EFFECT OF MARKET ORIENTATION STRATEGY ON THE PERFORMANCE OF SELECTED MANUFACTURING FIRMS IN NORTH CENTRAL, NIGERIA

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Abstract
The increasing rate of manufacturing firm's failure in North central is worrisome and the multiplier effect could be damning to the economy and this propelled the need for this study. This study examined the effect of market orientation proxied by competitor orientation, customer orientation and inter-functional coordination on performance of selected manufacturing firms in North central, Nigeria. Survey design was adopted and primary data was collected using 5-point Likert scale structured questionnaire from a census sampling of 264 manufacturing firms in North-central. The study employed the Partial Least Square Structural Equation Modeling (PLS-SEM). The data collected found that competitor orientation and inter-functional coordination has positive and insignificant effect on performance of selected manufacturing firms in North-central while customer orientation has positive and significant effect on the performance of manufacturing firms in North-central. Based on the foregoing, the study recommends Manufacturing firm owners/managers should avoid focusing too much on competitors and instead take a balanced approach that also values customer focus. In addition, Managers/owners of manufacturing firms should prioritize and invest in key inter-functional coordination activities that offer clear benefits, while also integrating these efforts with other strategic initiatives to improve overall performance.
Keywords: Competitor Orientation, Customer Orientation, Inter-functional Coordination and Performance

INTRODUCTION

In the contemporary global business landscape, top managers strive to improve firm performance through execution of organizational strategies and as a result, market orientation becomes a crucial strategy of an organization to stay competitive in the current uncertain business environment (Goldman & Grinstein, 2023). Also, the manufacturing firms face challenges such as fluctuating customer demands, technological advancements, and intensifying competition. These challenges necessitate adopting market-oriented strategies to sustain and enhance performance.

Market orientation is a critical strategic approach in emphasizing customer focus, competitor awareness, and inter-functional coordination. It reflects the extent to which firms innovate and respond to market intelligence to meet customer needs effectively and gain competitive advantage (Ram & Pradeep, 2022). This has been attributed to the view that in contemporary business environment, customers prefer companies that can deliver coordinated long-lasting satisfaction and value through the products they offer (Jawad et al., 2023). As such, there is need for businesses to continuously generate information about the current and future customer needs and wants, disseminate this information to all departments and respond to changes promptly.

In Nigerian, the importance of market orientation has gained prominence as businesses navigate the country's rapidly evolving economic landscape. Nigeria, being Africa's largest economy and a hub for diverse industries, faces challenges such as fluctuating market demands, stiff competition, and an unpredictable environment. These factors necessitate the adoption of market-oriented practices to enhance organizational performance (Osuagwu, 2023). As global and local markets become increasingly competitive, adopting a market-oriented approach becomes essential for manufacturing firms to remain relevant, meet changing customer demands, and leverage emerging market opportunities. Understanding the relationship between market orientation and firm performance becomes particularly crucial.

According to Slater and Narver (2012) cultural aspect of market orientation consists of two dimensions, that customer orientation, and inter-functional coordination. However, Kohli and Jaworski (2019); Homburg et al. (2019) stated that market orientation comprises three key components: competitor orientation, inter-functional coordination, and customer orientation. Each of these dimensions is used to achieve enhanced performance and long-term profitability.

Competitor orientation is a critical component of a firm's market orientation that enables firms to anticipate market trends, identify opportunities and threats, and adapt their offerings to meet or surpass competitive benchmarks (Neneh, 2023). By systematically gathering and analyzing information about competitors' strengths, weaknesses, strategies, and market positioning, firms can make informed strategic decisions that enhance their competitive advantage (Asikhia, 2023). Furthermore, adopting a competitor-oriented strategy enables firms to understand their industry landscape comprehensively, fostering resilience and sustaining superior performance in dynamic and highly competitive markets.

Customer orientation involves prioritizing the identification and satisfaction of customer needs and preferences. It significantly enhances firm performance by fostering long-term customer relationships, loyalty, and value creation. Customer-oriented firms systematically collect and analyze customer feedback to tailor their products, services, and strategies, which leads to improved operational efficiency (Homburg et al., 2019; Borodako et al., 2023). Moreover, customer-oriented strategies often lead to stronger brand loyalty and increased customer retention rates, further solidifying a firm's market position. Inter-functional coordination is also an element of market orientation that emphasizes the collaborative integration of different organizational functions to enhance firm performance. This coordination ensures that resources, knowledge, and skills from various departments are aligned to create superior value for customers and achieve strategic objectives (Hamilton & Edith, 2020). By fostering synergy across functions such as marketing, production, and research and development, firms can respond more effectively to market demands. Firms with strong inter-functional coordination can leverage their collective capabilities to optimize resource utilization, reduce costs, and enhance product quality, thereby driving overall performance (Bowen, 2019).

Firm performance assessed how well a company achieves its objectives, it is essential for assessing an organization’s success, market position, and sustainability because It reflects financial health, and operational efficiency. Evaluating firm performance provides insights into resource utilization, and serving as a foundation for decision-making and long-term planning (Omar & Zineb, 2019). Strong performance ensures a firm's resilience and adaptability in dynamic business environments. Therefore, a firm's performance is measured based on its established goals and objectives. Measuring performance has indicators financial and nonfinancial measurements or indicators. The financial performance indicators include profitability, return on assets, return on investment, return on equity while the nonfinancial indicators comprise customer retention, customer satisfaction, market share, employee turnover, new product development and innovation (Hamilton & Edith, 2020). Thus, this study will assess the effect of market orientation on the non-financial performance indicators of selected manufacturing firms in North Central Nigeria.

