitor orientation was found to have a significant effect on performance.

In this study, inter-functional orientation was revealed to have a negative and non-significant effect on the performance of non-financial firms. However, the researcher has found no statistical or extant literature supporting this finding. This may result from a lack of commitment to interdepartmental relationships and information sharing between the various departments in the Fintech firms.

Again, the negative result may be due to the employee rivalry or unwillingness of the employees to perform their duties by disseminating the required information within the organisation for adequate workplace flow, sometimes caused by poor remuneration and perceived excessive workload typical of the Nigerian environment. More so, this study negates the research findings of Waruiru et al., (2018) conducted to examine the influence of inter-functional coordination on the performance of insurance organisations in Kenya, whose result was indicative that inter-functional coordination was significantly related to organisational performance for the insurance firms.

7. CONCLUSION

This study concludes, therefore, that the MO dimension of customer orientation and competitor orientation significantly affects the performance of the Fintech firms within Lagos, Nigeria, while inter-functional coordination insignificantly and negatively affects the performance of the Fintech firms within Lagos, Nigeria. Through this study carried out, the Central Bank of Nigeria, as the regulator of these fintech firms, is advised to strongly support the fintech sector through attainable policies such as the licensing fee and conditions once such fintech's get registered and licensed by the Central Bank of Nigeria and the corporate affairs commission, they are to automatically be permitted to collaborate with other financial institutions in carrying out their businesses. Again, financial support to those FinTech in their start-up stage is recommended to enable them to emerge stronger, which is required from the Central Bank of Nigeria.

On the other hand, these Fintech organisations are to consistently and continuously uphold the practice of customer orientation in their services. This serves as the foundation for sustainable business and enhances performance through consistent research and identification of individual and unique needs of their customers. The management and employees of FinTech should take competition seriously as it paves the way for competitive advantage, especially when FinTech is ahead of its competitors in innovation. More so, with the probable saturation of the marketplace in this sector of the economy and increasing rivals, the design and launch of unique products such as personalised products and services is crucial for them to remain relevant and outweigh competition.

As earlier stated, that the RBV theory was used in underpinning this study, it is therefore pertinent to note that from the findings of the study, there is lack of inter-departmental collaborations indicating that the resources of the FinTech which may include the human and non-human resources are not well and fully harnessed or utilised to yield a high level of non-financial performance for the organisation. Hence, this indicates low competitive advantage and low sustainability in the Fintech marketplace.

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