

**EFFECT OF MARKET ORIENTATION ON PERFORMANCE OF SMALL
SCALE ENTERPRISES IN KISUMU CITY, KENYA**

BY

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DECLARATION

I certify that this thesis is my original work and has not been previously presented for a degree in Maseno University, or in any other University. The work reported herein has been carried out by me and all sources of information have been acknowledged by means of references.

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DEDICATION

I dedicate this thesis to my husband Paul Kibet Rono, my daughter Ivy Jerotich Rono and my son Michael Kipngetich Rono.

ABSTRACT

Globally, organizations need marketing strategies to strive and generate superior financial performance. According to Economy survey 2016, five out of seven new small scale enterprises in Kenya do not experience growth in sales volume and profit. In Kisumu, very few small scale enterprises have grown into large formal enterprises, an adverse scenario which may or may not be attributed to market orientation. A number of studies have focused on effect of market orientation on organizational performance with contradictory results. The purpose of this study therefore was to determine the effect of market orientation on the performance of small scale enterprises in Kisumu City. The specific objectives were to: investigate the effect of customer orientation on performance, to find out the effect of competitor orientation on performance and to analyse the effect of innovation orientation on performance of small scale enterprises in Kisumu City .The study was anchored on Dynamic Capabilities theory and a correlational research design was adopted. The target population for the study was 1321 registered SSEs operating within Kisumu City, Kenya. Stratified random sampling technique was used to stratify the SSEs. Simple random sampling was then used to select a sample size of 30% from each sub set giving a sample size of 396 SSEs. Data was collected using questionnaires. A pilot study of 40 respondents and Cronbach alpha was used for reliability test .The obtained reliability co-efficient was acceptable because it was greater than the acceptable value of 0.7 .Content validity was done by exposing the instrument to experts in the field of marketing and the researcher's supervisor to check for any error. Data was analysed objectively using SPSS. Regression Analysis was used to find the effect of customer, competitor and Innovation orientation on organizational performance of SSEs in Kisumu city. The study findings revealed that customer orientation accounted for 22.9% change in organizational performance ($r = .479$, $p = .000$), competitor orientation accounted for 35.0% change in organisation performance ($r = .592$, $p = .000$), innovation orientation accounted for 52.9% change in the organizational performance($r = .727$, $p = .000$).All the variables had a unique strong and positive significant contribution to small scale enterprises in Kisumu city.It was therefore recommended that SSE owners be educated on the significance of market orientation strategies as a key element of enhanced SSE performance. The study will benefit the small scale business owners in Kisumu and Kenya by clarifying the significance of market orientation strategies as a key element of enhanced SSE performance.

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LIST OF ABBREVIATIONS AND ACRONYMS

- ANOVA** - Analysis of Variance
- CBD** - Central Business District
- CCB** - Customer Citizenship Behaviour
- ED** - Edition
- KATO** - Kenya Association of Tour Operators
- MBA** - Master of Business Administration
- RBV** - Resource based view
- ROI** - Return on Investment
- ROS** - Return on Sales
- SSEs** - Small scale enterprises
- SPSS** - Statistical package for social scientists

OPERATIONAL DEFINITION OF TERMS

Competitor Orientation	-	Seeks to gather and disseminate information about competitors' strengths and weakness of the organisation.
Customer Orientation	-	It is concerned with those activities that engage in acquiring and disseminating information about customers.
Innovation Orientation	-	Refers to the ability of the organisation to introduce new ideas to attain organisational goals.
Market orientation	-	Refers to Customer Orientation, Competitor Orientation and Innovation orientation that contributes to organisations making profits and sales turn over.
Organization Performance	-	Performance comprises the actual output or results of an organisation as measured against its intended outputs (goals and objectives).
Profits	-	Is a financial benefit that is realised when the amount of revenue gained from a business activity exceeds the expenses.
Small Scale Enterprise	-	Refers to a business registered to be operating with a capital of between five hundred thousand Kenyan shillings to one million Kenyan shillings.
Sales Turnover	-	Total amount of money that a company receives from the sale of products and services

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CHAPTER ONE: INTRODUCTION

This section presents an overview of the background of the study introducing the main concepts; market orientation and organizations performance. It also highlights the context of the study which is the small scale enterprises in Kisumu city. In addition, it contains the statement of the problem, objectives of the study, research hypotheses, scope of the study, justification of the study and the conceptual framework adopted for the study.

1.1 Background of the Study

In today's highly competitive global market, top managers strive to improve their organizational effectiveness through execution of organizational strategies or capabilities that are linked to better performance (Okumus, 2003). As a result, market orientation becomes a crucial strategy or capability of an organization to stay competitive in the current modest and uncertain business environment (Goldman & Grinstein, 2010). Numerous scholars, practitioners, and researchers have acknowledged that market orientation assists in developing marketing knowledge, superior performance, and competitive advantage (Ellis, 2006; Kirca, Jayachandran, Bearden, 2005). Various definitions of market orientation have been suggested by several scholars in marketing literatures (Day, 1994; Deshpande, Farley, & Webster, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990; Raaij & Stoelhorst, 2008; Ruekert, 1992; Shapiro, 1988). Remarkably, Small scale entrepreneurs have specific requirements from customers and competitors, and so they need detailed knowledge of their actual context and behaviours to deal efficiently. Thus, to perform well and remain competitive, small scale entrepreneurs need relevant and timely information about the market because opportunities and threats continuously change with the consequences of environmental turbulence, customers' preferences, and technology advancement (Wang, Chen, & Chen, 2012). According to Julian, Mohamad, Ahmed, and Sefnedi (2014), market orientation could be considered as a predominant marketing strategy that can improve organizational performance.

Before the evolution of the American economy into a consumer market in the 1950s, Marketing was seen in terms of selling and organisations concentrated on products and not customers. However, in the modern marketing era marketing has gained authority in product planning, production scheduling, inventory control as well as sales distribution

and servicing of the product (O' Leary and Iredale, 1976). Many firms in USA have actually adopted the marketing concept as a source of critical business success factor. Empirical studies that emphasize the implementation of market orientation are still very few within the context of the small scale enterprises (SSEs) in Kisumu City, Kenya, which provides an immense potential for future research. To enrich the existing literatures of market orientation use in the small scale enterprises, this study made an attempt to establish the effect of customer, competitor and innovation orientation on organizational performance of small scale enterprises in Kisumu City, Kenya. Empirical studies have been conducted on customer orientation and performance.

According to Asikhia, (2010) customer orientation, marketing competence, marketing information system and managerial attitude, association with firm performance, has a positive and significant association with the performance of the small and medium scale business. Njeru and Kibera (2014) the perceived direct effects of the three components of market orientation namely competitor, customer and innovation orientation on Performance of Tour Firms in Kenya revealed that the market orientation were all positive and statistically significant. According to Haim Hilma and Narentheren Kaliappen. (2014), the respective links between the dimensions of competitor orientation and customer orientation and performance indicated that both have a positive link with performance of organisations. Basheer Abbas Al-alak, Saeed (M.Z) A. Tarabieh investigated the relationship between customer orientation, innovation differentiation, market differentiation and organizational performance show that customer orientation contributes positively to organizational performance by providing innovation differentiation and market differentiation.

According to Shaohan Cai, (2009), on Chinese companies, found that customer relationship practices appeared to have relatively weak effects on customer satisfaction. In addition the study analysis showed that production performance has strong effects on customer satisfaction.

Numerous studies have investigated the relationship between customer orientation on performance at different periods of time and in different geographical contexts as well. Asikhia(2010),Njeru and Kibera (2014), Basheer Abbas Al-alak, Saeed (M.Z) A.(2011),

Haim Hilma And Narentheren Kaliappen.(2014) highlights a positive relationship between performance and customer orientation. However, Shaohan Cai , (2009), found that customer relationship practices appeared to have relatively weak effects on customer satisfaction. In addition the study analysis shows that production performance has strong effects on customer satisfaction. From empirical literature, evidence suggests that there are no conclusive results amongst the existing literature on customer orientation and performance. Furthermore, there is no universal method to find optimal literature on market orientation and performance. Data collection modalities also varied. There is therefore need to study the effect of market orientation on performance of small scale enterprises in Kisumu City, Kenya.

Studies have been conducted on the relationship between competitor orientation and performance. According to Ge and Ding (2005) on market orientation, competitive strategy and firm performance found that the three dimensions of market orientation exert different effects on competitive strategy and performance. Among them, customer orientation had the strongest association with competitive strategy and market performance and therefore will be the first priority for most firms. Competitor orientation had significantly negative effect on market performance, while inter functional coordination had insignificant impact. A study by Hans Eibe Sorensen, (2009) investigated on decomposing market orientation into customer orientation, competitor orientation and innovation orientation, and the possible implications this decomposition may have for researchers and business practitioners. Empirical evidence revealed that, while competitor orientation is positively related to a firm's market share, customer orientation is detrimental to a firm's return on assets for firms in less competitive environments.

According to Marjanova Jovanov, T. (2014), study investigated the significance of the implementation of competition orientation (CO) as a part of market orientation for the financial performance of the entrepreneurial small and medium – sized companies in a developing economy. The results showed that companies of different sizes demonstrate diverse level of implementation of competitor orientation also, a direct influence of the level of competitor orientation implementation on business profitability was found. A study by Zhou, K.et al. (2009), investigated the relationship between market orientation,

competitive advantage and performance in the global hotel industry. The findings showed that if a firm perceives its customers as valuing service, the firm is more likely to adopt both a customer and a competitor orientation; if the firm thinks its customers are price sensitive, the firm tends to develop a competitor orientation. Moreover, the greater a firm's customer orientation, the more the firm is able to develop a competitive advantage based on innovation and market differentiation. In contrast, competitor orientation has a negative effect on a firm's market differentiation advantage.

Numerous studies have investigated the relationship between competitor orientation on performance. It is still unclear which research designs were best used to measure the effectiveness of competitor orientation on performance. Studies found that there existed a positive relationship between competitor orientation and performance (for example), Hans Eibe Sorensen. However, none of these studies touched on Small Scale Enterprises. In contrast to the aforesaid opinion, some studies found a negative relationship for example Ge and Ding (2005), and Marjanova Jovanov, T. (2014), Zhou, K. et al. (2009). All the studies were done using primary data with different variables. No universal method to find optimal literature on market orientation and performance. There is therefore need to study the effect of market orientation on performance of small scale enterprises in Kisumu city, Kenya.