Statement of the Problem

In the contemporary business environment, manufacturing firms operate in highly dynamic and competitive markets. Market orientation, characterized by the continuous gathering, dissemination, and responsiveness to market intelligence, is considered a critical strategy for sustaining competitive advantage. Despite its recognized importance, many manufacturing firms struggle to effectively implement market-oriented practices, leading to declining productivity, low patronage, and subsequently leading to decline in their overall performance (Bambang et al., 2024). It is also worrisome that government provide also provide favorable policies, regulations and support aimed at improving the performance of manufacturing firms, the sector still experience inconsistency in their performance which has led to most of the firms folding up. Therefore, it becomes imperative to investigate the effect of market orientation on the performance of selected manufacturing firms in North Central, Nigeria.

Thus numerous studies (Quimada et al., 2024; Opoku et al., 2024; Nadeem et al., 2023; Orbaningsih et al., 2024; Amue & Igwe , 2023; Aliyu, 2023; Naveed & Nadeem, 2023; Oyewale & Iheanacho, 2023) have investigated this topic across various sectors, economies as well as methodology, specific research on manufacturing firms in North Central are limited, hence this study fill this gap by specifically focusing on the effect of market orientation on the performance of selected manufacturing firms in North Central Nigeria.

The general objective of the study is to examine the effect of market orientation on the performance of selected manufacturing firms in North Central, Nigeria. To achieve the objective, the study specifically;

i. Assess the effect of competitor orientation on the performance of selected manufacturing firms in North Central, Nigeria;
ii. Explore the effect of customer orientation on the performance of selected manufacturing firms in North Central, Nigeria;
iii. Investigate the effect of inter functional coordination on the performance of selected manufacturing firms in North Central, Nigeria;

LITERATURE REVIEW

Market Orientation

The concept of market orientation is defined as the way businesses manage all their multiple stakeholders and examine the extent to which businesses behave or are inclined to behave, in accordance with the marketing concept (Shehu & Mahmood, 2014). It can also be described as a means to ensure the timely identification and satisfaction of customer needs. Firms following the market orientation strategy go along with an open system which allows them to have an active interaction with the external environment while firms that remain focused on their internal systems, try to develop a defensive system against environmental shocks. Market orientation thus involves the process of integrating activities with emphasis on delivering superior customer value rather than focusing on costs (Awwad, & Agti, 2011).

In other words, market orientation can be considered as the tendency of organizational activities to respond to the market demand well than competitors and predict market changes well to create a sustainable competitive advantage and high profits (Jeong, 2017). Market oriented organizations make efforts to actively cope with market responses by establishing an open communication system for sharing market information through functional coordination among the members (Schlegelmilch & Ram, 2020). According to Mustari et al. (2021) market orientation is the process of acquiring, disseminating, and applying diverse customer related knowledge. In addition, this market orientation is conducted to anticipate business competitors.

However, market orientation is an internal asset that helps companies gain sustainable competitive advantage by incorporating superior consumer value into new goods and services, this value can be achieved by taking into account customers' current and future needs, organizational knowledge and abilities, and the external environment, as well as involving all departmental functions in customer-focused activities and strategies (Saleh, 2015). Market orientation is such a knowledge-based resource supporting new product development processes and resulting in superior new product performance outcomes (Dogbe et al., 2020).

Based on the preceding discussion, this study defines market orientation as an organizational culture and strategic approach focused on identifying, understanding, and satisfying the needs and preferences of customers, while continuously monitoring competitors and responding to changes in the market environment to create superior value for customers and achieve sustainable business performance.

Competitor Orientation

Competitor orientation is one of the market orientation components based on an organization's ability to understand the competitor's capabilities and strategies as well as strengths and weaknesses in order to generate competitive advantage in the organization. It involves an organization assessing their positions, developing appropriate strategies and responding quickly to competitors' actions and market dynamics

(Chebet & Bernard, 2019). According to Lado et al. (2019) it is the responsibility of firms to analyze their markets, environment and competitors, use the collected information to coordinate all organization's departments, and develop competitive actions in order to maintain the sustainable competitive advantage.

Competitor orientation represents an organization's comprehensive understanding and continuous monitoring of its competitors' capabilities, strategies, and market positions, coupled with the ability to respond effectively to their actions while anticipating future competitive moves. This involves not just gathering competitive intelligence but developing organizational processes to disseminate and act upon this knowledge (Zhang & Chen 2023). A competitor-oriented firm is characterized by its systematic approach to identifying, analyzing, and tracking competitors' strengths, weaknesses, and behavioral patterns. This orientation extends beyond mere market surveillance to include the development of defensive and offensive strategies based on competitive insights, ultimately influencing resource allocation and strategic decision-making (Rodriguez, 2022).

