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Role of Market Orientation on Competitiveness of Manufacturing Firms in Kenya

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ABSTRACT

In order to be competitive, manufacturing firms have to embrace and undertake strategies that will make them perform exceedingly better than their rivals in the market. Such kind of strategies to be undertaken calls for the firm to make decisions and have principles that will direct their activities and generate a behaviour that is intended to propel the firm in the market-place. In this regard the main focus of this study was to examine the role of market orientation and moderating influence that top management commitment have on competitiveness of manufacturing firms in Kenya. Theoretically, this study was grounded on resource-based and upper echelon theories, and a 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 market orientation had a positive and statistically significant role on competitiveness of manufacturing firms in Kenya and top management commitment had a positive moderating role. The study findings also noted that firms that are market-oriented have developed mechanisms that gather information about the customer continuously and are able to implement various strategies aimed at improving their competitiveness. Based on the findings, the study concluded that the competitiveness of manufacturing firms in Kenya depends not only on how they determine the needs and wants of the consumer but also on how effectively and efficiently they deliver satisfaction to them.

INTRODUCTION

The business environment has become competitive, and manufacturing as a sector is not spared. Manufacturing sector by nature and scope is competitive, which has been necessitated by the environmental demands, consumer needs and preferences. This calls for in order to be effective and serve the market efficiently, adoption of new or improved managerial and theoretical approaches in management by firms is not an option but a must. This means manufacturing firms as any other business organizations that aims to serve the customers and making profit at the end have to re-adjust and adopt strategies that will make them improve their competitiveness and remain relevant in the long run. Due to this organizations have to come up with strategies or initiatives that will guide them to overcome the challenges and remain competitive.

An organization's strategy is one of the central concepts of management, as it defines and communicates what is created, how, for whom and why it's valuable (Huff *et al.*, 2009). Due to this, a strategy is a critical pillar as the firm's structure, activities and investments are based on it. It may also be used to help in identifying the organization's problems, developing solutions through creation of new capabilities and improving its competitiveness of the firm. In order to adapt to the changes in the environment, organizations have to realign to a given strategy in form

of strategic orientation. Market orientation is a business strategy alignment that defines the marketing behaviour or posture of a firm and describes how they carry out their marketing activities (Otache & Mahmood, 2015). This orientation brings forth a culture that aims at creating necessary behaviour that will lead to creation of superior value for the customers. This can be done by investing of resources that help in improving the market share of the firm through identification of the existing market opportunities and threats that are caused by either their competitors or the environment and aligning their operations to counter that.

Market orientation comprises a culture aimed at creating necessary behaviour that will lead to superior value for the customers being attained. Market oriented firm aims at understanding and satisfying customer's needs through seeking to prioritize their needs by improving the firm's ability to create and disperse information. In this regard it has been acknowledged that market orientation entails the culture and behaviours that are consistent with fact that the customer constitutes the center of firm's activity (Gatignon *et al.*, 2016, Gnizy *et al.*, 2014) hence any initiative the firm undertakes focuses on the customer needs which aims at serving them better.

Manufacturing firms have a critical role to play in the development of any country as the sector is key in

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the creation of high and stable levels of employment and generation of income and plays a key role in the distribution of income. Manufacturing sector as noted by Shen *et al.*, (2015) is also an important engine for growth and antidote for unemployment, creator of wealth and threshold for sustainable development as observed by Bigsten and Söderbom (2006). The sector not only plays a catalytic role but also presents vital criteria that is used in assessing the nation development as most countries that are major players in the global economy have been transformed by developing a strong and virile manufacturing sector (Kaiser *et al.*, 2014). Manufacturing is broadly defined as a process of transforming ideas into products and services and it is a wealth creating sector and a base for development of the tertiary segment in most developing countries (SEDA, 2012).

Manufacturing sector's contribution towards the global economy can't be understated as most of developed countries are manufacturing giants for instance global manufacturing value of \$10.4 trillion which translates to 71.7% is contributed by ten giant manufacturing countries. These countries contribution are as follows Indonesia 1.5%, France 1.7%, Italy 1.9%, United Kingdom 2.2%, India 3.0%, South Korea 3.2%, Germany 5%, Japan 7%, United States of America 16% and China 28.4% (Doughlas, 2023). China has in recent times has been ranked first in the term of manufacturing performance (Levinson, 2015) while Africa though abundantly endowed with natural resources that are raw materials of the manufacturing sector, it still relies heavily on imports due to lack of capabilities to transform these resources into industrial products and finished products (AfDB, 2014). The Nigerian manufacturing sector is currently ranked 29th largest economy in the world and the largest in the continent and it accounted for 9% of the Nigerian's GDP in 2020. This clearly demonstrates that the sector has the potential of generating massive economic payback in terms of creating employment opportunities and repositioning the country as a key exporter yet the sector is underutilized (Manyong, *et al.*, 2005) yet it hasn't been utilized fully.

The Kenyan manufacturing industry is involved in the production of a variety of products and services, and it is mainly divided into fourteen key sectors based on either the product they produce or the raw material used. This key fourteen sectors are; building, mining and construction sector, chemical and allied sector, energy, electrical and electronic sector, food and beverage sector, leather and footwear sector, metal and allied sector, motor vehicle assemblers and accessories sector, paper and board sector, pharmaceutical and medical equipment sector, plastic and rubber sector, services and consultancy sector, textile and apparel sector, timber, wood and furniture sector and finally fresh produce sector (KAM, 2018). Performance of manufacturing firms have been on a decline however, its competitiveness can be enhanced through adoption of market orientation as this helps in creation of capabilities that the manufacturing firm can adopt to become

competitive as noted by Al-Barghouthi (2014). This helps the manufacturing firms to be constantly be vigilant to the market development and be responsive to the ever-changing needs of the customers.