Studies have been conducted on the relationship between innovation orientation and performance. According to Calantone (2002), the relationships between learning orientation, firm innovativeness and firm performance in the U.S manufacturing and service industries revealed that firm innovativeness is positively related to firm performance. According to Cho and Pucik (2005) the relationship between innovativeness, quality, growth, profitability and market value at the firm level in the U.S. finance industry indicated that innovativeness mediates the relationship between quality and growth, quality mediates the relationship between innovativeness and profitability. According to Therrien (2011) innovation and firm performance in selected service industries indicated that, in order to derive more sales from innovation, firms need to enter the market early or to introduce new products with high levels of novelty. According to Gunday (2011) the effect of product, process, organization and marketing innovations on different aspects of firm performance, including achievements in

production, marketing and finance, on Turkish manufacturing firms in different industries revealed that product, organization and marketing innovations have positive effects on firm performance in manufacturing industries.

Numerous studies have investigated the relationship between Innovation orientation strategies on performance in different industries with different sample size different sampling techniques and in different geographical contexts as well. These studies found that there existed a positive relationship (for example), calatone (2002), Cho and puck (2005), Gunday (2011) and Therrien (2011). Evidence suggests that there are no conclusive results amongst the existing literature on Innovation orientation and performance, there is therefore need to study the effect of market orientation on performance of small scale enterprises in Kisumu city, Kenya.

As observed from above studies, there are mixed reaction on the relationship between market orientation practices and organisational performance. From empirical literature, evidence suggests that there is no universal method to find optimal literature on market orientation and performance. Data collection modalities also varied. There is therefore need to study the effect of market orientation on performance of small scale enterprises in Kisumu city, Kenya.

1.2 Statement of the Problem

Despite the role played by the small scale enterprises sector in Kenya contributing up to 15% of the country's economy, studies have indicated a relatively high failure rate. According to the economist survey (2016), five out of seven new small scale enterprise enterprises fail within the first year and over 90% of small business that start-up in Kenya fail at their third year. In Kisumu, very few small enterprises have grown into large formal enterprises, an adverse scenario that is apparently common among most small scale enterprise business and that has been attributed to market orientation. This raised questions as to whether small scale enterprise enterprises in Kisumu are well market oriented in terms of customer, competitor and innovation orientation. Given this high rate of failure, there was need to establish the effect of the customer, competitor and innovation orientation on performance as these were the critical factors in market orientation that can either lead to success or failure of the small scale enterprises. Studies had been done before on the relationship between customer, Competitor and Innovation orientation and performance however to the knowledge of the researcher, these studies indicated mixed results and no conclusive study had been done in Kisumu city. Thus, this study sought to establish the effect of market orientation on performance of small scale enterprises in Kisumu City, Kenya.

1.3 Purpose of the Study

The purpose of this study was to determine the effect of market orientation on the performance of small scale enterprises in Kisumu city, Kenya.

1.4 Research Objectives

The main objective of the study was to determine effect of market orientation on performance of small scale enterprises in Kisumu City, Kenya.

The specific objectives of the study were:

- i. To investigate the effect of customer orientation on organizations performance of small scale enterprises in Kisumu City.
- ii. To find out the effect of competitor orientation on organizations performance of small scale enterprises in Kisumu City.
- iii. To determine the effect of Innovation orientation on organisational performance of small scale enterprises in Kisumu City.

1.5 Research Hypothesis

From the objective the following three alternative hypotheses were formulated

- H₁** There is no effect between customer orientation and organisational performance of small scale enterprises in Kisumu City.
- H₂** There is no effect between competitor orientation and organisational performance of small scale enterprises in Kisumu City.
- H₃** There is no effect between innovation orientation and organisational performance of small scale enterprises in Kisumu City.

1.6 Scope of the Study

The study was conducted on small scale business enterprises based in Kisumu city. The time period for the study was between the months of January to September 2018. The main respondents were owners of the small scale business enterprises in Kisumu city. The study focused on the effects of market orientation on performance of small scale enterprises in Kisumu City.

1.7 Limitations of the Study

1. Some of the respondents wanted to withhold information thinking the study was for business purposes. The researcher had to explain to them that it was for study purposes so that they agreed to unveil information.
2. A number of the respondents demanded payment before giving information, so the researcher had to explain to them the significance of the study as SSE owners until they agreed to give information without payment.
3. Some of the questionnaires received from a number of respondents seemed to be inflated on one side of the likert from the responses that were given.

1.8 Justification of the Study

In Kisumu, very few small enterprises have grown into large formal enterprises, an adverse scenario that has been attributed to market orientation. This has left many with questions as to whether small scale enterprise enterprises in Kisumu were well market oriented or not yet no conclusive study to the researcher's knowledge had been done in Kisumu city to find out the effect of market orientation on the performance on the SSEs. Similarly, the studies that had been done before on the relationship between market orientation and organizational performance globally indicated mixed results and this prompted the need to establish the effect of market orientation on performance of small scale enterprises in Kisumu City, Kenya.

1.9 Significance of the Study

The results of the current research would benefit the small scale business enterprise sector in Kenya by clarifying the significance of customer orientation, competitor orientation and innovation orientation as key elements in enhancing performance. The study findings may also provide significant implication to the market orientation literatures, especially in the context of the small scale enterprises. This study would add more knowledge on the concept of market orientation and give more empirical findings on the relationship between market orientation and organisational performance.

1.10 Conceptual Framework

The conceptual model presents the perceived relationships as formulated for testing. The conceptual model shows the various relationships among the variables customer orientation, competitor orientation and Innovation orientation and Performance. According to the model, Organizations Performance is the dependant variable and is influenced by independent variables customer orientation, competitor orientation and innovation orientation whose measures have been adopted from (Lassar et al.2000).

INDEPENDENT VARIABLE

MARKET ORIENTATION

DEPENDENT VARIABLE

ORGANISATION PERFORMANCE

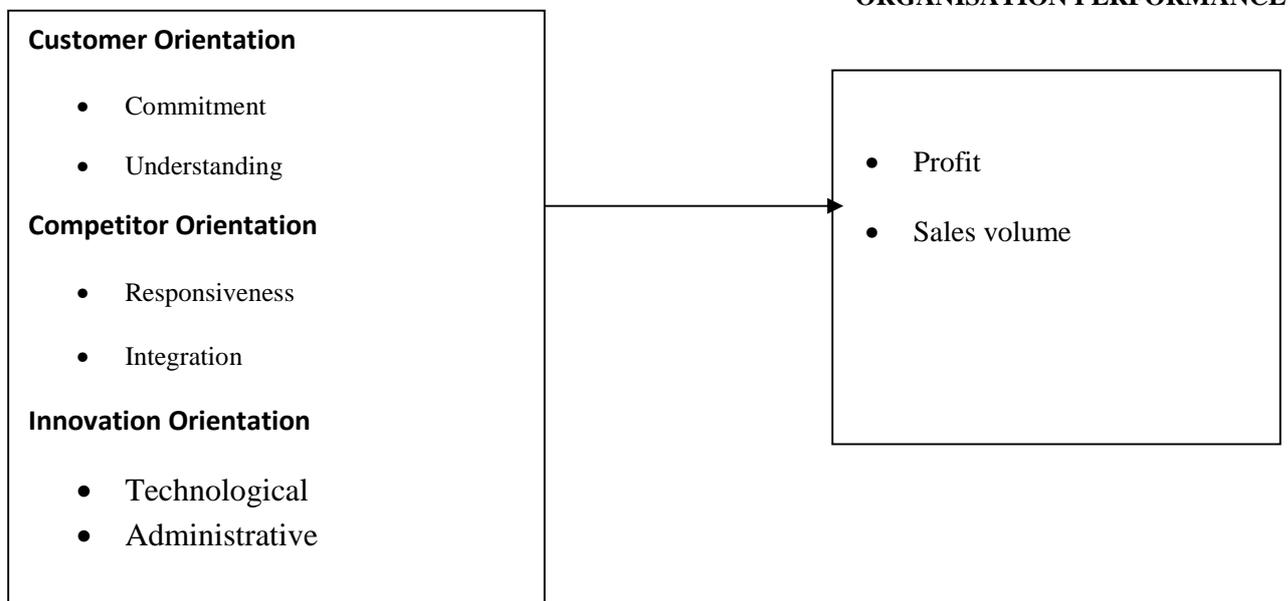


Figure 1.1 Effect of market orientation on performance of small scale enterprises in Kisumu City, Kenya.

Source: (Adopted and modified from Lassar et al. 2000).

CHAPTER TWO: LITERATURE REVIEW

This section contains theoretical review of the study, empirical literature review of previous studies and the summary of gaps.

2.1 Theoretical Literature Reviews

This section provides a review of a suitable theory to guide the study. The following theory was reviewed; Dynamic capabilities theory.

2.1.2 Dynamic Capabilities Theory

Dynamic Capabilities view evolved from the Resource Based View (RBV) and is concerned with the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments (Teece, Pisano and Shuen, 1997). However, a concise and comprehensive definition of dynamic capabilities view has not yet been reached (Teece 1997; Eisenhardt and Martin, 2000). According to Day (1994), capabilities are complex bundles of skills and collective learning, exercised through organizational processes that ensure superior coordination of functional activities and are deeply embedded within the organizations' fabric. Hence, firms that are better equipped to respond to market requirements and to anticipate changing conditions will enjoy long-run competitive advantage, superior performance in terms of sales volume and profit.

Hou, (2008) asserts that dynamic capabilities are the collection of resources, such as technologies, skills, and knowledge-based resources. This view is augmented by Helfat and Peteraf (2009) who view dynamic capabilities as the capacity of a firm to purposefully create, extend or modify its resource base. The focus is on the capacity of an organization facing a dynamic environment to create new resources, renew or change its resource mix making it possible to deliver a constant stream of innovative products and services to its target customers. The resource base includes tangible, intangible and human assets which the firm owns and controls or has preferential access to. Dynamic capabilities view acknowledges top management team's belief that firm evolution plays an important role in developing dynamic capabilities (Teece et al. 1997; Helfat and Peteraf, 2009).

According to Ambrosini, Bowman and Collier (2009), dynamic capabilities comprise four processes: reconfiguration, transformation and recombination of assets and resources.

Leveraging is concerned with the replication of a process or system that is operating in one area of a firm into another area, or extending a resource by deploying it into a new domain, learning allows effective and efficient performance of tasks and finally, integration which is the ability of the firm to integrate and coordinate its assets and resources that results in the emergence of a new resource base. Eisenhardt and Martin (2000) describe capabilities as complex coordinated patterns of skills and knowledge that are embedded in organizational routines and are distinguished from other organizational processes by being performed well relative to competitors. They further argue that since market places are dynamic, it is the capabilities by which firms' resources are acquired and deployed in a way that matches the firm's market environment that explains inter-firm performance variance over time. Barreto (2010) defines dynamic capabilities as the firm's potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions and to change its resource base.

