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# Access to debt finance, learning orientation and firm performance

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**Abstract**

To survive and compete favourably in the face of rapid technological changes, business organizations, especially, small and medium enterprises (SMEs) in the manufacturing industry need effective and creative learning philosophy. Drawing from the perspective of dynamic capability theory, this paper examined the moderating effect of access to external finance on the relationship between learning orientation and performance of small and medium enterprises. Self-administered questionnaire was used to obtain data from SME owners/managers who engaged in manufacturing activities in Nasarawa State, Nigeria. Variance based structural equation modeling was employed for statistical analysis. Findings indicate that learning orientation is positively but insignificantly related to firm performance. More so, results demonstrate that availability of external financial resources makes the relationship between learning orientation and firm performance to be stronger. The study recommends that SME owners/managers need to seek external finance to embrace the philosophy of continuous learning to create and use new knowledge to effectively deliver value that is in line with changes in the business environment.

**Keywords:** Learning orientation, access to debt finance, and firm performance

## Introduction

Technological advancement in today's business environment has become rapid to the extent that emphasis is now laid on artificial intelligence. Accordingly, market needs, desires, interests, and/or demands have been influenced. The consequential effect of this scenario is exposure of business organizations to highly uncertain or ambiguous market conditions which is likely to have some negative impact on performance of firms that are unable to keep pace with rapid technological advancement in the business environment. Jain and Moreno (2015) observed that the dynamic and highly competitive nature of the present business environment suggests that for enterprises to succeed, they must continuously strive to create and use new knowledge to make products that suit the taste of the target markets. Similarly, Ghasemzadeh (2019) posit that to cope with the present challenging business environment, survive and perform well in the marketplace, a continuous learning-oriented culture is essential. Thus, it implies that learning orientation (LO) is a vital antecedent of organizational performance.

As a dimension of organizational learning concept, learning orientation is an organizational philosophy or culture which emphasizes on knowledge acquisition or creation and utilization of the same knowledge for competitive advantage and better organizational performance (Sinkula, Baker, & Noordewier, 1997; Zhou et al., 2015). In the same vein, Hakala (2013) describes LO as the act of winning over the behaviour of organization's members through the creation of knowledge or acquisition of knowledge to change processes and job descriptions in the direction that could support the firm's activities to deliver superior value. In line with Sinkula, Baker, and Noordewier (1997), a learning-oriented firm creates avenue for continual expansion of employees' capacity to remain focused on the outcomes the firm truly desires by thinking outside the box (commitment to learning), be receptive to new initiative/idea generated by employees, customers, creditors, or suppliers (open mindedness), as well as fronts a common sense of purpose or collective aspiration where staff members continuously learn and share information among themselves (shared vision).

Although the role of learning orientation in facilitating organizational performance has been researched, there are limited empirical studies specifically in emerging economies that exhibit the relationship between learning orientation and organizational performance as compared with entrepreneurial orientation, market orientation-organizational performance relationships. Besides, it is imperative to note that there are inconsistent findings with regards to the relationship between learning orientation and firm performance as demonstrated in the literature. Thus, learning orientation-firm performance relationship is still inconclusive (Zhou, Hu, & Shi, 2015). Additionally, it is unclear in the literature as to under what situation the influence of learning orientation on organizational performance is stronger. Therefore, in response to these research gaps, the present study aims to contribute to the body of knowledge by examining the moderating effect of access to external finance on the relationship between learning orientation and firm performance in an emerging economy like Nigeria.

## Theoretical background and hypotheses development

### *Dynamic capability theory*

Dynamic capability theory is popularly known as dynamic capability view (DCV) of the firm. The DCV advocates that in a dynamic and highly competitive business environment where firms enjoy short-term competitive advantage, they need to thrive beyond mere possession of valuable, rare, inimitable, and non-substitutable (VRIN) resources to consistently renew and reconfigure such resources in accordance with changes in the marketplace to achieve a relatively lasting competitive advantage which may result to desired levels of performance (Ciunova-Shuleska et al., 2016; Day, 2014). Therefore, drawing from the afore-mentioned perspective, the research framework of the present study is designed to demonstrate the role of learning philosophy and availability of external funds in building a robust knowledge base that keeps abreast with changes in the business environment to achieve the desired levels of firm's performance. To this end, a combination, reconfiguration, or integration of access to external financial resources which represent tangible resources from external environment of the firm with a learning-oriented philosophy which connotes a strategic posture as well as internal resource of the firm that resides in accumulated experience of staff members might account for excellent firm's performance in a dynamic and highly competitive business environment.