Furthermore, according to Kim and Park (2021) Competitor orientation is defined as the organizational capability to analyze and understand competitors' short-term strengths and weaknesses and long-term strategies and competencies. This includes the firm's ability to utilize competitive intelligence for strategic planning and the development of sustainable competitive advantages. A firm's competitor orientation manifests in its systematic processes for collecting, analyzing, and responding to competitor information, including the development of organizational routines that enable quick adaptation to competitive threats and opportunities. This orientation shapes not only strategic decisions but also operational activities and resource deployment (Thompson, 2020).

Hence, this study defines competitor orientation as a business approach where a company actively gathers and analyzes information about its competitors' strengths, weaknesses, strategies, and market activities to make better decisions and stay competitive.

Customer Orientation

Olimpia (2021) defined customer orientation as a strategic orientation that reflects the firm's ability to create and deliver superior customer value through the processing of market intelligence. According to Khan and Khan (2019) customer orientation encompasses all actions aimed at satisfying the requirements and desires of current and prospective customers in order to attain exceptional performance. A firm that priorities the needs and preferences of its customers have an indirect impact on its ability to innovate and improve its performance in this regard (Kim, 2017).

Customer orientation focuses on comprehending customer demands and preferences by understanding their purchasing habits, expectations, and beliefs (Lieshout et al., 2021). It provides the ability to understand and develop the product and process to fulfill the customer's expectation for greater company performance (Han & Zhang, 2021). Customer orientation is the organization's needs and ability to identify, analyze, understand and respond to customer needs (Yazdani, 2021). Customer orientation is the expansion of customer information across the organization, formulation of strategies and special techniques to meet market needs more practical form and from all parts of the organization and sense of commitment to the related program throughout the organization (Rsjoei, 2019).

Awwad and Agti (2011) defined customer orientation as the principle of readiness to meet and respond promptly to customers' needs and wants. In a nutshell, it entails the total packages of external customers' welfare in an organization. While Tadepalli (2017) affirmed that customer orientation is seen as an employee's tendency or predisposition to meet customer needs on-the-job context. In this study, customer orientation is defined as an approach where a business focuses on understanding and meeting the needs, preferences, and expectations of its customers to deliver value and build strong relationships.

Inter Function Coordination

Inter functional coordination is defined as the coordinated utilization of a firm's resources in creating superior value for target and potential customers (Saleh, 2015). Inter functional coordination refers to demonstrating willingness by members of different functional areas of an organisation to communicate, think, and work together to Inter functional coordination refers to demonstrating achieve their objectives, effectiveness, competitive willingness by members of different functional areas of an advantage, and performance (Woodside, 2022). It represents the integration of all functions in a firm to satisfy and serve customer needs, wants, and demand (Zhao & Cavusgil, 2023).

Inter functional coordination is the coordination of all departments and functional areas in information to create superior value for customers the business in utilizing customer and other market information to create superior value for customers (Awwad & Agti, 2021). Tay and Tay (2017) referred to inter functional coordination as the degree of teamwork between the diverse departments in the organisation. Auh and Menguc (2023) viewed inter functional coordination as a key form of internal social capital and work around conflicting perspectives and mental models by putting away functional interests for the benefit described inter functional coordination as the ability of different functional areas to accommodate disparate views specified as rapid and synchronized flow of information of the entire organisation. Inter functional coordination was and adoption between structure and strategy.

Inter-functional orientation is defined as demonstrating the willingness by members of different functional areas of an organization to communicate and work together for the creation of value to target buyers (Jummai et al., 2021). The first two components essentially involve collection and dissemination of information from market throughout the enterprise, whereas inter-functional coordination includes integration of all necessary enterprises resource in a cohesive way to create value for target customers. To achieve effective inter-functional coordination, enterprises must engage all business functions. Different departments/employees should work together effectively without tensions and rivalries in order to serve customers effectively. This is usually applied in rewarding every functional area for their contribution on added value for customers (Pelham & Wilson 2022).

More so, it is a strategic integration approach that transcends traditional departmental boundaries, promoting interdisciplinary collaboration, knowledge sharing, and collective responsibility through structured communication channels, shared performance metrics, and complementary operational frameworks (Rodriguez-Sanchez, 2023). Building on the foregoing, this study conceptualizes inter functional coordination as the process of aligning and integrating the efforts, resources, and goals of different departments or functions within an organization to achieve shared objectives and ensure smooth operations.

Performance

Performance is the long-term wellbeing of an enterprise compared to those of competitors; it explains the degree of fulfilment of managerial goals in business practices and realized outputs of these goals by the end of a specified period. Performance is the outcome of work because they provide the strongest linkage to the strategic goals of the organization, customer satisfaction, and economic contributions (Umoh et al., 2020). Performance plays a major role to companies in order to succeed in the competitive business field nowadays and because of that constitutes an important of the studies' interests (Cheese, 2020).

According to Woodside (2023) performance entails how an enterprise identifies with their customers' needs and expectations, and it reflects in what way an enterprise makes use of its resources in order to ensure its objectives achievement and the attainment of its set goals. An enterprise is effective when it attains an assigned market share or sales growth goals in an efficient manner, and thus, the organisation is referred to as effective if it makes the most of its resources in order to achieve high performance level (Chebet & Bernard, 2019).