Statement of the Problem

Manufacturing sector plays a key role in the economy of any country as it helps in stimulating and sustaining high productive growth, boosting employment opportunities and building the country's competitiveness through exports. Over the years Kenya has been able to develop a robust manufacturing sector, which is primarily driven by agriculture, and its contribution towards the GDP has reduced from 9.3% in 2016 to 7.2% in 2021, despite its potential to contribute 30% of the GDP (Economic Survey, 2022). This sector is vital in the promotion of enterprise culture, creation of jobs and provision of services and goods to the public within the economy (Oyondo, 2004) which is one of the key Government agenda. Competition and change in consumer demands have necessitated manufacturing firms to be proactive and come up with better ways through which they can enhance their competitiveness such as development of products that are appealing, meeting of customers' standards and being strategic in the way they operate. The Government of Kenya on acknowledging the significance of the sector, has developed several policy documents that are aimed at improving manufacturing sector and making it play critical role in the national development (Economic Survey, 2022). The policy documents developed over years include Vision 2030 blue print that intends to make Kenya a middle income country by the year 2030, MTP III, Sessional Paper No. 9 of 2012 on National Industrialization Policy Framework for Kenya 2012-2030, Buy Kenya Build Kenya Strategy of 2017 and most recently the Bottom up Economic Transformation Agenda (BETA). These initiatives aim at creating a conducive environment that will enable manufacturing sector to play its rightful role in the economy of Kenya as the sector is a powerful escalator to economic development (Rodrik, 2017).

Empirical evidence on market orientation shows that it has a mixed influence on competitiveness of the manufacturing firms (Wardatulaina *et al.*, 2020; Aziz & Yasin 2010, Slater & Narver, 2000; Lin, *et al.*, 2008; Reijonera & Komppub, 2010, Wang, 2008 Lagat *et al.*, (2012). This study therefore sought to examine the role of market orientation and the moderating role of top management commitment on competitiveness of manufacturing firms in Kenya.

Objectives of the Study

1. To assess the role of market orientation on competitiveness of manufacturing firms in Kenya.
2. To examine the moderating role of top management commitment on market orientation and competitiveness of manufacturing firms in Kenya

Research Hypothesis

H₀₁: Market orientation has no statistically significant role on the competitiveness of manufacturing firms in Kenya.

H₀₂: Top management commitment has no significant moderating role on market orientation and competitiveness of manufacturing firms in Kenya

Justification of the Study

The role of market orientation on the competitiveness of manufacturing firms in the Kenya economy cannot be over emphasized, the findings of this study are useful to the following; the Government, the findings of the study are important in providing insights on what policy initiatives needs to be undertaken to make and improve the manufacturing firms in Kenya play its key role in the economy. This is not only limited to the attainment of the government policy that aim at reduction of unemployment in the country, but also what needs to be undertaken to make the sector competitive globally for the country. Owners of manufacturing firms in Kenya, the study findings are useful in helping them identify and adopt appropriate market orientation constructs that the firm can use to be competitive. The financiers of manufacturing firms in Kenya finds the study beneficial as it helps them in understanding the dynamics of the sector, they are funding. This can lead them in coming with regulations, policies and market products that are tailored towards the sector hence making it sustainable in short and long run. Finally, academicians will benefit from this examination as it will help in enhancing the existing information and those who wish to pursue further investigation in the same area will greatly benefit from it.

Scope of the Study

This study sought to establish the role of market orientation on the competitiveness of manufacturing firms in Kenya by focusing on the constructs of customer orientation, competitor orientation and inter coordination function. The focus of the study was medium and large manufacturing firms that are registered members of Kenya Association of Manufacturers who belong to Machakos and Central Kenya Chapters. The secondary data period was for five years 2017-2021.

Limitation of the Study

During the undertaking of this research a number of limitations were encountered and they are as follows; some of the respondents were unwilling to give the information required as they claimed the data required were critical for the firms and they were not willing to share it out as this could have exposed information them to their competitors. To solve this the researcher had to clarify that the information given will be handled confidentially and it was purely for academic purpose and with the production of research permit from NACOSTI helped to solve the challenge. Second limitation encountered was

delayed response from the respondents as questionnaires had been dropped earlier. To overcome this limitation, the researcher with the help of research assistants had to make a follow up to where the questionnaires had been dropped and have them filled. In some instances, the research assistant had to take the respondents through the questionnaires and fill them personally. During the period of data collection, most of the firms in Kenya were grappling with the effects of COVID-19 hence strict guidelines on operations which included limiting or banning of visitors in the business premises. To address this limitation the researcher had to contact the firms to be visited earlier through phone calls to allow for prior planning as time given for any engagement was limited. Finally, the study focused only on the three dimensions of market orientation namely customer orientation, competitor orientation and interfunctional orientation. It is clear that that this was not exhaustive as we have other dimensions of market orientation that were not investigated on as this the study was only limited to the findings of the three dimensions.