### *Firm's performance*

Firm's performance can be referred to as the results obtainable from efficient and effective utilization of resources in productive processes (Berry et al., 2006). It shows the extent to which an enterprise makes optimum utilization of resources at its disposal to achieve the aim of its corporate existence. Thus, firm's performance may be described as the actual output of the enterprise compared to input (Tomlinson, 2011). Prominent amongst the measures to determine the levels of firm's performance in the literature include profitability, liquidity, growth, innovation, customer satisfaction, market share, productivity, leverage, human resource management, managerial quality, and product/service quality (Dess & Robinson, 1984; Carton, 2004).

More so, firm performance indicators may be grouped into either subjective or objective measurements (Zhou et al., 2015). Subjective measurement depends on self-reported perception of the target audience about the firm whereas, objective approach relies on documented past records or financial statements of the firm (Rauch et al., 2009). Due to lack of publication requirements for small and medium enterprises, extant literature suggests the utilization of subjective approach to measure SME performance (Frank et al., 2010; Rua et al., 2018). Besides, Gnizy et al. (2014), as well as Zacca and Dayan (2018) argue that subjective approach to assess performance is closely correlated with objective approach. Therefore, subjective measurement approach was employed to assess SME performance in the present study and conceptualized as the financial and non-financial outcome of the efforts of SMEs in achieving their stated goals and objectives.

### *Learning orientation*

Learning orientation is an integral component of organizational learning (Mavondo, 2005; Zhou et al., 2015). It is a strategic posture or philosophy that aims at winning over the behaviour of organizational members through the creation or acquisition and utilization of knowledge to change processes and job descriptions in the direction that could support the firm's activities to deliver superior value (Hakala, 2013). In other words, learning orientation is an organizational philosophy which has huge influence on the firm's ability to create and use knowledge, and the readiness of management to encourage a value that stimulates share of ideas within and outside the firm (Real et al., 2006). Similarly, Hurley and Hult (1998) consider learning orientation as a strategic posture that creates conducive avenue for innovative attitude, proactive thinking and risk-taking behaviour. Hence, learning orientation can make a firm react promptly to different market situations (Dodgson, 1993). In a nutshell, learning orientation indicates organization's efforts to acquire, share and use knowledge to gain competitive advantage in an ever-changing competitive business environment.

Singular et al. (1997) conceptualized LO as a three-dimensional construct which include commitment to learning, shared vision or purpose, and open-mindedness. The authors view commitment to learning as the extent to which an enterprise considers the act of creating, acquiring and using information a top priority thereby makes concerted efforts to support, promote or rather encourage learning activities. Shared vision expresses a common sense of purpose among staff members of an organization in terms of information acquisition, creation, and utilization leading to significant improvement in the firm's routine activities and knowledge repository about target markets to deliver appropriate value. On the part of open-mindedness, Sinkula et al. (1997) describe it as the firm's preparedness and willingness to accept new ideas and thoughts that could enable the firm to survive in the marketplace. Therefore, open-mindedness brings about the readiness to raise eyebrow regarding the long-term held processes and procedures of the firm via swift action to learn new ways of doing things (Cegarra-Navarro & Cepeda-Carrión, 2008). Thus, the present study describes learning orientation as conceptualized by Singular et al. (1997).

Several studies have examined the significant effect of learning orientation on firm performance. For instance, Jain and Moreno (2015) stressed the vital role of knowledge creation in boosting organizational performance as their findings show significant relationship between knowledge creation and firm's effectiveness in terms of financial performance. Similarly, Zhou et al. (2015) reported a significant impact of learning orientation on financial performance of manufacturing and service industries in China. Further, Kharabsheh et al. (2017) reported a positive and significant relationship between learning orientation and organizational performance among manufacturing enterprises in Jordan. Ghasemzadeh et al. (2019) demonstrated that organizational learning is a significant predictor of innovation performance in term of product and process innovation among firms in Iranian pharmaceutical sector.

