



## The Impact of Organizational Capabilities on Operational Performance: Evidence from Vietnamese Enterprises

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### Abstract

This paper explores how enterprise capabilities, namely Learning Orientation (LO) and Entrepreneurial Orientation (EO), influence Operational Performance (OP) among Vietnamese businesses. The study surveyed 276 firms representing diverse sizes, ages, ownership forms, and industry sectors. Analytical methods including descriptive and reliability analysis, exploratory factor analysis, multivariate regression, and subgroup comparisons via SPSS 20 indicate that both learning and entrepreneurial orientations positively contribute to operational outcomes, with entrepreneurial orientation demonstrating a comparatively stronger effect. Furthermore, the impact varies across company sizes, as medium-sized enterprises exhibit a more pronounced influence of learning orientation on operational performance than smaller counterparts. These findings underscore the importance of capability development for Vietnamese companies to boost competitiveness and operational efficiency. Additionally, the results advocate for increased emphasis on training programs to support sustained growth, especially given the predominance of small and medium-sized enterprises in the Vietnamese market.

**Keywords:** Capabilities, Learning orientation, Entrepreneurial orientation, Operational performance

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### Introduction

Hoskisson *et al.* (1999) highlight that a firm's resources and capabilities are fundamental drivers of its performance [1]. Competence is defined as the connection between available resources and their effective utilization through organizational processes that integrate, renew, acquire, and release these resources. Consequently, organizational competence manifests in overall firm performance and reflects the knowledge and actions of individuals, particularly managerial decisions [2–4]. Enterprise capabilities encompass various dimensions, including innovation, learning, and entrepreneurial orientation. Among these, Entrepreneurial Orientation (EO) and Learning Orientation (LO) have attracted considerable attention in prior research [5].

Drawing from the existing literature and theoretical foundations, earlier studies generally find positive links between both LO and EO with firm performance [5–7]. Nonetheless, there remains limited understanding regarding the combined effect of EO and LO on operational performance [8]. Moreover, findings on this topic have sometimes been contradictory. For example, Widener (2007) reported a positive impact of learning orientation on performance, whereas Orozco (2016) found no evidence supporting this effect, suggesting that small firms' focus on short-term gains often leads to insufficient investment in employee development [6, 9].

Regarding EO, Ripollés and Blesa (2005) noted that while several studies recognize EO as a crucial performance driver, the evidence remains mixed [5]. Orozco (2016) highlighted that EO's influence on performance differs depending on firm size



[9]. Similarly, Wiklund and Shepherd (2003) argued that the EO-performance relationship can be more nuanced and context-dependent [10].

This study aims to investigate how the combined capabilities of Vietnamese enterprises—specifically learning orientation and entrepreneurial orientation—impact their operational performance. The remainder of the paper is structured as follows: Section 2 reviews the theoretical framework and develops hypotheses relating to capabilities and performance. Section 3 describes the research methodology. Section 4 presents the analysis and findings. Finally, Section 5 concludes with a summary of key results and implications.

### *Theoretical framework*

This study is grounded in the Resource-Based View (RBV) theory, which posits that a firm's competitive advantage derives from its unique internal resources and capabilities. These resources are distinctive and often firm-specific, providing a sustainable edge in the marketplace. To effectively leverage these resources, organizations must foster supportive conditions that enable efficient utilization and strategic control over business processes [10, 11]. Firm capabilities span diverse domains such as innovation, learning, and entrepreneurship, with particular emphasis in this research on Entrepreneurial Orientation (EO) and Learning Orientation (LO) as highlighted in prior studies [2, 5].