Based on these views, in this study, market orientation can be considered as one of SSE internal and external factors that if well integrated and reconfigured, will enable them to perform more efficiently and effectively in their day-to-day activities relative to competition and bring about change in sales volumes and profits. In cases where the SSE owners have skills and collective learning, exercised through organizational processes that ensure superior coordination of functional activities and are deeply embedded within the organizations' fabric, can create, extend or modify its resource base (resource base-tangible, intangible and human assets which the firm owns and controls or has preferential access to), can systematically solve problems formed by its propensity to sense opportunities and threats and can make timely and market-oriented decisions, they will enjoy long-run competitive advantage, superior performance in terms of sales volume and profit.

2.1.3 Market Orientation

Market orientation is the central concept of the marketing discipline (Gebhardt 2006; Kotler 2000) and has important implications for a firm's competitiveness. Specifically, market orientation is a critical marketing capability and a business resource that helps firms achieve positions of sustainable competitive advantage and superior business

performance (Huit 2005; Cadogan 2009). In support, Narver and Slater (1990) described market orientation in terms of three behavioural components; customer orientation, competitor orientation and innovation orientation. Kumar (2011) recognize that market orientation is vital to an organization because it helps assess the constraints and opportunities created by the environment. According to Shaohan (2009), market orientation helps firms track and respond to changing customer needs; hence, high market orientation firms should outperform low market orientated firms. This is also supported by Liao (2011) as they specified that market orientation affects performance either by providing a customer oriented focus or reshaping an organization's culture for developing superior value for customers.

Competitor orientation emphasizes understanding of the strengths and weaknesses of existing and potential competitors and at the same time monitoring competitor behaviours in order to meet the latent and potential needs of the target customer (Hilman, 2009). Shin (2012) suggests that to understand current and potential competitors, a firm can assess its position, develop appropriate strategies, and respond quickly to competitors' actions with prompt precise actions in the short run and at the same time modify marketing programmes in the long run. Firms should adjust to market dynamics caused by competitors and better understand the changing market needs since the objective of a competitor oriented firm is to keep pace with or remain ahead of competitors (Kai and Fan, 2010). The ability of a firm to offer superior product/service offering, competitive pricing strategy, differentiated channel management, unique marketing communication and continuous marketing research activities can be supported better by high levels of competitor orientation which can lead to superior firm performance.

Customer orientation is a component of marketing concept that focuses on putting the customers at the centre of strategic focus (McEachern & Warnaby, 2005). In order to achieve organizational goals thus depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do (Kotler & Keller, 2009). In essence, all activities in a customer oriented organization are based around the customer. The management and employees are fully engaged and motivated to meet the customers' expectations and provide them with maximum level of satisfaction, thereby shifting organizational values, beliefs,

assumptions, and premises towards a two-way relationship between customers and the firm.

Being customer-oriented requires a long term strategy that should involve all departments of a company, from top management to the customer facing staff and should also comprise diverse elements (Cook, 2002). A review of existing literature shows that there are a number of elements that need to be in place in order to create a climate and culture of customer orientation. Cook (2002) identifies nine elements that include business imperatives, top team clarity, listening posts, service strategy & goals, customer driven processes, people development, empowerment, communication, reward & recognition and sustaining. In pursuit of customer orientation therefore, organizations have adopted an integrated approach that has led to the implementation of customer focused strategies to achieve customer satisfaction, customer retention, customer loyalty, and customer lifetime value (Javalgi, Whipple & Ghosh, 2005).

Innovation, as the creation of new knowledge and ideas to facilitate new business outcomes, aimed at improving internal business processes and structures and to create market driven products and services (Plessis, 2007), ranges from incremental to radical (Damanpour et al.2009). Despite innovation being a multi-type activity, organizations do adopt it due to environmental conditions, organizational factors, generation processes of innovation, and organizational sector (Yang, 2007). Organizational innovation is “implementation of a new organizational method in the firm’s business practice, organization or external relations”. Organizational innovation can lead to improve the firm performance by reducing administrative and transaction cost, rather it intend to improve the workplace satisfaction. The activities oriented toward the organizational change can be consequently linked to the organizational innovation (Tether & Tajar, 2008). Thus organizational innovations are strongly connected with all the administrative efforts including renewing the organizational systems, procedures, routines to encourage the team cohesiveness, coordination, collaboration, information sharing practice and knowledge sharing and learning (Van der Aa and Elfring, 2002). According to the Samuelides (2001) organizational innovation will help absorb the evolution and exploit them into innovation in order to achieve rampant market growth.

2.1.4 Organization Performance

Organizational performance is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. Combs (2005) describe performance as the economic outcomes resulting from the interplay among an organization's attributes, actions, and the environment. Although many authors frame firm performance within financial perspective, Homburg and Pflesser (2000) posit that performance encompass financial and non-financial. Non-financial organization performance refers to effectiveness of organization's marketing activities. Non-financial organization performance is measured by assessing customer satisfaction, value delivered to customers, customer retention and market share. Performance can be gauged through single or multiple dimension measures. However, a good measure of firm performance should be broad based to cover several dimensions of performance outcomes. According to Carton (2006), an ideal measure of performance must take into account information on both historical performance as well as expectations of future performance. He adds that there is no consensus on the best or sufficient measures of firm performance.

2.2 Empirical Literature

2.2.1 Customer orientation and organizations performance

Asikhia, (2010) conducted a survey study on 222 Nigerian enterprises on Customer Orientation and Firm Performance. The study regression analysis revealed that customer orientation, marketing competence, marketing information system and managerial attitude, association with firm performance, had a positively and significantly association with the performance of the small and medium scale enterprises with $\beta = 0.34, 0.476, 0.465$ and 0.564 , ($P < 0.05$). Further, from the study managerial attitude and marketing information systems possessed by organizations moderated this relationship.

Haim Hilma and Narentheren Kaliappen (2014) examined the respective links between the dimensions of competitor orientation and customer orientation and performance in the context of hotels in Malaysia. Data were gathered through self-administrated mail questionnaires directed to the top- and middle-level managers of three- to five-star-rated hotels in Malaysia. The findings indicated that hotels in Malaysia practiced competitor orientation and customer orientation as their core marketing strategy. Specifically, both

competitor orientation and customer orientation positively linked to organizational performance. The findings showed that both competitor orientation and customer orientation have a positive link with performance, with $B = 0.645$, $p < .01$ and $B = 0.665$, $p < .01$, respectively. To test which type of market orientation is more likely to affect the performance, a paired-sample test was run. The findings showed that competitor orientation has $M = 4.29$, $SD = 1.03$, whereas customer orientation has $M = 4.34$, $SD = 1.12$; $t(113) = 14.38$, $p < .01$. The outcome indicated that customer orientation affects the performance slightly higher than competitor orientation.

Shaohan Cai (2009) conducted an empirical investigation on 143,000 Chinese companies, each with revenue of more than 5 million RMB. The study adopted a structure equation modelling which was adopted to analyse data from which, the target companies were randomly selected from 29 Chinese provinces using the stratified probability proportional to sizes. The study found that customer relationship practices appeared to have relatively weak effects on customer satisfaction (coefficient = 0.14), than on production performance (Coefficient= 0.78). In addition, the study analysis showed that production performance has strong effects on customer satisfaction (coefficient =0.88). As such, the coefficient from customer relationship practices to production performance, and to customer satisfaction, explains more variance of customer satisfaction than that from customer relationship practices to customer satisfaction.

Nguyen (2014) study investigated whether the relationship between service scripts and an important customer outcome, customer citizenship behavior (CCB), depends on employees' level of customer orientation. Based on 285 matched dyads of employees and customers from a variety of service organizations, the study found that when service scripts are performed by employees with low customer orientation, service scripts have more detrimental effects on CCB in terms of reducing the propensity among customers to provide unsolicited feedback and their intentions to return to the service firm. Moreover, with support for the addition of the interaction term between service scripts and customer orientation resulted in a significant increase in variance ($\beta = 0.16$, $p < 0.05$) and provide feedback ($\beta = 0.13$, $p < 0.05$).

Njeru and Kibera (2014) empirically assessed the perceived direct effects of the three components of market orientation namely customer orientation, competitor orientation, and the innovation orientation on Performance of Tour Firms in Kenya. The relevant primary data were gathered from Chief Executives and Senior Managers of the One hundred and four (104) Tour Firms registered with the Kenya Association of Tour Operators (KATO) using a semi structured questionnaire. The results of the study revealed that the direct effects of the three components and the composite scores of market orientation were all positive and statistically significant. Among the three dimensions of market orientation and firm performance seems to be most influenced by competitor orientation. This high contribution by competitor orientation can be attributed to the competitive nature of the tourism industry. The relatively low contribution of inter-functional coordination to firm performance can be attributed to the size of the tour firms.

Numerous studies have investigated the relationship between customer orientation and performance at different periods of time and in different geographical contexts as well. These studies found that there existed a positive relationship between customer orientation and performance for example, Asikhia (2010), Haim Hilma And Narentheren Kaliappen (2014), Nguyen (2014), However Shaohan Cai, (2009) found negative results based on customer orientation and organisation performance.

From empirical literature, the study findings indicated mixed results about the effect of customer orientation on the performance of SSEs; some showed positive while others showed negative effects of customer orientation on the performance of SSEs. Furthermore, evidence suggests that the existing literature is based on studies done outside Kisumu city; there are no conclusive results amongst the existing literature on the effect of customer orientation on the performance of small scale enterprises in Kisumu city. The current study sought to empirically study the effect of customer orientation on performance of small scale enterprises in Kisumu city, Kenya and compare them with the already existing literature globally.

2.2.2 Competitor orientation and organizations performance

Ge and Ding (2005) conducted an empirical study on market orientation, competitive strategy and firm performance of Chinese firms. The study investigated the mediating effects of a firm's competitive strategy in the market orientation-performance

relationship. Based on a sample of 371 manufacturing firms in China, evidence was found that the three dimensions of market orientation exert different effects on competitive strategy and performance. Among them, customer orientation had the strongest association with competitive strategy and market performance and therefore was the first priority for most firms. Competitor orientation had significantly negative effect on market performance, while inter functional coordination had insignificant impact. A possible explanation lay in the Chinese culture. Traditional Chinese value emphasizing harmonious relationship in conducting business remained as a prominent feature of modern Chinese business culture. Chinese managers, tended to avoid face-to-face confrontation or head-on competition if they could. However, the possible effects of Chinese traditional culture on the impacts of competitor orientation need to be further explored.

Njeru and Kibera (2014) empirically assessed the perceived direct effects of the three components of market orientation namely customer orientation, competitor orientation, and the inter-functional coordination on Performance of Tour Firms in Kenya. The relevant primary data were gathered from Chief Executives and Senior Managers of the One hundred and four (104) Tour Firms registered with the Kenya Association of Tour Operators (KATO) using a semi structured questionnaire. The results of the study revealed that the direct effects of the three components and the composite scores of market orientation were all positive and statistically significant. Among the three dimensions of market orientation and firm performance seems to be most influenced by competitor orientation. This high contribution by competitor orientation can be attributed to the competitive nature of the tourism industry. The relatively low contribution of inter-functional coordination to firm performance can be attributed to the size of the tour firms.