On the contrary, the findings of Lam et al. (2011) indicated that learning orientation is not significantly correlated with market performance of firms in the service industry in Malaysia. In the same vein, Beneke et al. (2016) report that learning orientation has no significant impact on organizational performance in South Africa. In another development, Real et al. (2014) found that perceived business performance in Spain could only be impacted by learning orientation through organizational learning. Also, among manufacturing SMEs in the United States of America, Wolff et al. (2015) report that there is no direct relationship between learning orientation and SMEs' growth. However, majority of prior studies demonstrated that learning orientation impacted significantly on firms' performance. This suggests that SMEs with high emphasis on learning-oriented activities in Nigeria may better understand the prevailing market trend.

Theoretically, the dynamic capability theory posits that in a competitive and dynamic business environment, superior firm's performance depends on continuous integration or reconfiguration of strategic action plans, resources and capabilities. The present study suggests that this is likely to be achieved through high emphasis on learning philosophy. Based on the theoretical perspective of dynamic capability theory and existing empirical findings, the researchers hypothesize thus:

> **H1**: Learning orientation is positively related to firm's performance.

*Access to debt finance*

Access to finance is seen as the situation whereby financial and non-financial bottlenecks posed no significant threat to the acquisition of financial resources and services (Ganbold, 2008). Accessibility to financial resources is cardinal for effective formulation and implementation of strategic intentions for the growth and development of business enterprises (Tang et al., 2008). Nevertheless, extant literature indicates that inadequate finance is one of the major challenges of small business enterprises across the globe, especially in developing countries (Mikalef et al., 2015; OECD, 2017; Rua et al., 2018). This implies that accessibility and availability of external financial resources will go a long way to strategically position small and medium enterprises to deliver superior performance in the marketplace. Besides, Adomako et al. (2016) posit that access to external financial resources has a significant impact on the success of strategic plans and implementation in an organization. From the forgoing, we argue that access to debt finance can serve as a moderating variable which may strengthen the influence of learning orientation on performance of small and medium enterprises.

*Access to debt finance as a moderator*

Access to financial resources plays a pivot role in effective formulation and implementation of any given strategic intentions aimed at the growth and development of business enterprises. However, access to financial resources largely depends on external environment of business enterprises (Leonidou et al., 2017). As such, any modifications in legal and/or regulatory environment may have direct bearings on firm's ability to access external financial resources. For instance, high interest rate charges on loan might be difficult for businesses to access external finance. Whereas, low interest rate charges on loan may create conducive atmosphere for access to external financial resources. Therefore, for any business enterprises to survive and thrive in terms of strategic planning and execution (e.g., emphasis on knowledge creation or acquisition and utilization), requires adequate financial resources (Wiklund & Shepherd, 2005; Zhou et al., 2015). According to Zhou et al. (2015) learning-oriented activities are somewhat complex and time consuming. However, it is imperative to note that access to finance has been widely reported in the literature as one of the major problems facing SMEs (Mikalef et al., 2015; OECD, 2017; Rua et al., 2018). Consequently, SMEs may be unable to embark on intense learning-oriented activities that could create room for superior business performance if they cannot access external financial resources (Tang, et al., 2008; Wiklund & Shepherd, 2005). In view of the forgoing, the present study considers access to external financial resources as a factor from the external environment that affects the existence, survival, and performance of business organizations.

Although learning orientation-organizational performance relationship has been well researched, there is still ambiguity about the relationship in the literature. For example, while some prior studies suggested that enterprises that encourage or promote learning activities outperform those who do not encourage or promote learning activities in the marketplace (Ghasemzadeh et al., 2019; Kharabsheh et al., 2017; Jain & Moreno, 2015; Zhou et al., 2015), others demonstrated that emphasis on learning-oriented activities do not lead to or directly have significant impact on organizational performance (Beneke et al., 2016; Lam et al., 2011; Real et al., 2014; Wolff et al., 2015). Thus, there is a need to further investigate the link between learning orientation and business performance in a setting different from the contexts of prior studies. Moreover, Baron and Kenny (1986) suggested that where there is inconsistency in findings as indicated in the literature, effort should be made to examine the condition under which such relationship could be strengthened or weakened or reversed.

Meanwhile, Leonidou et al. (2017) opined that because small firms face gross financial limitations, there is need to evaluate the role of externally sourced financial resources in facilitating effective implementation of strategic intentions. Indeed, the perspective suits the tenets of dynamic capability view (DCV) which postulates that continuous integration and reconfiguration of resources from both internal and external environment of the business is likely to bring about renewed and robust capabilities to achieve superior performance (Eisenhardt & Martin, 2000; Teece et al., 1997). To this end, the present study hypothesized that:

> **H2:** Access to debt finance will moderate the positive relationship between learning orientation and firm performance. The relationship will be stronger (more positive) for firms with improved access to external finance than for firms with limited access to finance.