Learning Orientation (LO) has been conceptualized in various ways. Chenhall (2005) defines LO as the development of organizational structures and strategies that promote learning among all members [12]. Slater and Narver (1995) link LO directly to new product success. Further, Sinkula *et al.* (1997) describe LO as organizational activities aimed at generating and disseminating knowledge to achieve superior outcomes and gain competitive advantage [13, 14]. Baker and Sinkula (2002) add that LO reflects the extent to which firms critically evaluate their assumptions and behaviors to actively pursue new knowledge to enhance operational performance. Recent studies by Le Sante *et al.* (2021) show that employees who receive robust training tend to perform better, while Navarro *et al.* (2022) emphasize that LO serves as a motivational mechanism boosting operational performance [15, 16].

Entrepreneurial Orientation (EO) is similarly multifaceted. Some scholars associate EO with new market entries and the decision-making involved in launching new ventures [13], while others consider EO as organizational entrepreneurship—a firm's entrepreneurial posture [17]. EO also applies to established businesses, representing a persistent organizational attitude toward proactively seeking new opportunities and revitalizing stagnant or underperforming activities [13, 18]. Hitt *et al.* (2001) identify EO as a critical process essential to a firm's survival and ongoing operations [19].

Operational Performance (OP) encompasses a broad set of outcomes within the firm, including customer satisfaction, employee morale, product quality, and innovation, as well as other non-financial indicators across organizational levels [20]. Firm performance is often categorized into reported performance, which relies on financial and non-financial data from internal or external sources, and perceived performance, which is derived from stakeholders' subjective assessments and can be evaluated through both objective metrics and perceptual measures.

### *Learning orientation and its effect on operational performance*

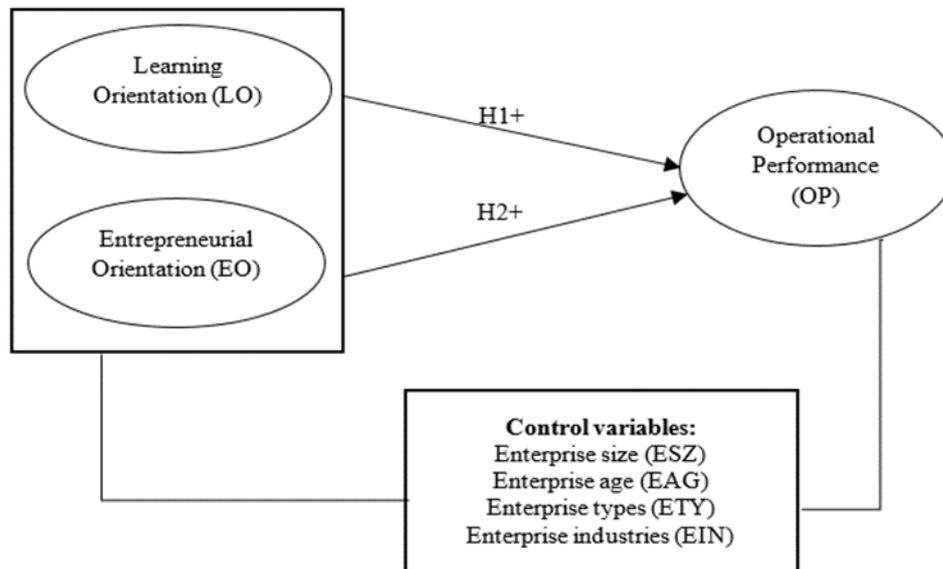
Maintaining a competitive advantage often hinges on an organization's commitment to learning, which directly influences operational success. Research by Tippins and Sohi (2003) highlights that companies exhibiting a strong learning orientation, particularly in information technology capabilities, tend to achieve better operational results [21]. Calantone *et al.* (2002) further emphasize that learning orientation fosters competitive advantage by enabling faster and more effective information processing than competitors, thereby enhancing operational outcomes [22].