Organizational performance refers to the overall effectiveness, efficiency and achievement of an organization in meeting its objectives and delivering desired outcomes, it is also the capacity or an organization to achieve its objectives and maximize outcomes (Khan & Khan, 2019). Performance as the ability to meet planned output quantities, meet market demand for product or service, to deliver quality products or service to customers and to meet planned profit levels. Performance of an enterprise is generally centered on either efficiency or effectiveness since the business enterprise must eventually be profitable to survive (Awwad & Agti, 2021).

Performance measurement has evolved from purely financial performance measures such as profit, cash flow or the return on capital employed (ROCE). Presently there is greater emphasis on non-financial and multi-dimensional performance measures to understand and manage the performance of the organization to achieve its goals (Orbaningsih et al. 2024). While the nonfinancial dimensions comprise customer retention, customer satisfaction, market share, employee turnover, new product development and innovation (Opoku et al., 2024). Based on this research context, this study defines performance as the measurable outcomes or results achieved by an organization in relation to set goals, objectives, or standards. Furthermore, the study used the non-financial dimension of performance for measurements.

Empirical Review

Gogo et al. (2024) examined the effect of competitor orientation on the performance of manufacturing firms in Kenya. Descriptive survey design was adopted, which targeted 134 manufacturing firms registered members of the Machakos and Central Kenya Chapters of Kenya Association of Manufacturers. A census was undertaken of all the 134 firms that are members of the two chapters. Primary data was collected using a semi-structured questionnaire that were semi-structured questionnaire that was administered to the Chief Executive Officers/Directors of the firms under the study of which both quantitative and qualitative data was generated. To determine the relationship that exist between the variables regression analysis was used while Analysis of Variance (ANOVA) was used to determine the relationship between independent and dependent variables. The overall study findings revealed that competitor orientation had a positive and statistically significant effect on performance. Given the significant cultural, legal, and economic disparities between Kenya and Nigeria, the findings of a Kenya study may not be directly transferable to the Nigerian context.

In Serbia, Marjanova (2024), study investigated the effect competitor orientation on the financial performance of the entrepreneurial small and medium-sized companies in a developing economy. The methodology included both quantitative and qualitative methods and, the research was done in entrepreneurial companies from the food production industry. Data were analysed with SPSS. The conclusions were given on the basis of descriptive and deductive statistics. The results showed that competitor orientation has a positive and significant effect ln financial performance, small and medium-sized companies. The study lacks clarity regarding the specific population and sample size.

In Philippines, Quimada et al. (2024) examined the relationship inter functional coordination and firm performance in the context of department stores. A quantitative research design was used. The respondents of this study were the managers and supervisors working in the department stores in the municipality of Davao del Norte through total quota sampling. This study used two adopted survey questionnaires. Mean and Pearson r were used as statistical tools. The result revealed that inter functional coordination has significant relationship on firm performance. The findings might however not mirror the circumstances in Nigeria, hence the need for the current study.

A study carried out in Indonesia by Bambang et al. (2024) using survey method examined the effect of inter functional coordination and business performance. Online questionnaires were distributed to 347 owners/managers of Indonesian manufacturing MSMEs in the East Java Province, Indonesia. PLS-SEM equation modeling was employed to test the hypotheses. Result shows that inter functional coordination has a positive and significant effect on business performance. This study, however, concentrated on business performance in Malaysia, whereas the current study focuses on manufacturing firms in Nigeria, specifically in the North Central region.

The research conducted by Orbaningsih et al. (2024) described the effect of customer orientation on the performance of MSME businesses. This study uses a quantitative approach and to business people in the souvenir center in the Greater Malang area as many as 102 samples. Path data analysis is used with the help of Smart PLS. The results of research showed positive and significant effect of customer orientation on MSME business performance. Due to significant differences in legal, cultural, and economic frameworks between Indonesia and Nigeria. This research addresses this limitation by focusing on the Nigerian context and specifically the manufacturing firms.

In Indonesia, Muhamad et al. (2024) conducted a study on the effect of customer orientation on performance of Culinary MSMEs. The population in this study is culinary MSMEs in Kesamb Cirebon City, totaling 203 respondents. The sampling technique in this study uses probability sampling because it is to randomly select samples from the large number of existing populations. To determine the number of samples (n) used the Slovin Formula with a sampling error rate in the study of 10%, the results for the research sample were 66.99 rounded up to 67 respondents. Data sources are obtained from primary data in a study obtained from distributing questionnaire to culinary MSME business actors in Kesambi District, Cirebon City. The data analysis studied in this study used multiple linear regression analysis using SPSS statistics version 22. The results showed that customer orientation and have a positive and significant effect on performance. While the previous study utilized regression analysis, this study employs a different analytical approach, PLS-SEM.

Resource-Based View (RBV) Theory

This study will be underpinned by Resource-Based View (RBV) which was propounded by Barney (1991) According to RBV theory, a company's success and its capacity to maintain a competitive edge over the long term are mainly influenced by its internal resources. These resources consist of assets, capabilities, organizational procedures, company characteristics, information, and knowledge that are managed by the company and facilitate the creation and execution of strategies to improve efficiency and effectiveness (Coates & McDermott, 2002). Essentially, RBV theory argues that a company's internal resources and capabilities are the most significant factors for gaining a competitive advantage when compared to other companies. Within this perspective, employees are regarded as strategic assets possessing distinctive competencies that can generate superior value.