LITERATURE REVIEW

Theoretical Framework

Resource Based Theory

The Resource-based theory underscores the importance of firm's internal resources in achieving competitiveness. This theory acknowledges that in order to achieve and sustain competitiveness, a firm must have unique resources that are the foundation for a competitive advantage and this lies predominantly in the application of the bundle of treasured resources at the firm's disposal (Barney, 2011). The resources are heterogeneous in nature and not perfectly mobile. This theory provides the understanding that certain existing resources will result in superior performance, build a competitive advantage and the sustainability of such will be determined by ability of competitors to imitate such resources. However, the existing resources of a firm may not be adequate to facilitate the future market requirement. Due to polarity of contemporary market, there is a vital need to modify and develop resources that will be different and not easy to imitate in order to encounter the future market competition. An organization should exploit existing business opportunities using the present resources while generating and developing a new set of resources to sustain its competitiveness in the future market environment. Therefore, competitive advantage is crucial to development of resources that will strengthen the firm ability to continue with performance (Barney, 2011).

Upper Echelon Theory

The upper echelon theory that was developed by Hambrick and Mason in 1984 and holds that the firm's outcomes are the reflection of values and cognitive bases of its leaders (Carpenter *et al.*, 2004). The firm's outcome is directly linked to the knowledge, experience and expertise of those individuals who hold leadership

role in the organization (Carpenter & Fredrickson, 2001). The theory suggests that human have limited capacity of information processing at any given time, and as a result their decision on and response to certain elements in the environment are determined by leaders' disposition and personal tendencies. The essence of the theory is that decision makers are unique given his or her knowledge, value biases, familiarities and preferences (Cannella & Holcomb, 2005). Though various firms may have resources in equal measure the competitiveness will be determined with the top leaders of the firm, how they do the investment or use the same resources. This means that the top management perceptions of their corporate environment influence the strategic choices they make which eventually affects the competitiveness of the firm. This theory will be used to inform the objective on top management commitment.

Market Orientation

Market orientation is a business alignment that defines the marketing behaviour or posture of a firm and it describes how it carries out its marketing activities (Otache & Mahmood, 2015). This is through creation a culture of a necessary behaviour that will lead to superior value for the customers. Market orientation can either be behavioural which emphasize specific activities that relate to generation, dissemination and responsiveness to market intelligence or cultural focuses on the organizational norms and values (Theodosius *et al.*, 2012) of customer, competitor and interfunctional coordination. This study looked at market orientation from a cultural perspective which encourages behaviors that are consistent with the creating superior value for the customer brought about by clearly understanding the buyer, understanding the capabilities of both the current and potential competitors and finally utilization of firms' resources to create superior value.

Customer orientation is when the firm's concern or understanding of customers' needs and preference is paramount while competitor orientation involves identifying the competitors, technology they use and if the potential customers view them as alternatives and inter-functional coordination involves coordination of personal and other resources in the organization in facilitating creation of value for the buyers or basically put the coordinated utilization of firm's resources in creating superior value for the target customers. This means that market orientation facilitates the company's ability to deliver superior products and services to internal and external customers (Lee *et al.*, 2015).

Wardatulaina *et al.*, (2020) in a study entitled market orientation and firm performance of manufacturing sector in Malaysia, the moderation of innovation sampled 321 manufacturing firms. The study used multiple regression analysis and it concluded that market orientation significantly affects the firm's performance. The study noted that manufacturing sector is very competitive and due to this it requires firms to be dynamic in their

operations in order to survive and serve the customers effectively.

Vieira (2010) in a study done in Brazil on Antecedents and consequences of market orientation, a Brazilian meta-analysis and international mega analysis, the study aggregated a sample size of 4,537 in 27 papers the study noted that manufacturing firms need to be in tandem with the business environment and that this can be achieved by being market oriented. This is important as it helps in understanding what the customer needs and through this enhances firms' ability to respond quickly and effectively to fast changing market conditions which are the ultimate determinant of competitiveness. The study noted that market orientation facilitates the firm's ability to anticipate, react to and capitalize on environmental changes thereby leading to superior performance (Vieira, 2010).

Aziz and Yasin (2010) in a study entitled how will market orientation and external environment influence the performance among the SME in the Agro food sector in Malaysia. The research involved 102 firms that Agri food based. The study found out that market-oriented firms have superior capability of achieving higher profits as compared to their counterparts who are not market oriented. This is because market oriented firm has the ability to respond quickly and effectively to fast changing market conditions. The study also concluded that the firms require more of the market intelligence, as this gives a glimpse of what is required and helps in making them to be competitive in the market by being focused.

In a study by Lagat *et al.*, (2012) on market orientation and firm's performance in the manufacturing sector in Kenya, used a casual research design of which questionnaires were developed. The study investigated 220 manufacturing firms that are members of Kenya Association of manufacturers. Regression analysis was used to confirm the relationship that exists between the two variables. Through the study a confirmation was done that there is a positive relationship between market orientation and performance.

Top Management Commitment

Top management is defined as relatively small group of influential executives at the apex of the organization who report directly to the Chief Executive Officer (Filkenstein *et al.*, 2010) and they have an enormous influence in any organization. This group of executives are critical for the success of any given firm as they play a significant role in terms of its value and orientation as action and outcomes and this is attributed to traits they hold (Kinuu, 2014). It is generally acknowledged that strategic decisions a firm undertakes are majorly influenced by the beliefs, values and management philosophies of the top management team who act as strategists. Top management commitment helps in building trust between employees in the organization as employees know that they have the backing of the top leadership. Organizations that are competitive have leaders who are totally committed to what is being undertaken and they are able to finance such activities.