Numerous studies have found that firms with superior performance frequently utilize formal, regularly updated control systems to promote organizational learning. For example, Yuan *et al.* (2008) observed that management control systems positively shape employees' perceptions of their capabilities [7]. Consistent with these findings, Calantone *et al.* (2002) and Tippins and Sohi (2003) documented a significant positive link between learning orientation and performance metrics [21, 22]. Additionally, Barros Martins *et al.* (2019) identified that learning strategies are strong predictors of behavioral changes that relate to improved performance, while Gil-Beltrán *et al.* (2020) confirmed that employee participation in training programs boosts performance outcomes [23, 24]. Nevertheless, some scholars [25, 26] have reported either weak or no meaningful association between learning orientation and operational performance.

### *Entrepreneurial orientation and operational performance*

Entrepreneurial orientation is typically regarded as a strategic mindset embedded in top management, which significantly shapes a firm's competitive positioning and results. EO enhances the effectiveness of management control systems by facilitating the identification and capitalization of new opportunities. Empirical evidence frequently points to a positive correlation between EO and business performance [10]. However, this relationship is not universal; for instance, Orozco (2016) found no notable influence of EO on the operational performance of larger organizations [9]. Ultimately, firms benefit from the combined influence of learning orientation—which encourages continuous knowledge

acquisition—and entrepreneurial orientation—which drives innovation and proactive market engagement. Prior studies generally support the notion that both orientations contribute positively to firm performance [27]. This study builds upon this premise and proposes the following conceptual framework:



**Figure 1.** Proposed Research Model

Although some studies question the existence of a direct relationship between a firm's capabilities and its performance, most research supports the positive influence of both Learning Orientation (LO) and Entrepreneurial Orientation (EO) on performance. Based on this, the study formulates the following hypotheses: Learning orientation capabilities have a positive impact on operational performance (H1), and entrepreneurial orientation capabilities have a positive impact on operational performance (H2).

The research process involved several stages, starting with the development of a draft questionnaire, which was sent via email to a panel of experts comprising two enterprise directors, three chief accountants, and five lecturers in Vietnam to gather feedback on the clarity and relevance of each question. After incorporating their suggestions, the final version of the questionnaire was created using Google Forms and distributed electronically to accountants and business managers through a convenience sampling method, targeting friends, relatives, and business partners. A total of 285 responses were collected, and after data cleaning and coding, 276 valid responses remained for analysis. The data were analyzed using SPSS 20 software, employing reliability analysis, exploratory factor analysis (EFA), and multivariate regression analysis.

Regarding measurement scales, the learning orientation scale used four items adapted from Hult (1998), which itself is a condensed version of the original 13-item scale developed by Sinkula *et al.* (1997), focusing on an organizational-wide learning orientation [14, 27]. The entrepreneurial orientation scale consisted of eight items, adapted from Lumpkin *et al.* (2009) based on original variables proposed by Henri (2006a) and later refined by Yuan *et al.* (2008) [2, 7, 17]. For operational performance, a combination of financial indicators, including sales, return on investment, and profit as used by [2], and non-financial indicators from Gómez-Villanueva (2008) and Orozco (2016) were applied [9, 28]. Control variables included enterprise size (measured by the number of employees), firm age, ownership type, and industry sector. Most sampled firms were small enterprises, with 54.3% having fewer than 100 employees, and 49.2% were aged between 5 and 10 years. The majority of enterprises were privately owned (86.9%) and primarily operated in trade and services (54.3%), followed by manufacturing (29.7%). These characteristics accurately represent Vietnamese enterprises, which are predominantly small and medium-sized, privately owned, and focused on trade and service sectors.

## Results and Discussion

### Reliability analysis

The internal consistency of the measurement scales was assessed using Cronbach's Alpha coefficients. As presented in **Table 1**, all scales demonstrated high reliability, with coefficients exceeding the commonly accepted threshold of 0.6. Specifically, the operational performance (OP) scale yielded a Cronbach's Alpha of 0.983, the learning orientation (LO) scale reached 0.950, and the entrepreneurial orientation (EO) scale scored 0.948. These results confirm the reliability of the instruments and validate their suitability for subsequent exploratory factor analysis.