Marjanova Jovanov, T. (2014), study investigated the significance of the implementation of competition orientation as a part of market orientation for the financial performance of the entrepreneurial small and medium – sized companies in a developing economy. The methodology included both quantitative and qualitative methods and, the research was done in entrepreneurial companies from the food production industry. Data was analysed with SPSS. The conclusions were given on the basis of descriptive and deductive statistics. The results showed that companies of different sizes demonstrate diverse level

of implementation of competitor orientation, also a direct influence of the level of competitor orientation implementation on business profitability was found. It proves that to achieve higher financial performance, small and medium – sized companies must adopt and implement higher level of competitor orientation, as a part of the market orientation process.

Hans Eibe Sorensen, (2009) investigated on decomposing market orientation into customer orientation ,competitor orientation and innovation orientation, and the possible implications this decomposition may have for researchers and business practitioners. A cross sectional questionnaire survey was used supplemented with census data on 308 manufacturing firms – Empirical evidence revealed that, while competitor orientation is positively related to a firm's market share, a customer orientation is detrimental to a firm's return on assets for firms in less competitive environments.

Zhou, K. et al. (2009), study investigated the relationship between market orientation, competitive advantage and performance in the global hotel industry. The findings show that if a firm perceives its customers as valuing service, the firm is more likely to adopt both a customer and a competitor orientation; if the firm thinks its customers are price sensitive, the firm tends to develop a competitor orientation. Moreover, the greater a firm's customer orientation, the more the firm is able to develop a competitive advantage based on innovation and market differentiation. In contrast, a competitor orientation has a negative effect on a firm's market differentiation advantage. Finally, innovation and market differentiation advantages lead to greater market performance (e.g., perceived quality, customer satisfaction) and in turn, higher finance performance (e.g., profit, market share). The results show that customer orientation relates positively to market performance (.21, $p < .01$) whereas competitor orientation has no significant impact on market performance (.06, $p = .58$).

The above studies have investigated the relationship between Competitor orientation strategies and performance at different periods of time and in different geographical contexts as well. These studies found that there existed a positive relationship between competitor orientation and performance for example, Hans Eibe Sorensen, (2009),

Ge and Ding (2005), Njeru and Kibera (2014) Marjanova Jovanov, T. (2014), however Zhou, K.et al. (2009) found negative results on competitor orientation and performance.

Empirical literature evidence suggests that there are no conclusive results amongst the existing literature because of the varied results from the existing studies where some found a positive relationship while others found a negative relationship between competitor orientation and performance. These studies were also done out of Kisumu city leaving a gap to be filled. The current study therefore empirically studied the effect of competitor orientation on performance of small scale enterprises in Kisumu city, Kenya registered under the county government of Kisumu with the aim of comparing the results with the already existing literature from other places and finding out the case scenario in Kisumu city.

2.2.3 Innovation orientation and organisational performance

Calantone (2002) developed a framework for studying the relationships between learning orientation, firm innovativeness and firm performance in the U.S. manufacturing and service industries. Their study revealed that firm innovativeness is positively related to firm performance. Contemporary organizations require a strong learning orientation to gain competitive advantage. Based on in-depth interviews with senior executives and a review of the literature, the present investigation delineates four components of learning orientation: commitment to learning, shared vision, open-mindedness, and intra-organizational knowledge sharing.

Cho and Pucik (2005) examined the relationships between innovation and firm performance. The survey of this study is conducted on top level managers of 113 firms operating in the automotive supplier industry which is one of the most innovative industries in Turkey, as of the year 2011. The obtained data from the questionnaires were analysed through the SPSS statistical package program. Analysis results demonstrated that technological innovation (product and process innovation) has significant and positive impact on firm performance, but no evidence was found for a significant and positive relationship between non- technological innovation (organizational and marketing innovation) and firm performance.

Therrien (2011) investigated whether innovation has an impact on firm performance in selected service industries. The results indicated that, in order to derive more sales from innovations, firms need to enter the market early or to introduce new products with high levels of novelty. Importance of early-entry (world-first) or novel content in commercialization performance differs by industries.

The market orientation-performance has been shown to have a positive relationship in a study by Joaquín et al. (2005), who sought to determine the extent that companies operating in the textile sector with similar market orientation were similarly concerned about innovation. This was done using a population of 465 textile companies in Spain. Data were gathered from in-depth personalized interviews with 17 company directors operating within the textile sector. In order to verify the hypotheses, groups with similar market orientation were identified using a combination of two techniques: multidimensional scaling analysis; and cluster analysis. One way analysis of variance was then used to characterize each group. Direct relationship between market orientation and innovation could not be statistically proved however the market orientation-performance relationship in this study supported a positive relationship between these two concepts.

Several studies have investigated the relationship between Innovation orientation and performance at different periods of time and in different geographical contexts as well. These studies found that there existed a positive relationship between market orientation and performance for example, Calatone (2002) .Cho and Puck (2005),Therrien (2011), and Juaquin et al. (2005). However, from empirical literature review, evidence suggests that there are no conclusive results amongst the existing literature on innovation and organisational performance in Kisumu city. The current study empirically studied the effect of market orientation on performance of small scale enterprises based on correlational research design in Kisumu city, Kenya. Apart from finding out how market orientation affects the performance of small scale enterprises in Kisumu city, the study would also add to the existing literature from other places and compare the results in Kisumu city with the results globally.

2.3: Knowledge Gaps

Numerous studies have investigated the relationship between customer orientation and performance at different periods of time and in different geographical contexts as well.

Studies by Asikhia (2010), Haim Hilma and Narentheren Kaliappen (2014), Nguyen (2014), found that there existed a positive relationship between customer orientation and performance, while Shaohan Cai, (2009) found negative results based on customer orientation and organisation performance.

Similarly, studies on the relationship between Competitor orientation strategies and performance by Hans Eibe Sorensen, (2009), Ge and Ding (2005), Njeru and Kibera (2014) Marjanova Jovanov, T. (2014), found that there existed a positive relationship between competitor orientation and performance, however Zhou, K.et al. (2009) found negative results on competitor orientation and performance. Several studies have also investigated the relationship between Innovation orientation and performance at different periods of time and in different geographical contexts as well. These studies found that there existed a positive relationship between market orientation and performance for example, Calatone (2002) .Cho and Puck (2005),Therrien (2011), and Juaquin et al. (2005).

Empirical literature evidence suggests that there are no conclusive results amongst the existing literature because of the varied results from the existing studies on the effect of customer orientation and competitor orientation on organization performance where some found a positive relationship while others found a negative relationship between competitor orientation as well as customer orientation and performance. These studies were also done out of Kisumu city leaving a gap to be filled. Concerning literature on the effect of innovation orientation on the performance of SSEs, evidence suggests that there are no conclusive results amongst the existing literature on innovation and organisational performance in Kisumu city. The current study therefore empirically studied the effect of market orientation on performance of small scale enterprises in Kisumu city, Kenya registered under the county government of Kisumu with the aim of comparing the results with the already existing literature from other places and finding out the case scenario in Kisumu city.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter presents the research methodology that was used in conducting the study. It covers the research design, description of study area, target population, sample size and data collection methods.

3.1 Research Design

The study adopted a correlational research design. This design enables the researcher to assess the degree of relationship that exists between two or more variables. It analyses the correlation between two or more variables (Orodho, 2012). This design was appropriate to this study because it enabled the researcher to establish the relationship between customer orientation, competitor orientation and innovation orientation on performance using multiple regression equation.

3.2 Study Area

The study was carried out in Kisumu City, Kenya. Kisumu City is one of the new devolved counties of Kenya. It lies between the latitude of 0.091702, and the longitude of 34.767956. Its borders follow those of the original Kisumu District, one of the former administrative districts of the former Nyanza Province in western Kenya. Its headquarters is Kisumu City. It has a population of 968,909 (2009 National Census). The land area of Kisumu City totals 2085.9 km². The study was conducted within the Central Business District. See (Appendix IV). The study was conducted in Kisumu city because very few small enterprises have grown into large formal enterprises and this has been attributed to market orientation. However, studies that had been done before on the relationship between market orientation and organizational performance indicated mixed results. Therefore there was need to establish the effect of market orientation on performance of small scale enterprises in Kisumu City, Kenya.

3.3 Target Population

According to Mugenda & Mugenda (1999), a population is the entire group of individuals, events and objects with common observable characteristics. The target population for this study constituted all the small scale enterprises in the Kisumu city that were a total of 1321, (Revenue section of City council, 2017).

Table 3.1: Target Population

Type of SSEs	Target population
Educational facilities	27
Transport	113
Retail service	1053
Storage facilities	118
Communication companies	10
Total	1321

Source: Revenue section of City council (2017)

3.3.1 Sample Size and Sampling Procedures

The researcher employed stratified random sampling technique to stratify the SSEs according to their types i.e. Educational facilities 27, Transport 113, Retail service 1053, Storage facilities 118 and Communication companies 10. Sample size was arrived at basing on (Mugenda and Mugenda, (1999). According to (Mugenda and Mugenda, (1999) a sample size of between 10% and 30% is a good representative of the target population. Therefore the researcher settled down on a sample size of 30% for each category and employed simple random sampling to select a sample size of 8 Educational facilities, 34 Transport, 316 Retail service, 35 Storage facilities and 3 Communication companies. This gave a total sample size of 396 SSEs. The table 3.2 below shows the distribution of the SSEs according to their types and sample sizes obtained from each category.

Table 3.2: Sample Size Distribution

Type of SSEs	Target population	Sample size	Percentages
Educational facilities	27	8	30%
Transport	113	34	30%
Retail service	1053	316	30%
Storage facilities	118	35	30%
Communication companies	10	3	30%
Total	1321	396	

Source: Revenue section of City council (2017)

3.4 Research Instruments

The main tool that was used for gathering data was the questionnaire, as shown in (Appendix II). According to Kotler (2003); questionnaires are applied for gathering primary research data due to flexibility and relative low cost. A questionnaire contains instructions addressed to the respondent with items to which a respondent is expected to react usually in writing. This is a research instrument that gathers data from a large sample. There are advantages for a questionnaire; one of these advantages is that since it is oriented on paper there is no opportunity for interviewer bias and is effective in large samples. On the contrary, it has disadvantages and one of these is that there is no chance to ask for more information with reference to the answers given by the respondent.

The questionnaires were developed based on multi item scales and summated rating (Likert Scale) to quantify the respondent regarding the study variables which were, Customer orientation, Competitor orientation, Innovation orientation and Organisation performance.

3.5 Piloting of Research Instruments

Before the commencement of the actual study, a pilot study was conducted to ascertain how reliable and valid the research instrument was. The pilot study consisted of 40 SSEs which was 10% of the target population (Kirlinger, 2009). The actual study was not done in the 40 SSEs. The results that were obtained in the pilot study plus the comments that were obtained from the experts were used to revise the research instrument to improve its reliability and validity.