Top management commitment is an active and continuous demonstration by the organizations top management in providing vision, through leadership and resource allocation so as to make the firm competitive. The top management is charged with the responsibility of setting and communicating the firm's vision, goals, manages the firm, allocates resources, makes sure that time is prudently managed, empower and encourage staff (Amoako-Gyampah *et al.*, 2018). Hence this team is critical to the organization's successful realization of the goals (Williams *et al.*, 2014) and they play an important role in decision making such as what new products to be produced and when (Eisenhardt, 2013), they commit financial resources and time (Zu *et al.*, 2008) and influence culture that encourage achievement of specified goals (Feng & Zhao, 2014). This means that top management task to make sure that the organization is competitive by aligning it to the opportunities and threats in the external environment with the organization internal strengths and weakness.

In a study undertaken by Feng and Zhao (2014) on top management support, inter-organizational relationships and external involvement focusing on manufacturing firms in China found that communication from the top management team, the way it flows is very critical to the firm in terms of competitiveness. This helps in advancing what needs to be undertaken and addressing the concerns that are needed.

A study undertaken by Yunus *et al.* (2013) entitled Green IT adoption, towards environmental sustainability: the moderating role of top management enforcement that was undertaken at Kang Valley, Malaysia, it was noted that top management commitment plays a vital role in achieving the vision of the organization. The study recommended that the top management team need to conversant with the environmental requirements and align the organization vision to the reality. Based on the study, vision of the organization could be attained by encouraging the change of communication by encouraging focus on the desired vision. Hence the top management commitment is critical in achieving the organization vision of being competitive.

According to a study undertaken by Tarigan *et al.* (2020) in the Indonesian manufacturing business, it was found that the top management team have a role in in setting purchasing strategy with the suppliers and through this makes a firm to be competitive. This means that have a critical role in determining what needs to be undertaken. In a study undertaken by Irungu (2007) on a cross sectional study on firms listed at Nairobi Stock Exchange established that the effect of top management commitment varies from one sector to the other. Another study undertaken by Song *et al.* (2010) found a positive relationship in internal communication between the chief information officers (CIO) and TMT to promote innovation.

In a study undertaken by Helpap (2016) in German on the impact of power distance orientation on recipients'

reaction to participatory versus programmatic change communication, the study found out that participatory communication is more likely to lead to change. Research has also shown that employee's commitment to change is influenced by how change is communicated specifically, the quality of communication (Rogiest *et al.*, 2015), direction of communication (Helpap, 2016; Hill *et al.*, 2012) and leaders communication style (Luo *et al.*, 2016). Barrick *et al.* (2017) noted that TMT which exhibit high cohesion and communication positively influence organization performance.

Competitiveness of Manufacturing Firms

Competitiveness is the firm's capability to create, manufacture or sell goods and services that are better to those supplied by rivals, taking into consideration both prices and non-price attributes of the products. This means that competitiveness makes a firm to be in a position that leads to creation of profit and provide value through initiatives that drives the cost of production down and leads to product differentiation. Competitiveness is very critical in the present dynamic economic environment as it can lead the firm's survival, growth and accomplishment (Oral & Kettani, 2009). Due to the stiff competition in the manufacturing sector this requires organizations to be competitive in their undertaking so as to survive as this enables the organization to be able to defend and enhance its position in the market.

This According to Selcuk (2016) competitive firms are expected to exhibit higher growth in terms of sales, revenue, better returns on investment, higher market share, higher market access and control over distribution channels that is delivery flexibility as they do better than their competitors in the same industry. Competitiveness is essential for a firm as it helps it to compete effectively and benefit from the prospects that are existing in the environment (Kiraka *et al.*, 2013). This study adopted measures of competitiveness from a study undertaken by Aswini (2013) which include quality, market share and productivity. Quality adoption is an important aspect in a globalized and competitive economy and quality standards is essential strategy for continued existence of organization and achievement of their goals (Abdi *et al.*, 2018). Quality is an important factor as it aligns customers' expectations and market perspectives of what constitutes competitiveness.

Market share is believed to be an essential indicator of competitiveness or how well the firm is doing in comparison to other businesses in the same industry (Farris *et al.*, 2017) as it builds a company's client base that is required. Quality is critical as it assures the consumers on the standards which in turn boasts customers happiness as it assures effective supply of services at lowest possible relative costs (Aswini, 2013). Primary goal of any firm's competitiveness is to increase its effectiveness and efficiency. This helps in improving its ability to deliver goods and services to the customer (Kaplan & Norton, 2001). Competitive firms require to

have effective and timely response to the ever changing tastes and preferences of the consumer. Due to this most firms focus to being efficient and flexible in the manufacturing methods and how to serve the customer (Awino & Gituro, 2011). This calls for different strategies that manages the flow of goods from point of production to the point of use.

MATERIALS & METHODS

This study adopted positivism as the research philosophy that argues knowledge is grounded on facts and no abstractions or personal position of the individuals is considered. A survey research design was employed in the data collection as this enabled the researcher to have a larger sample size to generate data and test the research hypothesis. The target population was the 134 medium and large manufacturing firms that are registered members of Kenya Association of manufacturers (KAM) and belong to Machakos and Central Kenya Chapter which constituted the unit of analysis. A census was undertaken of all the 134 manufacturing firms who are registered members of Kenya Association of Manufacturers Machakos and Central Kenya Chapters. Data collection was done by use of semi-structured questionnaires that were used to generate both qualitative and quantitative data for scrutiny. Before going to the field to collect data, the researcher obtained research permit from National Commission of Science, Technology and Innovations (NACOSTI) and then visited the manufacturing firms that are registered members of Machakos and Central Kenya Chapters of Kenya Association of Manufacturers for data collection. The data was analysed by using Statistical Package for Social Science (SPSS) Version 26 computer software for descriptive statistics which included measures of central tendency, measures of dispersion and measures of association and inferential statistics. Correlation, linear regression, multiple regression analysis are key statistical tests that were undertaken to analyze the effect of each variable on each other. Analysis of Variance (ANOVA) was used to examine the degree of association between the variables in the research. The research model was as follows