## Methodology

Data collection was conducted within a period of four months via self-administered survey and SME owner-managers who operate in the manufacturing sector in Nasarawa State, north-central Nigeria participated in the survey. A total of 519 SMEs from the manufacturing sector were included in the survey as obtained from the records of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Agency for Food and Drug Administration Control (NAFDAC). However, a total of 305 usable questionnaires were utilized for analysis.

*Instruments/measures*

The survey instrument was designed based on thorough review of the literature in the area of learning orientation or organizational learning, financing issues related with SMEs and firm's performance. Respondents were required to show their level of agreement or disagreement on a five-point Likert scale ranging from "1" representing "strongly disagree" to "5" representing "strongly agree" gauging the indicators of learning orientation; access to external financial resources; as well as their perceived firm's performance.

*Learning orientation*

Learning orientation was measured with a five-item instrument adapted from Lam et al. (2011) which was initially adapted from Sinkula et al. (1997). The instrument proved to possess adequate psychometric properties as Lam et al. (2011) reported a composite reliability index of 0.849.

*Access to debt finance*

The instrument that determined the degree of access to external financial resources was adapted from Martin et al. (2007). The instrument which comprised of seven items, had a high level of internal consistency (Cronbach's alpha value = 0.76) as indicated by Martin et al. (2007).

*Firm's performance*

In the present study, firm's performance was assessed with an eight-item instrument adapted from Spillan and Parnell (2006). The adapted instrument had demonstrated to be reliable for measuring firm's performance of small and medium enterprises. As reported by Spillan and Parnell (2006), the instrument had an adequate Cronbach's alpha score of 0.76.

It is pertinent to mention that each construct in the present study was treated as a unidimensional construct. Meanwhile, to ensure that the measurement instrument is reliable for this study, a pre-test of the survey via pilot study was performed. 45 SME owners/managers other than those that participated in the main survey were included in the pilot study. Based on the pilot test results, the instrument proved to be reliable. The tendency that non-response bias could affect the outcome of a study was checked based on Armstrong and Overton (1977) recommendations. The respondents that responded lately were termed to possess similar characteristics with non-respondents since they responded after several reminders. Thus, responses of late respondents were compared with responses of early respondents to assess if there are significant differences. The means of responses between the two groups (i.e., early respondents and late respondents) indicate no significant differences for all the variables. In view of this, non-response bias was not a major problem to the outcomes of the present study.

**Results**

Analysis in the present study was based on Henseler et al's. (2009) two-step approach. The afore-mentioned approach allows for specifying the measurement model first as a condition that must be fulfilled before undertaking the second step analysis (i.e., structural model). The model was tested using variance based structural equation modeling tool SmartPLS 3.2.8.

*Measurement model*

Regarding the measurement model, assessment of individual item reliability, construct internal consistency and convergent validity were conducted (see Table 1). Items that loaded very low on the latent construct were deleted to achieve acceptable levels average variance extracted (AVE) and composite reliability (CR).

Table 1.

*Measurement model results*

| **Construct** | **Item** | **Loading** | **AVE** | **CR** |
|---|---|---|---|---|
| Learning Orientation | LO2 | 0.590 | 0.527 | 0.814 |
| | LO3 | 0.805 | | |
| | LO4 | 0.806 | | |
| | LO5 | 0.679 | | |
| Access to Debt Finance | ADF01 | 0.851 | 0.55 | 0.828 |
| | ADF02 | 0.793 | | |
| | ADF03 | 0.690 | | |
| | ADF06 | 0.610 | | |
| Firm Performance | FP02 | 0.621 | 0.546 | 0.827 |
| | FP06 | 0.799 | | |
| | FP07 | 0.789 | | |
| | FP08 | 0.734 | | |

From Table 1, although the loadings of items such as LO2, LO5, ADF03, ADF06 and FP02 were below the generally accepted threshold of 0.7, they were retained at the instance of Hair et al. (2017) who suggested that once AVE and CR had been achieved, items with loadings below 0.70 but greater than 0.40 may only be deleted if such act would further boost the values of AVE and CR. Construct reliability was assessed by determining the composite reliability. From Table 1, the three constructs met the requirement of construct reliability since their composite reliabilities are greater than 0.7 (Bagozzi & Yi ,1988). Further, Table 1 indicates that all constructs achieve convergent validity because their AVE values exceed the 0.5 threshold (Fornell & Larcker, 1981).