3.5.1 Reliability of the Research Instrument

Reliability is a measure of degree to which a research instrument yields consistent results after repeated trials. To ensure that items captured by the research tools were the main factors in the study, Mugenda and Mugenda (2013) proposed a sample frame size in the range of 1%-10% of the sample frame as the appropriate to engage in pilot test. The study sample size was 396 hence piloting was done by administering questionnaires to 40 SSEs in Kisumu City.

The selected respondents were excluded from the main study. Cronbach's reliability coefficient of 0.83, 0.79, 0.76 and 0.81 were obtained for questionnaire of customer orientation, competitor orientation, innovation orientation and organizational performance respectively. Cronbach's alpha coefficient was used because it required only one testing session, and this helped the researcher to eliminate errors due to differing test conditions which could have occurred if the test was to be administered twice (Brown, 2002). The obtained reliability co-efficient was acceptable because it was greater than the acceptable value of 0.7 (Santos, 1990).

3.5.2 Validity

According to Oluwatayo (2012) validity is the degree to which a test or measurement instrument actually measures what it purports to measure or how well a test or a measuring instrument fulfils its function. The study incorporated content validity – the researcher subjectively assessed the presentation and relevance of the measuring instrument as to whether the items in the instrument appeared relevant, reasonable, and unambiguous and clear. Content validity was also used where the researcher presented the research instruments to experts in the department of Business Administration, Maseno University to determine the extent to which the instrument showed evidence of fairly and comprehensive coverage of the domain of items that it purports to cover. That is whether the measuring instrument had been constructed adequately or its items had fair sample of the total potential.

3.6. Data Types and Data Sources

Primary data collection was used to realize the study objectives. Primary data which was quantitative was collected using structured questionnaires. The questionnaires were close ended in order to provide a more comprehensive view and these were administered by the researcher personally to the respondents. All the respondents were asked the same questions in the questionnaire.

3.6.1 Data Collection Procedures

Before starting the study, the researcher sought permission from the Director school of graduate studies (SGS) Maseno University to collect data. The researcher then visited the owners of the SSEs with the copy of the permit stating the purpose and intention of the study. Different dates were agreed on when the researcher would visit the SSE owners to collect data. The researcher visited the SSE owners on the agreed dates, issued the questionnaires and collected them the very day. Collected data was kept safe under lock and key to ensure that it was not tampered with by anyone.

3.6.2 Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected. It involves examining what has been collected and making deductions and inferences (Kombo & Tromp, 2006). Data (quantitative) was analysed objectively using the Statistical Package for Social Sciences (SPSS) and presented in the report in the form of tables where frequencies, percentages means and standard deviation were used as descriptive statistics. Data was checked for completeness, accuracy, errors in responses, omissions and other inconsistencies. The data was then coded using numerals in order to put them in limited number of categories. Regression Analysis was used to find the effect of customer, competitor and Innovation orientation on organizational performance of small scale enterprise in Kisumu City. According to Kothari (2011) regression is a statistical technique that determines the linear relationship between two or more variables thus shows how variation in one variable co-occurs with variations in another.

3.7. Model Specification

The study was guided by the following Model adapted from Nyabwanga and Ojera (2012) as shown in the equation 3.2

$$Y = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \epsilon_i \dots \dots \dots \text{Eq 3.2}$$

Where :-

Y=Performance measure (Profitability and Sales volume)

X₁ = Customer Orientation

X₂ = Competitor Orientation

X₃ = Innovation orientation

β_0 =Constant/the intercept point of the regression line and the y-axis

β_1 =Effect of customer orientation on profitability and sales volume of small scale enterprises

β_2 =Effect of competitor orientation on profitability and sales volume of small scale enterprises

β_3 =Effect of innovation orientation on profitability and sales volume of small scale enterprises

ϵ_i =Error term

i = The number of small scale enterprises in the sample

(For $i=1, 2 \dots 396$)

3.8 Ethical Consideration

Before beginning the study, the researcher put in mind a number of ethical considerations as follows:

Firstly, the researcher sought approval from the School of Graduate Studies (SGS) Maseno University and Maseno University ethical Review Committee (MUERC). The researcher as well sought permission from the owners of the SSEs in Kisumu city. Secondly, the researcher maintained confidentiality at all times by not exposing the identity of the respondents or the information they gave in the study to other parties. Thirdly, the researcher sought the consent of the respondents and allowed voluntary participation in the study. Another ethical issue that was considered was privacy of the respondents where confidentiality of the information obtained was considered. Information gathered was strictly used for academic purposes and not any other purpose. Lastly, all the cited and quoted sources in this report were dully acknowledged.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

4.1 Introduction

The main objective of the study was to determine the effect of market orientation on performance of small scale enterprises in Kisumu City, Kenya. The specific objectives of the study were; to investigate the effect of customer orientation on organizations performance of small scale enterprises in Kisumu City, to find out the effect of competitor orientation on organizations performance of small scale enterprises in Kisumu City, and to determine the effect of Innovation orientation on organisational performance of small scale enterprises in Kisumu City. The findings were presented in the order of response return rate, demographic characteristics, overview of organizational performance and as per the objectives of the study.

4.1.1 Response Return Rate

The study administered a total of 396 questionnaires to a similar number of sample size selected from a target population of 1321 small scale entrepreneurs who own small scale enterprises. Out of this sample, a total of 379 questionnaires were dully filled and returned. This transformed to a response return rate of 95.70% which excellent and representative according to Mugenda & Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

4.1.2 Demographic Characteristics

The demographic characteristics of the respondents were presented. These entailed the type of the business they owned, which included retail, service, hospitality, among others, period and education level of the entrepreneurs.

Table 4.1 Demographic Characteristics of Respondents

Character	Category	Frequency	Percentage
Type of your business	Retail	106	28.0
	Service	114	30.1
	Hospitality	91	24.0
	Others	68	17.9
Period	Less than 1 year	5	1.3
	1-5 years	231	60.9
	More than 5 years	143	37.7
Education Level	none/others	7	1.8
	KCPE certificate	10	2.6
	Diploma	20	5.3
	Bachelors Degree	32	8.4
	Secondary certificate	310	81.8

Source: field data (2018)

The findings in Table 4.1 indicate that majority, 114(30.1%) of the small scale enterprises were service offers, 106(28.0%) were retails, 91(24.0%) were in hospitality and the rest, 68(17.9%) were in other sectors not specified. Most of the enterprises, 231(60.9%) had operated for a period of between 1-5 years followed by those who had operated more than 5 years, 143(37.7%). Concerning the entrepreneurship' educational level, majority 310 (81.8%) had secondary certificate while the least, 7(1.8%) had no certificate.

4.2 The effect of customer orientation on organizational performance of small scale enterprises in Kisumu City

The first objective of the study sought to investigate the effect of customer orientation on organizational performance of small scale enterprises in Kisumu City. Respondents were asked to share their views on the extent to which customer orientation was practiced in the organization. These questions were; business objective drive, monitoring the level of commitment and orientation, strategy of competitive advantage, and measurement of customer satisfaction. The data was sought on a five point likert scale and the findings presented as shown in Table 4.2 using descriptive

statistics, means and standard deviations. Each statement gives the range of 1 = strongly disagree, 2 =disagree, 3 = neither, 4 = agree, and 5 = strongly agree.

Table 4.2 Customer orientation in small scale enterprises in Kisumu City

Customer Orientation Metrics	1	2	3	4	5	Mean	STD
Our business objectives are driven by customer satisfaction	19(5.0)	64(16.9)	77(20.3)	164(43.3)	55(14.5)	3.45	1.08
We monitor our level of commitment and orientation to serve customers' needs	9(2.4)	75(19.8)	76(20.1)	153(40.4)	66(17.4)	3.51	1.07
Our strategy for competitive advantage is based on understanding of customer needs	73(19.3)	96(25.3)	96(25.3)	86(22.7)	28(7.4)	2.74	1.22
We measure customer satisfaction systematically and frequently	45(11.9)	9(2.4)	172(45.4)	106(28.0)	47(12.4)	3.27	1.10

SPSS output (2018)

The findings in Table 4.2 indicate the measure of the respondents' views on the level of customer orientation among small scale enterprises. From the findings, majority of the respondents, 164(43.3%) agreed that their business objectives were driven by customer satisfaction, which was supported by a mean of 3.45 and standard deviation of 1.08. Majority, 153(40.4%) of the respondents also agreed that they monitored their level of commitment and orientation to serve customer needs, with a mean and standard deviation (M=3.51, SD=1.07). The findings however indicated that 96(25.3%) of the respondents disagreed that their strategy for competitive advantage is based on understanding of customer needs and also a similar number, 96(25.3%) neutral on the same statement, with a mean and standard deviation (M=2.74, SD=1.22). The findings finally indicated that majority, 172(45.4%) of the respondents were neutral on measuring of customer satisfaction systematically and frequently with a mean and standard deviation (M=3.27, SD=1.10).

In general from these study findings, it was evident that some owners of the SSEs in Kisumu city were customer oriented to some extent whereby their business objectives were driven by customer satisfaction and they monitored their level of commitment and orientation to serve customer needs while other were not customer oriented as indicated by those who disagreed having strategies for competitive advantage is based on understanding of customer needs. In some aspects of customer orientation, majority of the SSE owner had no idea. This reflected how the SSE owners in Kisumu city lacked vast knowledge on the importance of customer orientation on the performance of their enterprises. And this was a reflection of the state of the SSEs in Kisumu city.

Table 4.3: Correlation between customer orientation and organizational performance of small scale enterprises in Kisumu city

		mean customer orientation	mean performance
mean customer orientation	Pearson Correlation	1	.479**
	Sig. (2-tailed)		.000
	N	379	379
mean performance	Pearson Correlation	.479**	1
	Sig. (2-tailed)	.000	
	N	379	379

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output (2018)

The findings in Table 4.3 revealed the results for the association between customer orientation and organizational performance. The results indicated that there was a moderate correlation between customer orientation and organizational performance (R=.479). This implies that the performance of the small scale enterprises is positively associated with customer orientation such that putting into consideration the customers and their wants among the entrepreneurs could positively lead to an improvement in the performance of their enterprises.

From the study findings, it is clear that the small scale entrepreneurs in Kisumu city were customer oriented to some extent. There existed a positive relationship between customer orientation and the performance of the SSEs; meaning if the SSE owners embraced customer satisfaction, they monitored their level of commitment and orientation to serve their customers' needs, their enterprises grew greatly and if they never embraced customer oriented, their enterprises never grew. Customer orientation when considered in any business setup would lead to growth in profits.