$Y = \beta_0 + \beta_1 X_1 + \epsilon$ without the moderator
 $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_1 * Z + \epsilon$; with the moderator
 Where X_1 is market orientation, Z the top management commitment Y is competitiveness, β_0 is Constant, β_1 is the coefficients for the individual independent variables

RESULTS AND DISCUSSIONS

Findings

Response Rate

A total of 121 questionnaires were administered to 121 manufacturing firms out of which 101 were dully filled and returned representing a response rate of 83.47%. This response rate was considered to be satisfactory to make conclusions for the study based on an observation made by Mugenda and Mugenda (2003) who noted that a 50% response rate is adequate, 60% response rate is

good and above 70% is very good to make conclusion of a given study. Therefore, for this study a response rate of 83.47% is very good. This good response rate recorded is attributed to the data collection procedure employed where the researcher obtained a research permit from National Commission for Science Technology and Innovation (NACOSTI) and use of research assistant to drop and pick the questionnaires and carry out interviews.

Table 1: Response Rate

Response	Frequency	Percent
Well filled and returned	101	83.47%
Non –returned	20	16.53%
Total	121	100.0%

Demographic Characteristic of the Firms Sector

The firms under study were found to belong to the following 14 sectors as classified by Kenya Association for Manufacturers namely

Table 2: Sector

Sector	Frequency	Percentage
Building, Mining and Construction	4	3.96
Chemical and allied	15	14.85
Energy, Electrical and Electronic	1	1.0
Food and Beverage	38	37.62
Leather and Footwear	3	2.97
Metal and Allied	8	7.92
Motor Vehicle and Accessories	2	1.98
Paper Board and Packaging	11	10.89
Pharmaceutical and medical equipment	5	4.95
Plastic and rubber sector	14	13.86
Total	101	100

A majority of the firm that responded were in the food and beverage sector at 37.62% while the least was energy, electrical and electronic sector which accounted for 1% of the total percentage. This finding shows how diverse the manufacturing sector in Machakos and Central Kenya Chapters of Kenya Association of Manufacturing is and this result is similar to other studies done that found out that food and beverage sector has largest representation (Kidombo, 2007).

Workforce Size

On the issue of workforce size, the study found out that 27.7% of the firms had between 100-199 employees, 37.6% of the firms had between 200-399 employees and

34.7% of the firms had over 400 employees and above. The result of the study showed that the majority of the manufacturing firms that participated in this study were medium and large enterprises. This conforms to the classification by World Bank as noted by Newman *et al.* (2018) that micro enterprises have up to 10 employees, small enterprises have up to 50 employees, medium enterprises have up to 300 employees and large enterprises have up to or over 1000 employees. The workforce size is summarized in Table 3.

Table 3: Workforce Size

Number of employees	Frequency	Percentage
100-199	28	27.7
200-399	38	37.6
Over 400	35	34.7
Total	101	100

Period of Operation

The study sought from the valid responses for how long the firm has been in operation. The respondents were required to indicate in the continuum the period for which the firm has been in operation as this was considered as an important demographic data as shown in Table 4.

Table 4: Period of Operation

Period of Operation	Frequency	Percentage
Less than 5 years	17	16.8
6-10 years	21	20.8
11-15 years	25	24.8
16-20 years	18	17.8
More than 20 years	20	19.8
Total	101	100

From the study findings, firms that have been in operation for less than 5 years were 16.8%, those in operation for between 6-10 years were at 20.8%, those between 11-15 years were at 24.8%, between 16-20 years were at 17.8% those above 20 years were at 19.8%. Age of manufacturing firm is a factor that affects its survival and competitiveness as mature have developed and operationalized strategic orientation and this helps them to be competitive. Firms age indicate the enterprise resilience, expertise and knowledge in the market dynamism (Atikiya, 2015; Coad *et al.*, 2013) hence a majority of the respondents have been in operation for over 6 years which is an indication of them being competitive. Age is a critical determinant of firm's survival based on the industry /sector life cycle (Esteve-Perez *et al.*, 2017).

Type of Business Enterprise Ownership

Type of business enterprise ownership, the results were as follows; 30.5% were sole proprietorship, 32.5% were partnership and 37.5% were limited companies as indicated in Table 5. Majority of the responses indicated

that they are limited company. This indicated that most of the manufacturing firms have protected from personal liabilities and as a company they can be able to cope with other business uncertainty that arises in the environment and that is why most of them are registered as companies.

Table 5: Type of Business Enterprise Ownership

Type of ownership	Frequency	Percentage
Sole proprietorship	31	30.7
Partnership	33	32.7
Limited Company	37	36.6
Total	101	100

ISO Certification

On certifications of the firms the results were as shown in Table 6 of which firms that had certification in Quality Management System (QMS), Environmental Management System (EMS) and Health and Safety Standards (HSS) were 46 representing 45.5%, those that had only QMS were 25 representing 24.8%, Health and Safety Standards were 17 representing 16.8% while those that had EMS were 13 representing 12.9%.