By maintaining the uniqueness of these competencies within the firm, they can be leveraged to establish a competitive advantage (Pearce & Robinson, 2011). The Resource-Based View (RBV) theory posits that organizations ought to prioritize the utilization of their internal resources and capabilities in order to attain a competitive edge, rather than relying solely on external factors. Despite its significance, the resource-based view (RBV) theory is not immune to criticisms. One particular critique raised by Kozlenkova et al. (2014) is that the RBV places excessive emphasis on value creation, which can be static and neglects to consider how resource effectiveness evolves over time.

This study aligns with the RBV theory as it emphasizes the importance of possessing valuable resources to achieve a competitive advantage. In this context, marketing intelligence can be considered a valuable resource for firms. It provides valuable insights that enable firms to identify and understand customer needs and preferences. By leveraging these insights, firms can develop and market products and services that effectively meet customer demands, leading to superior returns and competitive advantage.

METHODOLOGY

The study adopted a survey design to examine the relationship between market orientation proxy by competitor orientation, inter functional coordination and customer orientation (independent variables) and performance (dependent variable). The study population comprised of all the manufacturing companies in North Central Nigeria that are registered with the Corporate Affairs Commission (CAC) and the Manufacturers Association of Nigeria (MAN), each having at least five years of operational experience. This selection criterion aims to include well-established firms, improving the reliability of the findings. A total of 264 firms meets these criteria, and the respondents will be the owners or managers of these companies. The study adopted the use of census sampling which is employment of the entire research population as the sample size are not much (Parker, 2011). All the 264 questionnaires were distributed however 213 questionnaires were duly completed and returned and was used for data analysis. Primary data was collected using 5-point Likert scale structured questionnaire for the study. The questionnaire items were adapted from the works of Frankline and Donald (2020); Bowen (2019); and Bekata and Kero (2024) and designed using 5-point Likert scale structure ranging from "strongly agreed to "strongly disagreed. The study adopts convenience sampling technique which is well-justified for the study. The study employed the Partial Least Square Structural Equation Modeling (PLS-SEM) to model the regression analysis. The PLS path modeling method was developed by Wold (1982). The PLS algorithm is a sequence of regressions in terms of weight vectors. The weight vectors obtained at convergence satisfy fixed point equations. PLS-SEM is a non-parametric method that does not require that the data meet certain distributional assumptions. However, the parametric significance tests (e.g., as used in regression analyses) cannot be applied to test whether coefficients such as outer weights, outer loadings and path coefficients are significant. Instead, PLS-SEM relies on a nonparametric bootstrap procedure to test the significance of various results such as path coefficients, Cronbach's alpha, HTMT, and R^2 values. (Efron & Tibshirani, 1986; Davison & Hinkley, 1997). The model for the path analysis is specified thus:

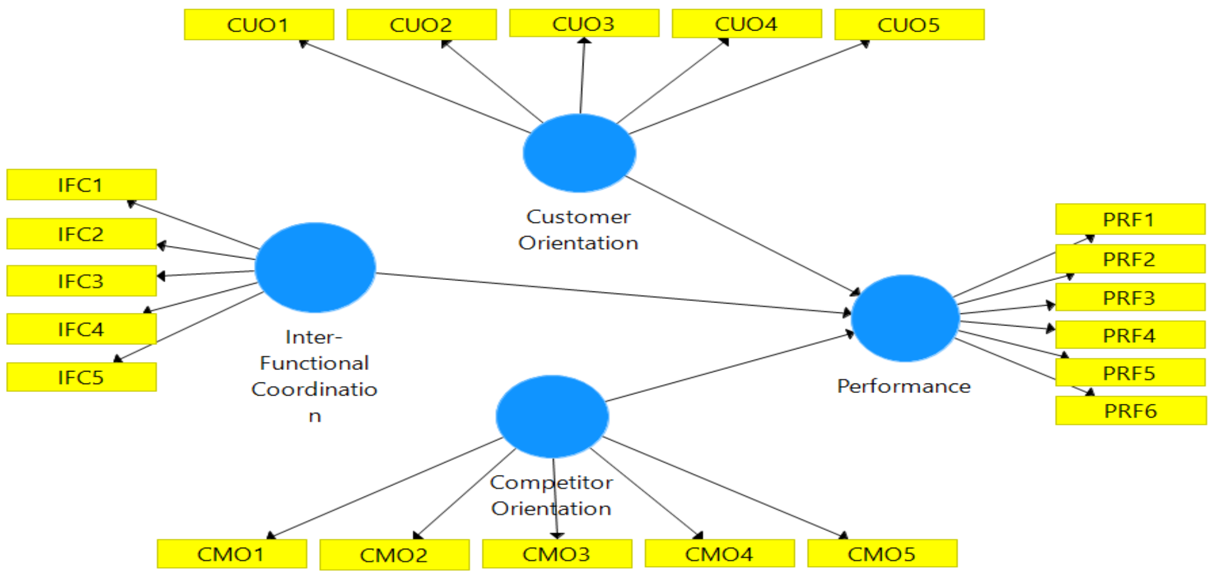

Fig. 1 Theoretical Model on Effect of Market Orientation on Performance of Selected Manufacturing Firms in North Central, Nigeria.