The study findings are similar to those of Asikhia, (2010) who after conducting a survey study on 222 Nigerian enterprises on Customer Orientation and Firm Performance, regression analysis revealed that customer orientation, had a positively and significantly association with the performance of the small and medium scale enterprises with $\beta = 0.34, 0.476, 0.465$ and $0.564, (P < 0.05)$.

Again the findings are in line with those of Haim Hilma and Narentheren Kaliappen (2014). They examined the respective links between the dimension of customer orientation and performance in the context of hotels in Malaysia. The findings indicated that hotels in Malaysia practiced customer orientation as their core marketing strategy. Specifically, customer orientation positively linked to organizational performance. The findings showed that customer orientation has a positive link with performance, with $\beta = 0.665, p < .01$.

However, in Kisumu city, in as much as some of the SSE owners were customer oriented, most of their enterprises have not grown into large enterprises. This can be attributed to the fact that these SSE owners practiced customer orientation but did not have prior knowledge of the vitality of customer orientation. Therefore they didn't put it into much consideration.

4.3 The effect of competitor orientation on organizational performance

The second objective of the study sought to find out the effect of competitor orientation on organizational performance. The first step in the achievement of this objective was to measure respondent's view on the extent of competitor orientation among the small scale entrepreneurship. The constructs used were; response to

competitive actions that threatened them, target of customers and customer groups where they have, regular discussion of competitor strength and strategies by top management, and communication of information about successful and unsuccessful customer experience across all business functions. Each statement gives the range of 1 = strongly disagree, 2 = disagree, 3 = neither, 4 = agree, and 5 = strongly agree.

Table 4.4: Effect of competitor orientation on organizations performance of small scale enterprises in Kisumu City

Competitor Orientation Metrics	1	2	3	4	5	Mean	STD
We respond to competitive actions that threaten us	45(11.9)	18(4.7)	105(27.7)	183(48.3)	28(7.4)	3.34	1.09
We target customers and customer groups where we have, or can develop a competitive advantage	55(14.5)	29(7.7)	114(30.1)	124(32.7)	57(15.0)	3.26	1.23
The top management regularly discusses competitors' strengths and strategies	28(7.4)	27(7.1)	145(38.3)	114(30.1)	65(17.2)	3.42	1.08
We communicate information about our successful and unsuccessful customer experiences across all business functions	27(7.1)	0(0.0)	124(32.7)	175(46.2)	53(14.0)	3.59	0.97

Source: SPSS output (2018)

The findings in Table 4.4 indicate that majority, 183(48.3%) of the respondents agreed that they responded to competitive actions that threatened them. Furthermore, majority, 114(30.1%) of the respondents agreed that they targeted customer groups where they have or can develop a competitive strategy, as indicated by a high mean and standard deviation (M=3.26, SD=1.23). It is also clear from the findings that there is a neutral response on top management regular discussion of competitors' strengths and strategies as indicated by 145(38.3%) of the respondents with a mean of 3.42 and standard deviation

of 1.08. Finally, majority, 175(46.2%) of the respondents agreed that they communicate information about their successful and unsuccessful customer experiences across all business functions, which was also supported by a mean and standard deviation (M=3.59, SD=0.97).

From these study findings, it was evident that some of the SSEs in Kisumu city valued and embraced competition to some extent while others did not. This is the reason why there are few SSEs in the city which grow into large and formal enterprises. It was therefore necessary to establish the relationship between competitor orientation and organizational performance. The findings are presented as shown in Table 4.5.

Table 4.5: Correlation between competitor orientation and organizational performance of small scale enterprises in Kisumu city

		mean competitor orientation	mean performance
mean competitor orientation	Pearson Correlation	1	.592**
	Sig. (2-tailed)		.000
	N	379	379
mean performance	Pearson Correlation	.592**	1
	Sig. (2-tailed)	.000	
	N	379	379

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output (2018)

From the findings on correlation from Table 4.5, it can be noted that there exists a strong positive significant linear relationship between the competitor orientation and the organizational performance of the small scale enterprises with a correlation coefficient of 0.592. This implies that the performance of the small scale enterprises is positively associated with competitor orientation such that a healthy competition among the entrepreneurs could positively lead to an improvement in the performance of their enterprises.

Therefore, it can depict from the study findings above that small scale entrepreneurs in Kisumu city were competitor oriented and competitor orientation was positively related to the organizational performance of SSEs. This implies that existence of healthy and meaningful competition among entrepreneurs is key for good and improved performance of their small scale enterprises in Kisumu city. Whereby if the SSE owners responded to competitive actions that threaten them, they targeted customers and customer groups where they have, or can develop a competitive advantage, they communicated information about their successful and unsuccessful customer experiences across all business functions and the top management regularly discussed competitors' strengths and strategies, this would lead to improved performance of their enterprises.

However, in Kisumu city, the small scale entrepreneurs practiced and considered competition in their enterprises to some extent hence there was still stagnation in the growth of most enterprises. This can be as a result of the entrepreneurs viewing their customers as price sensitive. Therefore they developed a competitor orientation based on prices where those who wanted to sell more reduced the prices of goods to meet the needs of their customers and some who didn't reduce the prices of their goods did not sell much. Those who reduced prices ended up with lose and those who did not reduce prices remained with their stocks; this made their enterprises stagnant and not growing big.

These findings are in line with those of Haim Hilma and Narentheren Kaliappen (2014). They examined the respective links between the dimensions of competitor and performance in the context of hotels in Malaysia. The findings indicated that hotels in Malaysia practiced competitor orientation as their core marketing strategy. Specifically, competitor orientation positively linked to organizational performance. The findings showed that competitor orientation has a positive link with performance, with $\beta = 0.645$, $p < .01$.

These findings however contrast with those by Zhou, K.et al. (2009) who investigated the relationship between market orientation, competitive advantage and performance in the global hotel industry. According to their study findings, competitor orientation has a negative effect on a firm's market differentiation advantage.

4.4 The effect of innovation orientation on organizational performance of small scale entrepreneurs in Kisumu City

The final objective of the study sought to determine the effect of innovation orientation on organizational performance of small scale entrepreneurs in Kisumu City. Respondents were asked to share their views on the extent to which they practiced innovation orientation. The constructs that were used to achieve this were; introduction of new technology, investment on new products, reward system on creative and innovative individuals and general innovation and creativity as part of the business. Each statement gives the range of 1 = strongly disagree, 2 = disagree, 3 = neither, 4 = agree, and 5 = strongly agree. The findings are presented as shown in Table 4.6 using Frequency counts, percentages, means and standard deviations.

Table 4.6: The effect of Innovation orientation on organizational performance of small scale enterprises in Kisumu City

Innovation metrics	1	2	3	4	5	Mean	SDT
The organisation has emphasis on introducing new technology	27(7.1)	9(2.4)	133(35.1)	154(40.6)	56(14.8)	3.53	1.01
The organisation invests heavily on new products	27(7.1)	27(7.1)	106(28.0)	134(35.4)	85(22.4)	3.58	1.12
There is a reward system for creative and innovative individuals	27(7.1)	0(0.0)	189(49.9)	126(33.2)	37(9.8)	3.38	0.92
Innovation and creativity are part of the business strategy	27(7.1)	18(4.7)	114(30.1)	143(37.7)	77(20.3)	3.59	1.08

Source: SPSS output (2018)

The findings in Table 4.6 indicates that majority, 154(40.6%) of the respondents agreed that the organization has emphasis on introducing new technology, which was supported by a high mean and standard deviation (M=3.53, SD=1.01). The organization also invests

heavily on new products as agreed by majority, 134(35.4%) of the respondents with a mean and standard deviation (M=3.58, SD=1.12). The findings also indicate that innovation and creativity are part of the business strategy as agreed by majority 143 (37.7%) of the respondents, and supported by a mean of 3.59 and a standard deviation of 1.08.

These study findings indicated that innovation orientation was highly valued in the SSEs in Kisumu city. However, this was the opposite of the state of those SSEs. This can be attributed to the fact that in as much as the SSE owners claimed to be innovative oriented, they did not understand its importance in their enterprises and may have practiced it just for the sake of; they did not put it into much consideration.

Table 4.7: Correlation between innovation orientation and organizational performance of small scale enterprises in Kisumu city

		mean innovation orientation	mean performance
mean innovation orientation	Pearson Correlation	1	.727**
	Sig. (2-tailed)		.000
	N	379	379
mean performance	Pearson Correlation	.727**	1
	Sig. (2-tailed)	.000	
	N	379	379

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output (2018)

The study carried a correlation which showed the relationship between innovation orientation and organizational performance of SSEs in Kisumu city. The results were presented as shown in table 4.7. From the study findings, there was a strong positive significant correlation between organizational performance (small-scale enterprises in Kisumu city) and innovation. (R=.727, p<.000). This implied that the performance of small scale enterprises in Kisumu city had a relationship with innovation orientation. The relationship being significant and positive means that the more the business innovations were made, the better the enterprises performed, and if the business innovations were

never made, then the enterprises would not perform any better. In general, the findings indicated that business innovations were paramount to any business organization to thrive.

Generally, the study findings revealed that the entrepreneurs in Kisumu city were innovative in that they emphasised on introducing new technology, they invested heavily on new products and innovation and creativity were part of their business strategy; however they did not know the value and importance of innovation in their enterprises and this left their enterprises stagnant in growth. There was a positive relationship between innovation orientation and the performance of the SSEs in Kisumu city. This implies that the more the business innovations were made, the better the enterprises performed, and if the business innovations were never made, then the enterprises would not perform any better. Therefore, business innovations are paramount to any business organization to thrive.

On the contrary, in as much as these entrepreneurs valued innovation as part of their business strategy, many of the SSEs did not grow into large enterprises. This can be attributed to the innovations that were being made not meeting the customer demands and needs.

These findings are similar to those of Calantone (2002). According to this researcher, the relationships between firm innovativeness and firm performance in the U.S manufacturing and service industries revealed that firm innovativeness is positively related to firm performance. Cho and Pucik (2005) also found out that there is a relationship between innovativeness, quality, growth, profitability and market value at the firm level in the U.S. finance industry, and this indicated that innovativeness mediates the relationship between quality and growth, quality mediates the relationship between innovativeness and profitability.

The study findings are as well similar to the findings by Cho and Pucik (2005). They examined the relationships between innovation and firm performance. Analysis results demonstrated that technological innovation (product and process innovation) has significant and positive impact on firm performance, but no evidence was found for a

significant and positive relationship between non- technological innovation (organizational and marketing innovation) and firm performance.

Generally from the study findings on effect of market orientation on organizational performance, it can be noticed that business innovations had the strongest positive significant relationship with organizational performance ($R = .727$, $p=0.000$), followed by competition orientation ($R = .592$, $p=0.000$) and lastly customer orientation ($R=.479$, $p=0.000$). It can therefore be concluded from the study findings that business innovation has the greatest upper hand in the performance of small scale enterprises in Kisumu city, followed by existence of healthy competition among the entrepreneurs and lastly putting in mind the customer needs as the enterprises are carried out.