Table 6: Certification

Certification	Frequency	Percentage
Quality Management System	25	24.8
Environmental Management System	13	12.9
Health and Safety Standards	17	16.8
All Three Certifications	46	45.5

Average Increase/Decline in Revenue

The respondents were asked to state the approximate percentage increase/decline on return on asset for the firms have been making for the last five years. 40.6% of the firms reported average increase on ROA of between 0-20 percent, 23.8% reported average increase of between 21-40%. For over 61% of average increase on ROA was recorded by 17 firms accounting to 17.8 %. As shown in Table 7.

Table 7: Average Percentage increase/Decline on ROA for the last Five Years

Average Percentage Increase/Decline on ROA	Frequency	Percentage
0-20	41	40.6
21-40	24	23.8
41-60	19	18.8
61-80	11	10.9
81-100	6	5.9

Descriptive Statistics

Market Orientation

The first objective of the study was to assess the role of market orientation on competitiveness of manufacturing firms in Kenya. Nine research questions were posed to

the respondents to what degree they agreed with various statement posed in relation to how the market orientation and results are presented in Table 8. The questions were in relation to the following constructs; customer orientation, competitor orientation and inter-functional coordination.

Table 8: Descriptive Statistics for Market Orientation

Market Orientation	SD	D	N	A	SA	μ	SD
Customer Orientation							
The firm gathers information about customer needs.	10.9%	8.9%	2.0%	40.6%	37.6%	3.85	1.31
Customer satisfaction is our aim	11.9%	9.9%	2.0%	31.7%	44.6%	3.87	1.39
Our level of commitment to client’s needs is monitored	12.9%	10.9%	9.9%	32.7%	33.7%	3.63	1.38
						3.78	1.36
Competitor Orientation							
Top management regularly discusses competitors’ strengths and strategies.	12.9%	9.9%	6.9%	34.7%	35.6%	3.70	1.38
The firm’s salespeople regularly share information within our organization concerning competitors’ strategies.	9.9%	14.9%	4%	38.6%	32.7%	3.69	1.33
The firm responds rapidly to competitors’ actions.	13.9%	8.9%	7.9%	32.7%	36.6%	3.69	1.41
						3.69	1.37
Inter functional Orientation							
Everyone understands how they can contribute to creating customer value.	8.9%	7.9%	8.9%	41.6%	32.7%	3.81	1.23
Firm’s top managers from across the company regularly visit our current and prospective customers.	13.9%	8.9%	4.0%	37.6%	35.6%	3.72	1.39
All the departments in our company are responsive to one another’s needs and requests.	6.9%	12.9%	2.0%	46.5%	31.7%	3.83	1.21
						3.79	1.28
Market Orientation						3.75	1.34

n= 101, μ= Mean SD= Standard Deviation

Strongly Disagree=1, Disagree = 2, Not Sure = 3, Agree =4 and Strongly Agree = 5

In relation to the construct of customer orientation which had questions on gathering of information, firm’s objectives being driven by the customer demands and monitoring the commitment levels to customer needs the average calculated mean was 3.78 which implies that majority of the respondents agreed that most of the firms gather information on customer needs, firms objectives are primarily driven by need to satisfy the customer and as firms they constantly monitor their commitments to customer needs. Nevertheless, the responses were diverse as shown by the standard deviation of 1.36. These findings implied that most of manufacturing firms have embraced customer orientation which basically involves understanding the needs of the customers they are serving. This study is in line with Gerni (2013) who asserted that market oriented firm is expected to organize its processes, activities, products and services in the light of demands and needs of current and potential customers. Customer orientation is critical to the firm’s capability to be competitive as it allows for continuous collection and analysis of responses that are received from the customers as noted by Ojiambo *et al.* (2020) and

this helps them to tailor the product they offer to suit the market needs.

On competitor orientation construct that had statements in regard to top management having discussion on competitor’s strength and strategies, sharing of information by sales people within the organization and how the firm responds to competitors’ action. The response to these statements gave an average calculated mean of 3.69 which implied that most of the respondents were in agreement with the statement that firms’ top managers frequently deliberates on competitor’s status, data is shared within the organization on competitors strategies and they respond to swiftly to competitors actions. However, the construct had a standard deviation of 1.37 which meant that the responses were diverse. These findings were in tandem with observation made by Muis (2020) who noted that customer orientation is primarily concerned about gathering data on the competitor in order to determine on how you are going to exceedingly satisfy their consumer.

For inter functional coordination construct, of which statements such as everyone has the understanding on

how to create value for the customer understanding that everyone in the firm has a role to play in creating customer value, management visits prospective and current customers and all department within the organization being responsive to one another's needs, the average calculated mean was 3.79 which inferred that majority of the responses on the statements were in agreement but were the answers were not similar as exhibited by a standard deviation of 1.28. The findings of the study show that market orientation is critical for any manufacturing firm to be competitive. To be competitive the manufacturing firms have to create a firm's culture that most effectively and efficiently creates superior customer value through generation, assimilation and use of market intelligence on customers' needs and preferences (Enyinnah *et al.*, 2022) and sharing the same information within various departments. Market oriented manufacturing firm is expected to put in place mechanisms and measures that will help it understand the desires of

its customers, then adjust what it offers in order to satisfy those needs (Isaya & Turyakira, 2019) and this can be done if they embrace inter-functional orientation. This means in essence manufacturing firms that needs to serve the customer effectively, efficiently and be competitive should endeavor to gather information on its customers, competitors that is the market in general and approach its activities from a coordinated point of view.

Top Management Commitment

The second objective of the study was to examine the moderating role of top management commitment on competitiveness of manufacturing firms in Kenya. Nine research questions were posed to the respondents and the results are presented in Table 9 where the researcher also requested the respondents to what degree they agreed with various statement posed in relation to how the top management commitment.