With respect to discriminant validity, Heterotrait-Monotrait ratio (HTMT) was evaluated to estimate the extent of correlations among constructs of this research model as presented in Table 2.

Table 2.

*Heterotrait-Monotrait ratio (HTMT)*

| Construct | LO | ADF | FP |
|---|---|---|---|
| LO | | | |
| ADF | 0.496 | | |
| FP | 0.193 | 0.433 | |

According to Kline (2011) the highest correlation among constructs should not exceed 0.85. From Table 2, it shows that the correlation between learning orientation and access to debt finance was the highest with a value of 0.496 only which is far below the acceptable peak of 0.85. This implies that each construct relates more strongly with their own measures in the model than other measures.

*Structural model*

In the present study, the structural model assessment includes estimation of path coefficients by means of bootstrapping approach, coefficient of determination ($R^2$) and predictive relevance of the model ($Q^2$), as well as the moderating effect of access to debt finance in the model. To start with, is the path coefficient (i.e., the relationship between learning orientation and firm performance) whose result is presented in Table 3.

*Table 3.*

*Results of Hypothesis for Relationship Between LO and Firm Performance*

| **Hyp** | **Path** | **Beta** | **SD** | **T-value** | **P-value** | **Decision** |
|---|---|---|---|---|---|---|
| H1 | LO -> FP | 0.012 | 0.076 | 0.154 | 0.439 | Not Supported |

As indicated in Table 3, although the results of the path coefficient for *H1* exhibited a positive direction (see β value), the relationship between LO and firm performance was deemed to be insignificant (see T-value & P-value). Hence, *H1* is not supported.

The moderating effect of access to debt finance on the relationship between LO and firm performance was equally predicted and tested in the present study. To achieve this, we utilized orthogonalization approach. The results are presented in Table 4.

*Table 4.*

*Results of Hypothesis for Moderation Effect*

| **Hyp** | **Path** | **Beta** | **SD** | **T-value** | **P-value** | **Decision** |
|---|---|---|---|---|---|---|
| H2 | LO*ADF -> FP | 0.219 | 0.052 | 4.172 | 0.000 | Supported |

From Table 4, the resulting path value for H2 was supported (β=0.219; t-value=4.172; p-value=0.000). Therefore, this finding demonstrates strong evidence for significant interaction term of learning orientation and access to debt finance on firm performance. In other words, the finding shows that accessibility to external financial resources strengthens the positive link between learning orientation and firm's performance.

Furthermore, analysis of the structural model reveals that learning orientation and access to debt finance collectively accounted for 21 per cent variance in firm's performance. It implies that this research model achieved an $R^2$ value of 0.21. According to Cohen (1988), this can be considered as moderate. The examination of the cross-validated redundancy indices ($Q^2$) for predictive relevance of a research model as suggested by Geisser (1975) and Stone (1974) confirms that this research model has a $Q^2$ value of 0.168 for the dependent variable. This value is regarded as satisfactory because it is greater than zero (Chin, 1998).

**Discussion and implications**

This study aims to achieve two objectives. Firstly, to examine the effect of learning orientation on firm's performance. Lastly, to evaluate the influence of access to debt finance on the relationship between learning orientation and firm's performance among manufacturing SMEs in Nasarawa State, Nigeria. To accomplish this, the researchers retrieved a sum of 305 questionnaires from 305 manufacturing SMEs. A variance-based structural equation modeling technique was utilized to assess the relationships of interest in the research model. Based on the results, learning orientation exhibit positive but insignificant impact on firm's performance. This suggests that the present study failed to affirm the existence of significant relationship between learning orientation and firm's performance among manufacturing SMEs in Nasarawa State, Nigeria. This is in contrasts with studies such as Ghasemzadeh et al. (2019), Kharabsheh et al. (2017) Jain and Moreno (2015), Zhou et al. (2015) that found a positive and significant tie between learning orientation and organizational performance. Perhaps, the disparity in finding could be explained in the context of demographic profile of participants in the current study. Since majority of the participants possess low level educational qualifications, they may not attach serious levels of commitment to learning activities in their respective enterprises. However, this finding aligns with some findings in the extant literature (e.g., Beneke et al., 2016; Real et al., 2014).