RESULTS AND DISCUSSION

Out of the two hundred and sixty-four (264) distributed questionnaires, 213 were properly filled and returned giving a response rate of 81%. Subsequently, all further analyses were done using 213 response data.

Assessment of Measurement Model

In assessing the measurement model, we begin by assessing the item outer loadings. As a rule, loadings above 0.708 are recommended, as they indicate that the construct explains more than 50 percent of the indicator's variance, thus providing acceptable item reliability (Hair, et al., 2019). However, Hair, et al., (2019) posited that low but significant indicator loading of 0.50 can be included hence justifying why indicators with loadings less than 0.708 and above 0.50 were not deleted from the model as seen in figure 2 below; However, according to Hair et al. (2019) loadings less than 50 percent will be deleted this justify the reduction in number of indicators for some latent variables.

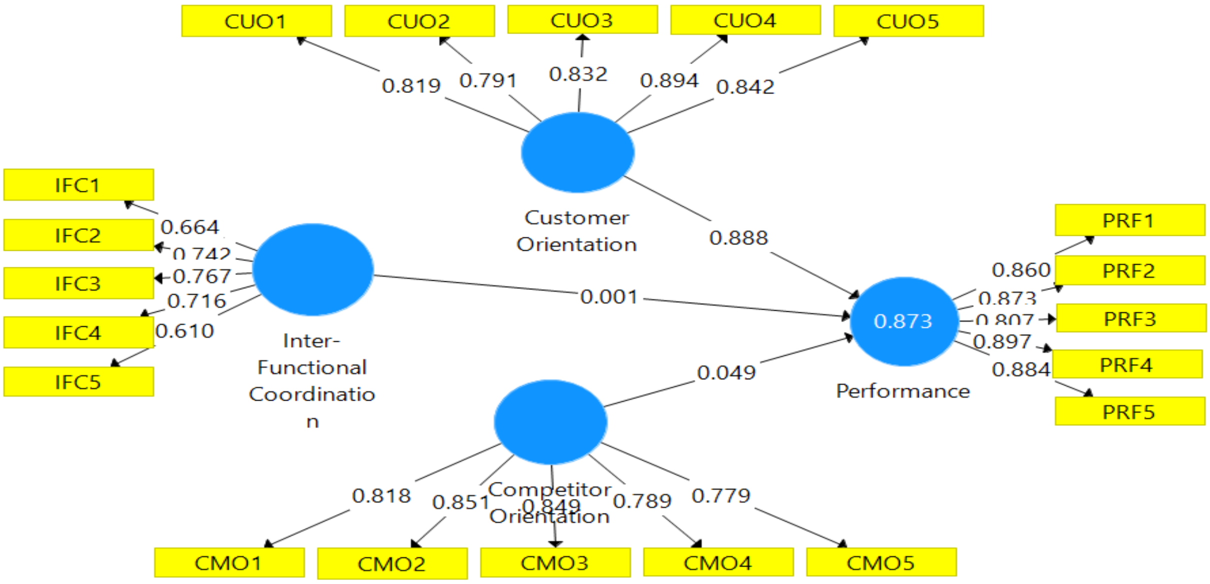

Fig 2: Indicator Loadings

Table 4.2: Reliability of study scale

S/N	Variables	Items	Factor Loadings	Cronbach Alpha	Composite Reliability	Average Variance Extracted (AVE)	No of Items
1	**Customer Orientation (CUO)**	CUO1	0.819	0.851	0.867	0.691	5
		CUO2	0.791				
		CUO3	0.832				
		CUO4	0.894				
		CUO5	0.842				
2	**Inter-functional Coordination (IFC)**	IFC1	0.664	0.704	0.829	0.723	5
		IFC2	0.742				
		IFC3	0.767				
		IFC4	0.716				
		IFC5	0.610				
2	**Competitor Orientation (CMO)**	CMO1	0.818	0.721	0.711	0.584	5
		CMO2	0.851				
		CMO3	0.849				
		CMO4	0.789				
		CMO5	0.779				
3	**Performance (PRF)**	PRF1	0.860	0.850	0.893	0.628	5
		PRF2	0.873				
		PRF3	0.807				
		PRF4	0.897				
		PRF5	0.884				

Source: SmartPLS Output, 2025

Composite reliability of Jöreskog's (1971) was applied to test for internal consistency of the study. All the values fall within the Hair, et al., (2019) rating of good consistency. The Cronbach alpha value were above 0.60 which is the minimum threshold as recommended by Sekaran (2010). To test for the convergent validity, the average variance extracted (AVE) was used. All the latent variables showed values greater than 0.50, which indicates that the constructs explain at least 50 percent of the variance of its items. According to Henseler et al., (2015) the Fornell-Larcker criterion does not perform well when explaining discriminant validity, particularly when the indicator loadings on a construct differ only slightly. As a replacement, they proposed the Heterotrait-Monotrait (HTMT) ratio of the correlations which is the mean value of the item correlations across constructs relative to the (geometric) mean of the average correlations for the items measuring the same construct (Voorhees et al., 2016). Discriminant validity problems are present when HTMT values are high than 0.90 for structural models (Henseler, et al., 2015).