Table 9: Descriptive Statistics for Top Management Commitment

Top Management Commitment	SD	D	N	A	SA	μ	SD
Communication							
Decision made by management are clearly communicated to the staff	5.0%	4.0%	6.9%	39.6%	44.6%	4.15	1.05
Communication reinforces values of the organization	6.9%	4.0%	7.9%	41.6%	39.6%	4.03	1.13
Top management maintains an open and transparent communication	5.9%	2.0%	5.0%	47.5%	39.6%	4.13	1.03
						4.10	1.07
Resource allocation							
There is adequate human resource allocation	4.0%	7.9%	3.0%	40.6%	44.6%	4.14	1.07
There is adequate budgetary allocation	9.9%	2.0%	5.9%	40.6%	41.6	4.02	1.21
Top management team assigns duties to the juniors	6.9%	8.9%	4.0%	42.6%	37.6	3.95	1.19
						4.04	1.16
Involvement							
Top management involves all staff in strategy implementation	5.0%	5.0%	6.9%	41.6%	41.6%	4.10	1.06
Top management are personally involved in firms' activities	5.9%	8.9%	6.9%	40.6%	37.6%	3.95	1.16
Management ensures that employees are aware of the importance of strategic orientation	7.9%	4.0%	6.9%	41.6%	39.6%	4.01	1.16
						4.02	1.13
Top Management Team Commitment						4.05	1.12

n = 101, *μ* = Mean *SD* = Standard Deviation

1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree and 5 = Strongly Agree

On communication, the calculated mean was 4.10 with a standard deviation of 1.07 which implies that majority of the respondents agreed on the statement. This is in line with the findings of Helpap (2016) who noted that the impact of specific communication strategy on employee commitment depends on the direction, quality of communication and leaders' communication style. On resource allocation the findings from the had a calculated mean was 4.04 with a standard deviation of 1.16 which implies that majority of the respondents agreed on the

statement. Involvement the findings from the study had a calculated mean was 4.02 with a standard deviation of 1.13 which implies that majority of the respondents agreed on the statement.

Competitiveness

The respondents were asked to indicate their opinion regarding competitiveness of the manufacturing firms in Kenya. The responses were rated on a five-point likert scale as presented in the Table 10 below.

Table 10: Descriptive Statistics for Competitiveness

Competitiveness	SD	D	N	A	SA	μ	SD
Productivity							
Manufacturing lead time has improved in our firm	6.9%	4.0%	2.0%	43.6%	43.6%	4.13	1.11
We have the ability to respond to market disruptions in a quick way.	4.0%	7.9%	5.9%	40.6%	41.6%	4.08	1.07
We have made high investment in machinery to improve our productions.	7.9%	5.0%	5.9%	39.6%	41.6%	4.02	1.18
						4.08	1.12
Quality product							
Customer requirements are met in terms of quality	4.0%	6.9%	5.0%	45.5%	38.6%	4.08	1.04
Products that we offer are of high quality	9.9%	5.0%	1.0%	43.6%	40.6%	4.00	1.23
We have a formal quality check system	5.9%	4.0%	8.9%	41.6%	39.6%	4.05	1.09
						4.04	1.12
Return on asserts							
We have been making profit over years	7.9%	4.0%	3.0%	42.6%	42.6%	4.08	1.15
The asset base of the firm has been improving over years	4.0%	5.9%	6.9%	37.6%	45.5%	4.15	1.05
Profit received is ploughed back to the firm	7.9%	3.0%	6.9%	43.6%	38.6%	4.02	1.14
						4.08	1.11
Competitiveness						4.07	1.12

$n = 101$, $\mu =$ Mean $SD =$ Standard Deviation

1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree and 5 = Strongly Agree

The respondents were asked to indicate the extent to which manufacturing firm's productivity in regard to lead time, ability to respond to market disruption and investment in productivity machinery the findings from the study had a calculated mean was 4.08 with a standard deviation of 1.12 which implies that majority of the respondents were in agreement that lead time has improved and the firm has the ability to respond to the market disruption in a quick way.

On quality of products the findings from the study had a calculated mean of 4.04 with a standard deviation of 1.12 which implies that majority of the respondents agreed on the statements that the customers requirements are met in terms of quality and firms have adapted formal quality checks.

Regression Analysis

The study sought to assess the role of market orientation on competitiveness of manufacturing firms in Kenya, Figure 1 shows the distribution of scatter plot information on the market orientation.

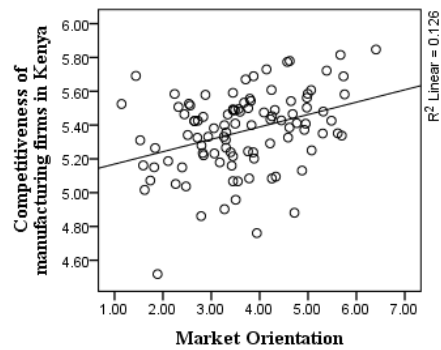


Figure 1: Distribution of scatter plot information on the market orientation.