**Table 1.** Reliability Statistics

Constructs	Cronbach's Alpha	Number of Items
Operational Performance (OP)	0.983	6
Learning Orientation (LO)	0.950	4
Entrepreneurial Orientation (EO)	0.948	8

### Exploratory factor analysis (EFA)

The results from the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity indicate the appropriateness of conducting factor analysis. The KMO value was 0.941, well above the recommended minimum of 0.5, and Bartlett's test was significant (Sig. = 0.000), confirming that the variables are sufficiently correlated. Factor extraction revealed two components with eigenvalues exceeding 1, accounting for 78.379% of the total variance—well above the 50% threshold. This outcome supports the validity of the factor structure, with the extracted components aligning with the LO and EO constructs as originally theorized.

### Multivariate regression analysis

The regression model examining the impact of learning orientation and entrepreneurial orientation on operational performance yielded a statistically significant adjusted R<sup>2</sup> of 0.506 ( $p < 0.01$ ). This indicates that approximately 50.6% of the variance in operational performance is explained by the two independent variables. The regression coefficients, detailed in **Table 2**, confirm that both LO and EO have significant positive effects on OP. Specifically, the coefficient for LO is 0.503 ( $p < 0.001$ ), and for EO is 0.522 ( $p < 0.001$ ), suggesting that both orientations contribute meaningfully to operational performance, with EO having a slightly greater standardized impact.

**Table 2.** Regression Coefficients

Predictor	Unstandardized Coefficient (B)	Std. Error	Standardized Coefficient (Beta)	t-value	Sig.
(Constant)	-0.379	0.229		-1.653	0.099
LO	0.503	0.082	0.391	6.147	0.000
EO	0.522	0.091	0.366	5.759	0.000

These results support the proposed hypotheses, affirming the positive influence of learning and entrepreneurial orientations on the operational performance of Vietnamese enterprises. The findings further suggest that while both capabilities are beneficial, entrepreneurial orientation plays a slightly more pronounced role in enhancing firm performance.

The regression equation is presented as:

$$Y = 0.391 * X_1 + 0.366 * X_2 + \varepsilon \quad (1)$$

Research results (**Table 3**) show that both learning orientation and business ability positively impact performance, whereby entrepreneurial orientation has a stronger impact

**Table 3.** Summary of hypotheses

Hypothesis	Causal path	Coefficients	t	Hypothesis supported
H1	LO -> OP	.373	5.803***	Yes
H2	EO -> OP	.389	5.998***	Yes

Legend: \*\*\* $p < 0.01$  level

The finding that training awareness aimed at sustainable development contributes positively to performance is consistent with existing literature. Prior studies have emphasized that management control systems (MCS) serve as tools through which managers interpret their environment, develop strategic initiatives, and implement action plans aligned with organizational goals [29]. These mechanisms foster organizational learning and capability development. This aligns with the findings of Widener (2007), who established a positive link between learning orientation and firm performance [6].

Regarding the positive relationship between entrepreneurial orientation (EO) and operational performance, the results are in agreement with prior empirical evidence, including the works of Orozco (2016) and Ripollés & Blesa (2005) [5, 9]. Nonetheless, some studies have failed to demonstrate a consistent relationship between EO and performance. This inconsistency may be attributed to a range of moderating variables, such as the firm's internal characteristics, human resource capacity, and external environmental conditions [10]. A possible explanation for the present study's positive results may lie in the proactive and agile leadership styles often found in small and medium-sized enterprises (SMEs), which enable them to swiftly adapt to dynamic market conditions, thereby improving operational effectiveness.

## Conclusion

This study confirms that both learning orientation and entrepreneurial orientation exert a positive influence on operational performance, with entrepreneurial orientation showing a stronger effect. These findings provide practical implications for Vietnamese enterprises, particularly SMEs, highlighting the importance of cultivating internal capabilities through training and innovation. Fostering a culture of continuous learning and entrepreneurial thinking can drive improved business outcomes and support long-term sustainable development.

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