Table 4.3: Heterotrait-Monotrait Ratio (HTMT) Criterion

	Performance	Customer Orientation	Inter-functional Coordination	Competitor Orientation
Performance	1.000			
Customer Orientation	0.232	1.000		
Inter-functional Coordination	0.337	0.183	1.000	
Competitor Orientation	0.337	0.183	0.214	1.000

Source: SmartPLS Output, 2025

The variance inflation factor (VIF) was used to evaluate collinearity of the formative indicators. All the VIF values were less than 5 indicating the absence of critical collinearity issues among the indicators of formatively measured constructs (Hair, et al., 2019).

Model Goodness of Fit (GoF)

Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as Hair, et al. (2017) suggested. This study used the standardized root mean square residuals (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu & Bentler (1998) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.030. This indicates the model is fit.

Assessing the Structural Model

Having satisfied the measurement model assessment, the next step in evaluating PLS-SEM results is to assess the structural model. Standard assessment criteria, which was considered include the path coefficient, t-values, p-values and coefficient of determination (R^2). The bootstrapping procedure was conducted using a resample of 5000.

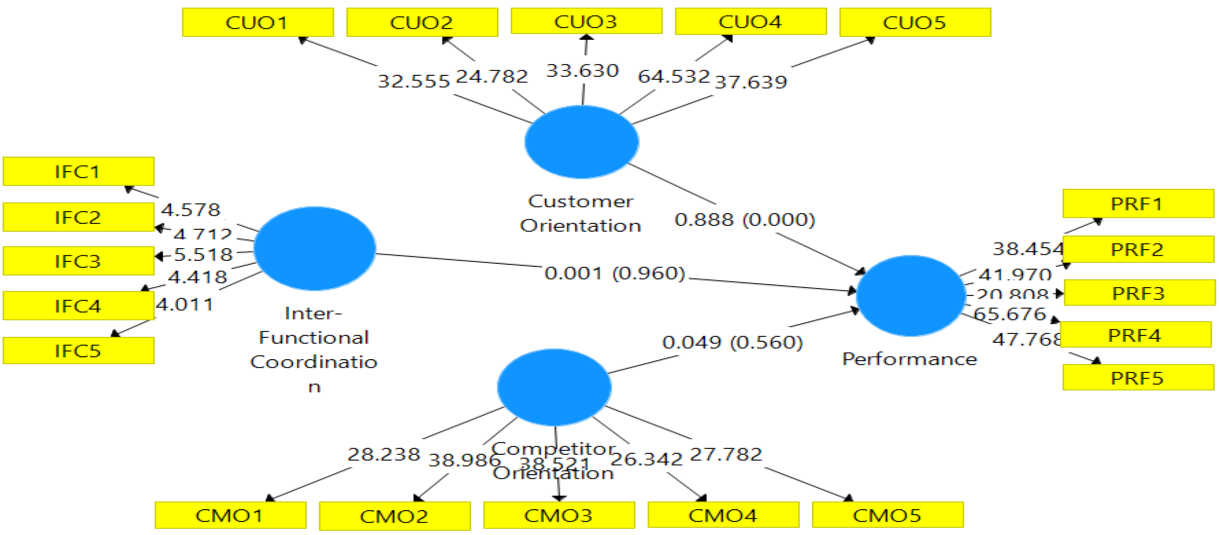

Fig. 3: Structural Model

The R-square value stood at 87% indicating that customer orientation, inter-functional coordination and competitor orientation are responsible for 87% variation in market orientation. The remaining 13% variation could be explained by other factors not included in the study. Based on Hair, et al., (2019), the r-square is considered moderate and negate the findings of the study. Also, the Q^2 value of the result of the path analysis is presented in the table below:

Table 4.5: R^2 and Predictive Relevance of the Model

Endogenous Variables	R^2	Q^2 (=1-SSE/SSO)	P Val.
Performance	0.873***	0.862	0.000

Source: SmartPLS Output, 2025

Test of Hypotheses

Table 3 shows the path coefficients, t-values and p-values used to test the hypotheses of the study:

Table 4.4: Path Coefficient of the Model

Hypotheses	Beta	T Statistics	P Val.	Decision	f^2
H01: *Competitor Orientation -> Performance*	0.049	0.583	0.560	Accepted	0.022
H02: *Customer Orientation -> Performance*	0.888	11.179	0.000	Rejected	0.321
H03: *Inter-functional Coordination -> Performance*	0.001	0.050	0.960	Accepted	0.162

Source: SmartPLS Output, 2025

Hypothesis one

HO1*: *Competitor Orientation (CMO) has no significant effect on the Performance of Selected Manufacturing Firms in North Central, Nigeria.

The result from the analysis indicates that competitor orientation has positive and insignificant effect on performance of selected manufacturing firms in North Central. The decision was reached based on the t-value of 0.583 which is less than 1.964 and a beta value of 0.049 with a p-value of 0.560. Thus, implying that the alternative hypothesis lacks sufficient ground to be accepted and as such the null hypothesis which states that competitor orientation does not have significant effect on performance of selected manufacturing firms is accepted.