4.5 Organization Performance

Organizational performance was the independent variable of the study. Since the study was correlational in nature, operational performance cuts across the objectives. It was therefore necessary to determine the organizational performance of the small scale enterprises in Kisumu City. Three statements were provided for the respondents to respond in which the researcher measured the extent of performance in the organization. Each statement gives the range of 1 = strongly disagree, 2 = disagree, 3 = neither, 4 = agree, and 5 = strongly agree. The constructs/statements were; sales turnover of the organization for the last five years, growth/decrease in profit, and decrease or increase in customer relations. The findings are presented as shown in Table 4.8 using frequency counts, percentages, means and standard deviations.

Table 4.8 Organizational Performance

Organizations Performance Metrics	1	2	3	4	5	Mean	STD
The organisation has experienced growth in sales turn over for the last five years	37(9.8)	27(7.1)	97(25.6)	132(34.8)	86(22.7)	3.53	1.19
The organisation has experienced growth in profits over the last five years.	36(9.5)	46(12.1)	114(30.1)	155(40.9)	28(7.4)	3.25	1.07
The organisation has experienced growth in customer relation over the last five years.	19(5.0)	63(16.6)	67(17.7)	165(43.5)	65(17.2)	3.55	1.10

Source: SPSS output (2018)

From the findings, it is clear from the majority, 132(34.8%) of the respondents' agreement that the organisation has experienced growth in sales turn over for the last five years, which is also indicated by a mean and standard deviation (M=3.53, SD=1.19). Majority, 155(40.9%) also agreed that the organisation has experienced growth in profits over the last five years, also supported by a mean and standard deviation (M=3.25, SD=1.07). Finally, the findings indicates that the organisation has experienced growth in customer relation over for the last five years as revealed by majority, 165(17.2%) of the respondents who agreed (M=3.55, SD=1.10).

The results above concerning the organizational performance indicate great improvements and growth in profits, customer relation and sales turn over for the last five years. The findings from the three objectives on the effect of customer orientation, competitor orientation and innovation orientation on the performance of the organizations, (SSEs) showed that there is a relationship between them and the performance of the organization; business innovations had the strongest significant relationship (R=.727, p=0.000), followed by competitor orientation (R =.592, p=0.000) and lastly customer orientation (R=.479, p=0.000).

These findings are similar to those by Ellis, (2006); Kirca, Jayachandran, & Bearden, (2005). Who acknowledged that market orientation assists in developing marketing knowledge, superior performance, and competitive advantage. Also, according to Julian, Mohamad, Ahmed, and Sefnedi (2014), market orientation could be considered as a predominant marketing strategy that can improve organizational performance.

Therefore, the growth in the customer relations, profits and sales turn over in the organization could be attributed to existence of healthy competitions among the entrepreneurs whereby the SSE owners respond to competitive actions that threaten them, they target customers and customer groups where they have, or can develop a competitive advantage, the top management regularly discuss competitors' strengths and strategies and the SSE owners usually communicate information about their successful and unsuccessful customer experiences across all business functions.

The growth in the organization can also be attributed to innovations whereby the organisation invests heavily on new products and prioritize innovation and creativity in business. Lastly the growth in the organization could be attributed to consideration of customers by the SSEs owners whereby their business objectives are driven by customer satisfaction, they monitor their level of commitment and orientation to serve customers' needs and their strategy for competitive advantage is based on understanding of customer needs.

In addition to these findings, the final step in the achievement of the objectives of the study was to establish whether a relationship existed between customer orientation and the organization performance of SSEs in Kisumu City.

Multiple linear regression model was used to carry out the analysis whereby the independent variables were: customer orientation, competitor orientations and innovation orientation (market orientation) while the dependent variable was performance of SSEs. Therefore the mean of SSE performance was regressed against the market orientation and the summary findings presented as shown in table 4.9.

Table 4.9: Model Summary on the Effect of market Orientation on Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Change in R Square	F Change	df1	df2	Sig.	F
1	.772 ^a	.597	.593	.862	.597	184.925	3	375	.000	

a. Predictors: (Constant), innovation orientation, competitor orientation, customer orientation

From the findings in Table 4.9, the correlation model indicates the relationship between market orientation and organizational performance of small scale enterprises in Kisumu City. The aim of the model was to establish the effect of market orientation on small scale enterprises in Kisumu city through obtaining a percentage change in the small scale enterprises' performance accounted for by orientation. The model summary shows that there was a strong positive and significant correlation between market orientation and the performance of the SSEs in Kisumu city ($R=.772$, $p=.000$). Additionally, market orientation accounts for 59.7% change in the organizational performance of small scale enterprises in Kisumu City ($R=.597$). An adjustment of the R square value after shrinkage which is also a control of underestimation or over estimation of the R square value revealed a value of 0.593. This implied that there was a difference of 0.004, which is 0.4%, thus a small adjustment to show the true population estimate. The findings are significant $F(3, 375)=184.925$ at $p=.000$, implying that the overall model was well fit and the results are not by chance. Thus from the model, 59.7% is a significant value which means that business orientation has an effect on organizational performance considering other factors kept constant.

The study further sought the effect of market orientation on the performance of SSEs through the standardized coefficient values from the result output. The results indicated the unique contribution of the independent variable on the dependent variable. The findings were presented as shown in Table 4.10.

Table 4.10: unique contribution of market Orientation on performance of SSEs in Kisumu city

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	-.071	.144		-.497	.619
innovation	.595	.042	.558	14.007	.000
1 Competitor orientation	.315	.047	.281	6.664	.000
Customer orientation	.059	.050	.049	1.179	.239

a. Dependent Variable: organizational performance

The findings in Table 4.10 indicated that innovation had the strongest unique contribution to organizational performance ($\beta = .558$, $p = .000$). This implies that innovation has an effect on organizational performance. When this value is squared, the findings indicate that innovation accounts for 31.1% change in organizational performance. Therefore it can be concluded that innovation has a strong significant effect on organizational performance, such that as it increases or as the level of innovation improves, organizational performance improves as well.

From the findings in Table 4.10, it is also clear that competitor orientation has the second strongest unique contribution to organizational performance. This is indicated by the significant results, ($\beta = .281$, $p = .000$). This implies that a one unit change in competitor orientation leads to a unit change in organizational performance. More intuitively, as the competitive orientation improves, there is an improvement in the organizational performance. A square of the standardized coefficient results in a proportion of 0.078, which is 7.8% change in organizational performance. This means that competitor orientation has a positive effect on organizational performance.

Further examination of the findings in Table 4.10 indicates that customer orientation did not have a significant effect on organizational performance. This may not indicate lack of customer orientation effect on performance; rather, there could have been an overlapping effect of other variables thus resulting to non-significant effect. It can thus be concluded

that in the presence of competitor and innovation orientation in the model, customer orientation may not have a significant effect on organizational performance.

Therefore, market orientation has an effect and contributes to the performance of the SSEs in Kisumu city. However, in Kisumu city, very few small enterprises have grown into large formal enterprises, an adverse scenario that is apparently common among small scale enterprise enterprises. Therefore, in as much as the SSE owners valued their customers, competition and innovation, it was not tangible enough in all the SSEs. That means not all SSEs in Kisumu city were market oriented in their enterprises, maybe because they did not have knowledge about market orientation. And as said by Wang, Chen, & Chen, (2012), small scale entrepreneurs have specific requirements from customers and competitors, and so they need detailed knowledge of their actual context and behaviours to deal efficiently. Thus, to perform well and remain competitive, small scale entrepreneurs need relevant and timely information about the market because opportunities and threats continuously change with the consequences of environmental turbulence, customers' preferences, and technology advancement. Very few SSEs were market oriented and they had grown in terms of customer relations, profits and sales turnover, hence the small number of SSEs that have grown into large formal enterprises.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS, RECOMMENDATIONS AND SUGGESTIONS FOR FURTHER STUDIES

5.1 Introduction

This chapter presents the summary of study findings objectively, the conclusions of the study findings as well as the recommendations and suggestions for further research on the areas that the researcher did not tackle. The sub topics are presented subsequently as follows:

5.2 Summary of Findings

Based on the study findings, the following summaries were made generally and objectively:

In general, market orientation has an effect and contributes to the performance of the SSEs in Kisumu city whereby there was a strong positive and significant correlation between market orientation and the performance of the SSEs in Kisumu city and market orientation accounts for some percentage change in the organizational performance of small scale enterprises in Kisumu City. However, in Kisumu city, very few small enterprises have grown into large formal enterprises, an adverse scenario that is apparently common among small scale enterprise enterprises. Therefore, in as much as the SSE owners valued their customers, competition and innovation, it was not tangible enough in all the SSEs. That means not all SSEs in Kisumu city were market oriented in their enterprises, maybe because they did not have knowledge about market orientation.

From objective one, the SSE owners were asked to indicate how they responded to their customers so as to find out if customer orientation had any effect on their enterprises. From the study findings, it was evident that some owners of the SSEs in Kisumu city were customer oriented to some extent whereby their business objectives were driven by customer satisfaction and they monitored their level of commitment and orientation to serve customer needs while other were not customer oriented as indicated by those who disagreed having strategies for competitive advantage is based on understanding of customer needs. In some aspects of customer orientation, majority of the SSE owner had no idea. This reflected how the SSE owners in Kisumu city lacked vast knowledge on the importance of customer orientation on the performance of their enterprises. The results indicated that there was a moderate correlation between customer orientation and

organizational performance; an implication that the performance of the small scale enterprises is positively associated with customer orientation such that putting into consideration the customers and their wants among the entrepreneurs could positively lead to an improvement in the performance of their enterprises. From the model summary, the results indicated that customer orientation did not have a unique significant effect on organizational performance.

The second objective of the study sought to find out the effect of competitor orientation on organizations performance of small scale enterprises in Kisumu City. Respondents were asked to give their views concerning how completion in the enterprises affected the performance of those enterprises. From the study findings, it was evident that some of the SSEs in Kisumu city valued and embraced competition to some extent while others did not. This is the reason why there are few SSEs in the city which grow into large and formal enterprises. Competitor orientation was positively related to the organizational performance of SSEs. This implies that existence of healthy and meaningful competition among entrepreneurs is key for good and improved performance of their small scale enterprises in Kisumu city. Whereby if the SSE owners responded to competitive actions that threaten them, they targeted customers and customer groups where they have, or can develop a competitive advantage, they communicated information about their successful and unsuccessful customer experiences across all business functions and the top management regularly discussed competitors' strengths and strategies, this would lead to improved performance of their enterprises. From the model summary results, it was evident that competitor orientation uniquely and significantly contributed to the performance of SSEs in Kisumu city. This implies that a one unit change in competitor orientation leads to a unit change in organizational performance.