Table 11 shows the regression analysis findings between market orientation and competitiveness of manufacturing firms in Kenya where the value of R^2 value was 0.126 implying that 12.6% of variation in competitiveness of manufacturing firms in Kenya was explained by market orientation. When the moderator is introduced, the value of R^2 increased to 0.169 which implied that 16.9% of

Table 11: Model Summary for Regression Analysis for Market Orientation and Competitiveness of manufacturing firms in Kenya

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.355 ^a	.126	.117	.22172	2.018
2	.411 ^a	.169	.152	.21733	1.978

a. Predictors: (Constant), Market Orientation and Market Orientation * α (moderator) model 1 and 2

b. Dependent Variable: Competitiveness of manufacturing firms in Kenya.

variation in competitiveness of manufacturing firms in Kenya was explained by market orientation in the presence of moderator. This also implies that 87.4% (without moderator) and 83.1% (moderator) of the variation in the dependent variable is attributed to other factors other than market orientation or that are not captured by the model.

The Analysis of the Variance (ANOVA)

The relationship between market orientation and competitiveness of manufacturing firms in Kenya using the analysis of the variance (ANOVA) is presented in Table 12. This result show F statistic for market orientation (X1) was statistically significant (F = 14.272, P<0.000), which implied that market orientation statistically influenced competitiveness of manufacturing firms in

Kenya without the moderator. Upon introduction of moderating variable (top management commitment), the F statistic changed statistically significant (F = 9.947, p <0.000). This implied that top management commitment had effect on the relationship between market orientation and competitiveness of manufacturing firms in Kenya. The study's results are consistent with previous studies that have been undertaken that found out that market oriented firm are always competitive such as Daunda (2010), Saunila (2014), Vazquez-Avila (2014), Heramn, *et al.*, (2018) and Udriyah, *et al.* (2019) who all found out that market orientation leads to competitiveness in a firm. This relationship is based on the assumption that market oriented firms are better equipped to satisfy customer needs and preferences which subsequently leads them to perform better leading to them being competitiveness.

Table 12: ANOVA Table for Market Orientation

Model		Sum of Squares	Degree of freedom	Mean Square	F	P-value
1	Regression	.702	1	.702	14.272	.000 ^b
	Residual	4.867	99	.049		
	Total	5.568	100			
2	Regression	.940	2	.470	9.947	.000 ^b
	Residual	4.629	98	.047		
	Total	5.568	100			

a. Response Variable: Competitiveness of manufacturing firms in Kenya.

b. Predictors: (Constant), Market Orientation and Market Orientation *z(moderator) model 1 and 2

From the coefficient Table 13, T-test was also used to test the relationship between the predictor variable market orientation and competitiveness of manufacturing firms

in Kenya and there was significant relationship between the two variables with p-value= 0.000 < 0.05 for the model.

Table 13: Coefficients for Market Orientation (X₁)

Model		Unstandardized Coefficients		Standardized Coefficients	t	P-value
		B	Std. Error	Beta		
1	(Constant)	5.096	.074		68.800	.000
	Market Orientation	.073	.019	.355	3.778	.000
2	(Constant)	4.869	.125		39.075	.000
	Market Orientation	.076	.019	.371	4.013	.000
	Market Orientation *z	.057	.025	.207	2.245	.027

a. Dependent Variable: Competitiveness of manufacturing firms in Kenya.

Regression coefficient results in Table 4.35 revealed that market orientation had a (=0.073, = 3.778, p-value<0.000) which was statistically significant, inferring that market orientation alone contributed 0.073 to the competitiveness of manufacturing firms in Kenya without the moderator. Likewise, in model 2 when the moderator (top management team commitment) was introduced, the beta significantly increased to (β = 0.076, = 4.013, p-value<0.000) which is statistically significant.

The regression equations between market orientation and competitiveness of manufacturing firms in Kenya for the model can be expressed as; Y=5.096+ 0.073X1 for model 1 and Y= 4.869+ 0.076X2+0.057X2*Z for model 2 (with

the moderator). Based these results it was clear that the null hypothesis was to be rejected and the alternative hypothesis accepted. For this reason, the fundamental and conclusion was that Market Orientation had significant influence on competitiveness of manufacturing firms in Kenya.

In summary the model is as follows;

Y=5.096+ 0.073X₁. (Without moderator)

Y= 4.869+ 0.076X₂+0.057X₂*Z (With moderator).

DISCUSSION

The study sought to assess the role of market orientation and the moderating role of top management commitment on the competitiveness of manufacturing firms in Kenya.

The descriptive analysis of the study variables revealed that customer orientation, competitor orientation and interfunctional orientation are the constructs of market orientation. Most of the manufacturing firms embraced market orientation and have their business objectives primarily driven by desire to satisfy customers and through this they are constantly committed to customers' needs. The firms also have adopted measures that keeps their competitors in check for instance top management having meetings that review of strategies and initiatives competitors are adopting and sharing the information the information within the organization in order to find away on how to rrespond to them. The study also found out that top management commitment has a moderating role on competitiveness as it statistically influences it.

CONCLUSION

The study concludes that market orientation has a significant role in the competitiveness of manufacturing firms in Kenya; through the adoption of information gathering about customer needs is key in determining how the firm will serve the customer effectively. The study notes that gathering information about the customer needs plays a key role in determining what to produce and competitive firms are always driven by customer demands by monitoring. The study also concludes that resource allocation and communication from the top management is a critical ingredient in making the firms competitive. The study recommends that manufacturing firms should take practical steps that will lead to them gathering information from the customers that in one way helps the firm to know what the customers require. Manufacturing firms should also constantly review their level of commitment to customer needs as this will have a great bearing on what they are producing for the market. The organization-wide approach is also critical as it helps to bring all departments to synergize their commitment to serve the customer. Finally, it's prudent for the manufacturing firms to be have forums where the top management commitment in areas of resource allocation and communication is enhanced.

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