This finding implies that competitor orientation may provide some benefits to the manufacturing firms, it is not a major driver of their success. There are likely other factors, such as customer orientation, innovation, operational efficiency, or market conditions, that have a more substantial influence on the performance of these firms. As a result, the manufacturing firms may want to prioritize their resources and efforts on these other areas that have a more significant impact on their performance. At the same time, they should not completely disregard competitor orientation, but rather adopt a more balanced approach that considers both competitor and customer-centric strategies. This finding agrees with that Yaskun et al. (2023) and Muhamad et al. (2024) who found positive effect of competitor orientation on performance but disagrees with the finding of Michael et al. (2023), and Pelham and Wilson, (2022) who found negative effect of competitor orientation on performance.

Hypothesis Two

HO2: Customer Orientation *(CUO) has no significant effect on Performance of Selected Manufacturing Firms in North Central, Nigeria.*

From Table 4, the second hypothesis revealed that customer orientation (CUO) has positive and significant effect on Performance of Selected Manufacturing Firms in North Central as indicated in the t-value of 11.179 with a p-value of 0.000. Hence the alternative hypothesis is accepted while the null hypothesis which states that Customer Orientation *(CUO) has no significant effect on* Performance of Selected Manufacturing Firms in North Central, Nigeria is rejected.

The finding indicated that manufacturing firms that prioritize understanding and meeting the needs of their customers tend to perform significantly better than those that do not. This finding agrees with that Zhao and Cavusgil, (2023) and Aliyu, (2023) who found positive effect of customer orientation on performance but disagrees with the finding of Opoku et al. (2024), and Orbaningsih et al. (2024) who found negative effect of customer orientation on performance.

Hypothesis Three

HO_3: Inter-functional Coordination *(IFC) has no significant effect on Performance of Selected Manufacturing Firms in North Central, Nigeria.*

From Table 4, the last hypothesis revealed that inter-functional coordination (IFC) has positive and insignificant effect on Performance of Selected Manufacturing Firms in North Central as indicated in the t-value of 0050 with a p-value of 0.960. Hence the alternative hypothesis is rejected while the null hypothesis which states that Customer Orientation *(CUO) has no significant effect on* Performance of Selected Manufacturing Firms in North Central, Nigeria is accepted.

The finding stated manufacturing firms should not overemphasize inter-functional coordination as a primary strategy for improving performance. Instead, they should adopt a more balanced approach that focuses on a range of critical areas, including but not limited to inter-functional coordination. This finding agrees with that Amue and Igwe, (2023), and Osuagwu, (2023) who found insignificant effect of inter-functional coordination on performance but disagrees with the finding of Jawad et al. (2023), and Quimada et al. (2024) who found positive and significant effect of inter-functional coordination on performance of selected manufacturing firms in North Central.

CONCLUSION AND RECOMMENDATIONS

The study examined the effect of market orientation on performance of selected manufacturing firms in North Central, Nigeria. The collected data were analysed using multiple regression analysis and on the basis of the regression results, the study concludes that competitor orientation, customer orientation and inter-functional coordination are significant predictors and contributors to performance of selected manufacturing firms in North-Cental, Nigeria. Therefore, the study recommends that

1. Manufacturing firms' owner/managers should consistently observe and adjust their strategies to stay aligned with evolving customer demands, shifting market conditions, and other important influences. This process may include ongoing market analysis, monitoring performance metrics, and continuously updating strategies based on feedback and results.
2. Manufacturing firms' owner/managers should not overemphasize competitor orientation as a key strategic priority. Instead, they should adopt a more balanced approach that considers a range of factors, including customer orientation, innovation, and operational efficiency.
3. Managers/Owners of manufacturing firms should selectively invest in inter-functional coordination activities, focusing only on the most essential aspects that can provide tangible benefits. They should also explore how inter-functional coordination can be integrated with other strategic initiatives to enhance overall performance.

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QUESTIONNAIRE:

Instruction: kindly tick ☑the appropriate box.

Key: ***SA = Strongly Agree, A = Agree, U = Undecided, D = Disagree, SD = Strongly Disagree***

S/N	Competitor Orientation (CMO)	SA	A	U	D	SD
1	We regularly monitor our competitors' strategies and actions					
2	We invest resources to analyze our competitors' market performance					
3	We actively seek information about our competitors' products and services					
4	We quickly respond to competitive threats in our industry					
5	Understanding the strengths and weaknesses of our competitors is a priority for us					
	Inter functional Coordination (IFC)					
1	The activities of the different functions in this firm are well coordinated					
2	All our business functions are integrated to serve the needs of our target markets					
3	We freely communicate information about customers experience across all business functions					
4	The firm encourages the internal sharing of market information to understand customer/competitor behavior					
5	There is an involvement in the coordination of personnel and resources throughout the firm					
	Customer Orientation (CUO)					
1	The business creates value for customers					
2	We continuously monitor the needs of our customers					
3	We actively listen to customers feedback					
4	We offer different product variations that are informed by customer needs					
5	We consistently identify expectations and requirements of our target customers					
	Performance (PFM)					
1	There has been an improvement in customer satisfaction					
2	There is increase in sales growth from our product					
3	The firm has recorded decreased in employee turnover					
4	Increased in market shares over the last three years					
5	The firm regularly introduces new and improved products to meet market demands					
6	The firm consistently enhances its service quality					