In the researchers' opinion, this finding is likely to be attributed to the gross inadequacy of resources and capabilities among SMEs, especially, in developing countries such as the context of the present study. Further, this result lends support to the argument put forward by Bentke et al. (2016) that larger enterprises are more willing and able to embrace and incorporate learning orientation as a strategic posture than SMEs do. If this is truly responsible for this finding, it implies that employees and the enterprise at large may be unlikely to think outside the box to challenge the long-term held tradition, underlying assumptions, and practices of the firm which might be obsolete compared with the rapidly changing business environment.

It may be recalled, we argued that since SMEs are widely marred by gross inadequacy of finance, access to external financial resources could go a long way to create enabling environment for effective and efficient implementation of strategic intentions which might improve their performance in the marketplace. In what appear to be confirmation of our argument, this study provides enormous support for significant moderating effect of access to debt finance on the relationship between learning orientation and firm's performance. This suggests that accessibility of external financial resources will encourage or enable SMEs to seriously embrace a learning philosophy or culture that significantly impacted firm's performance. In other words, this finding implies that the more SMEs have access to external financial resources, the better might be their willingness and preparedness to acquire or create and use new knowledge with the potentials for sustainable superior performance in the marketplace. Also, it implies that improvement is the levels of access to debt finance in Nasarawa State, Nigeria,

Further, SME owner-managers may further realize the prominent role of learning orientation in promoting superb firm's performance in dynamic and highly competitive business environment. Like this finding, Bature and Sallehuddin (2018) found that access to debt finance strengthens the positive relationship between firm's entrepreneurial activities and performance. Further, the results confirm the conclusions of Tang et al. (2008) as well as Wiklund and Shepherd (2005) that any strategic action plans or intentions without adequate financial resources for smooth implementation, may not yield required or expected outcomes.

Theoretically, this finding supports the postulations of dynamic capability view (DCV) theory of the firm in dynamic and competitive business environment. The DCV theory posits that excellent firm's performance depends on the ability to integrate, build, and reconfigure both internal and external resources to deliver superior value in dynamic and competitive business environment. Access to debt finance represents resources from the external environment as earlier mentioned while, learning orientation connotes strategic posture as well as internal resource of the firm which resides in accumulated experience of staff members.

Impliedly, the findings of this study might have suggested reason(s) for low performance among SMEs especially in developing economies while SME owners/managers indicate some levels of emphasis on learning orientation. That is, even though SME owners/managers acknowledge the relevance of learning orientation, its smooth implementation requires huge financial resources to be successful in the marketplace. Owing to the prevalence of financial constraint among SMEs, in this paper, we suggest the effective implementation of a learning-oriented philosophy when external financial resources are accessible by SMEs. Thus, access to debt finance is a vital condition under which learning orientation impacted firm's performance more positively and significantly. This goes a long way to suggests that, SME owners/managers especially, those that are reluctant to seek external finance due to fear of losing ownership title to creditors might have a rethink and strive to consider external financial resources as one of the key factors necessary for creation or acquisition and use of knowledge that permit improved performance in nowadays competitive and dynamic business environment.

**Limitations and future research directions**

Like other studies, this study has some limitations which might pave grounds for future research. First, this research adopted a cross-sectional approach for data collection to consider the impact of learning orientation on firm's performance in dynamic business environment. However, to effectively determine the role of learning orientation in improving firm's performance, requires a longitudinal data because learning orientation is complex and occurs over time. Second, given that there are no any legal requirements that compel SMEs to publish statement of accounts that may permit the use of objective measures, this may prompt future research that might use objective indicators to investigate the effect of learning orientation in larger enterprises within the context of this study.

**Conclusion**

Due to conflicting results in extant literature, this study examines the condition under which the effect of learning orientation on organizational performance is stronger. This is achieved through extensive review of literature on the concept of learning orientation as related to firm's performance within the perspective of dynamic capability view. This study contributes to the existing literature on the eminence of learning philosophy by integrating access to external financial resources (i.e., an external resource from economic environment) as an important construct that facilitates learning activities and enhances brilliant firm's performance into a comprehensive research model. Empirical evidence demonstrates that although learning orientation might be regarded as important predictor of organizational performance, its effect on organizational performance is more positive and significant if SMEs have access to external financial resources. In other words, access to debt finance facilitates positive effect of learning orientation on firm's performance.

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