The last objective of the study sought to determine the effect of Innovation orientation on organisational performance of small scale enterprises in Kisumu City. The study findings indicated that innovation orientation was highly valued in the SSEs in Kisumu city. However, this was the opposite of the state of those SSEs. This can be attributed to the fact that in as much as the SSE owners claimed to be innovative oriented, they did not understand its importance in their enterprises and may have practiced it just for the sake of; they did not put it into much consideration. There was a strong positive significant

correlation between organizational performance (small-scale enterprises in Kisumu city) and innovation. This implied that the performance of small scale enterprises in Kisumu city had a relationship with innovation orientation. The relationship being significant and positive means that the more the business innovations were made, the better the enterprises performed, and if the business innovations were never made, then the enterprises would not perform any better. In general, the findings indicated that business innovations were paramount to any business organization to thrive. Innovation had the strongest unique contribution to organizational performance and accounted for the highest percentage change in organizational performance.

5.3 Conclusions

The following conclusions were made from the study findings

In the first objective, it was concluded that customer orientation was valued to some extent by the SSE owners in Kisumu city and had some effects but did not contribute uniquely to organizational performance.

From the second objective, the study found out that competitor orientation had some effects and contributed to the growth and performance of the SSEs. The study hence concluded that if there existed healthy competition among the SSEs, they would perform well in terms of sales volumes and profits, however majority of the SSE owners didn't value it.

From the last objective of the study the study findings revealed that there was a strong positive correlation between innovation and organizational performance, innovation contributed to organizational growth and innovation accounted for change in organizational performance. Therefore it can be concluded that innovation has a strong significant effect on organizational performance, such that as it increases or as the level of innovation improves, organizational performance improves as well.

In general, market orientation in terms of customer orientation, competitor orientation and innovation orientation, was practiced by only few SSEs in Kisumu city. That's the reason behind the small number of SSEs that have grown into large and formal enterprises.

5.4 Recommendations

The following recommendations were made from the study findings:

SSE owners be educated on the importance of customer orientation so that they as they do their enterprises, they put into consideration their customers' needs, be committed and understand them.

Seminars to be conducted to train SSE owners and hence shade light on how to respond to and integrate competition in business; the seminars may also clarify the significance of market orientation strategies as a key element of enhanced financial performance.

SSE owners be innovative both technologically and administratively as per the needs of customers in order to increase their position in the market and hence make profits.

SSE owners be educated on the importance of innovation if they have to grow into formal enterprises.

5.5 Suggestions for further research

- i. A study to be carried out on the extent to which customer orientation, competitor orientation and innovation orientation is considered among the SSEs in Kisumu city.
- ii. A study to be carried out on the effect of customer orientation, competitor orientation and innovation orientation on organizational performance of small scale enterprises in Kenya as a whole.

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APPENDICES

Appendix I: Introduction Letter

Dear Sir/Madam,

RE: EFFECT OF CUSTOMER ORIENTATION, COMPETITOR ORIENTATION AND INNOVATION ORIENTATION ON ORGANIZATIONS PRFORMANCE

I am a postgraduate student in the Department of Business Administration, School of Business and Economic, Maseno University. I am in my research year of my postgraduate studies focusing on “the effect of market orientation strategies on organization performance of small scale enterprises in Kisumu city, Kenya”. I am pleased to inform you that I have selected you to participate in a research I am carrying out in Kisumu city. The purpose of the study is to investigate the effect of customer orientation, competitor orientation and innovation orientation on organizational (Small scale enterprises) performance. Please assist me in gathering enough information to present a representative finding on the current status of the effect of market orientation strategies on organization performance of small scale enterprises in Kisumu city, Kenya by completing the attached questionnaire.

I assure you that there are no risks that you might put yourself in by participating in this study. Your participation is entirely voluntary and the questionnaire is completely anonymous. Any queries regarding the questionnaire or the overall study can be directed to the undersigned. Please be assured that this information is sought for research purposes only and your responses will be strictly confidential. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only. Thank you very much for helping with this important study.

Sincerely,

Lydia Nyarangi

MBA/BE/00032/201

RESPONDENTS CONSENT.

Iof identity card Number hereby
freely give my informed consent and confirmation to voluntarily participate in the
above mentioned research after having read understood and being satisfied with its
purposes.

Sign..... Date

Appendix II: Questionnaire

Dear Participants,

Kindly fill this questionnaire. Information obtained from the study will be treated with utmost confidentiality and strictly used for academic purposes only. Your cooperation will be highly appreciated. Please answer the questions as objective as possible as your contributions will be highly valuable to this study. You are kindly requested not to write your name on the questionnaire.

SECTION A: DEMOGRAPHIC INFORMATION

Please answer the following questions regarding general information.

Name of the firm	
Respondents position in the firm	
Physical location	

- 1) What is the type of your business?
 - a. Retail []
 - b. Service []
 - c. Hospitality []
 - d. Others(specify) []

- 2) How long has your business been in operation? Please tick the appropriate box
 - a) Less than 1 year []
 - b) 1-5 years []
 - c) More than 5 years []

- 3) What is your highest level of education?
 - a) Certificate []
 - b) Diploma []
 - c) Degree []
 - d) Master Degree []

Customer Orientation, Competitor orientation and Innovation orientation

SECTION B: Customer Orientation

1. Four statements are provided for the respondents to respond in which the researcher tries to measure the extent of customer orientation practiced in the organization. Each statement gives the range of 1 = strongly disagree, 2 =disagree, 3 = neither, 4 = agree, and 5 = strongly agree.

Customer Orientation Metrics	1	2	3	4	5
Our business objectives are driven by customer satisfaction					
We monitor our level of commitment and orientation to serve customers' needs					
Our strategy for competitive advantage is based on understanding of customer needs					
We measure customer satisfaction systematically and frequently					

SECTION C: Competitor Orientation

2. Four statements are provided for the respondents to respond in which the researcher tries to measure the extent of competitor orientation practiced in the organization. Each statement gives the range of 1 = strongly disagree, 2 = disagree, 3 = neither, 4 = agree, and 5 = strongly agree.

Competitor Orientation Metrics	1	2	3	4	5
We respond to competitive actions that threaten us					
We target customers and customer groups where we have, or can develop a competitive advantage					
The top management regularly discusses competitors' strengths and strategies					
We communicate information about our successful and unsuccessful customer experiences across all business functions					

SECTION D: Innovation

3. Four statements are provided for the respondents to respond in which the researcher tries to measure the extent of innovation practiced in the organization. Each statement gives the range of 1 = strongly disagree, 2 = disagree, 3 = neither, 4 = agree, and 5 = strongly agree.

Innovation metrics	1	2	3	4	5
The organisation has emphasis on introducing new technology					
The organisation invests heavily on new products					
There is a reward system for creative and innovative individuals					
Innovation and creativity are part of the business strategy					

SECTION D: Organization Performance

4. Four statements are provided for the respondents to respond in which the researcher tries to measure the extent of performance in the organization. Each statement gives the range of 1 = strongly disagree, 2 = disagree, 3 = neither, 4 = agree, and 5 = strongly agree.

Organizations Performance Metrics	1	2	3	4	5
The organisation has experienced growth in sales turn over for the last five years					
The organisation has experienced growth in profits over the last five years.					
The organisation has experienced a decrease in profits over the last five years					
The organisation has experienced a decrease in sales turn over for the last five years.					

Thank You

Appendix III: List of Small Scale Enterprises in Kisumu City.

Data as at 06.11.17: Source: Kisumu city council 2017

1. NYANZA COMMERCIAL COLLEGE
2. LUTHERAN NURSERY SCHOOL
3. WOODVALE COLLEGE
4. GATEWAY NURSERY SCHOOL
5. KISUMU CITYSTAR JUNIOR SCHOOL
6. EMMANUEL COMPUTER ACADEMY
7. COMPUTIAH COLLEGE OF PROFESSIONAL STUDIES
8. MILLENNIUM SCHOOL OF BUSINESS STUDIES
9. KENYA SCHOOL OF PROFESSIONAL COUNSELLORS
10. KISUMU BRIGHT FUTURE NURSERY
11. ELON CHILD DEVELOPMENT CENTRE
12. M. A EDUCATION CENTRE
13. EMMANUEL COMPUTER ACADEMY
14. ST ELIZABETH E.C.D.E
15. ST TERESA AND ELLY HIGH SCHOOL
16. ARISE & SHINE LEARNING CENTER
17. COASTBUS [MSA] LIMITED
18. SIMBA COACH LIMITED
19. MOLOLINE SERVICES LTD
20. KISUMU TRAVELS LTD
21. KENZI TRAVELS
22. CROWN BUS SERVICES
23. SWISS TRAVELS LIMITED
24. ELDORET SHUTTLE
25. KAVIRONDO TOURS & TRAVELS LIMITED
26. SHINING STAR SHUTTLE SERVICES LIMITED
27. PRESTIGE TOURS & TRAVELS
28. SAFARI LUXURY SHUTTLES
29. LAKESIDE VENTURES SAFARIS

30. CRANES TOURS & TRAVELS LTD
31. NILDEEP LIMITED
32. INDIAN SPICY FOOD
33. JUBILEE JUMBO HARDWARE LIMITED
34. JAIN TRADING LIMITED
35. A TO Z PHARMACY LIMITED
36. AMAR DISTRIBUTORS LIMITED
37. NYANZA TRADING COMPANY [K] LIMITED
38. KIBUYE MATT LIMITED
39. ANVI EMPORIUM LIMITED
40. SKYLARK CREATIVE PRODUCTS LIMITED
41. RUBI GLASS & HARDWARE STORES
42. NYANZA PETROLEUM DEALERS
43. IMA DISTRIBUTORS LIMITED
44. LAKHANI ELECTRICAL & HARDWARE LIMITED
45. COASTMAIL CO. LTD
46. AUTO SELECTION (K) LIMITED
47. SHAJANAND INDUSTRIES LIMITED
48. B N KOTECHEA & SONS LTD
49. EURO PETROLEUM PRODUCTS (K) LTD
50. NAKURU EQUIPMENT SUPPLIES LIMITED
51. TAHERALI E. SHAKIR
52. KUNAL HARDWARE & STEEL LIMITED
53. SELECTRIC ENTRPRISES LIMITED
54. B. N. KOTECHEA & SONS LIMITED
55. LACHEKA LUBRICANTS LTD
56. ALPHA HARDWARE SUPPLIES LIMITED
57. MENENGAI HARDWARE KISUMU LTD
58. KAMBU DISTILLERS
59. DOMINION FARMS LIMITED
60. BATA SHOE COMPANY (K) LIMITED
61. JUAL WHOLESALERS LIMITED

62. JUBILEE JUMBO HARDWARE LIMITED
63. WITDESIGNS
64. ARYAN ENTERPRISES
65. HARDWARE DEALERS LTD
66. CYCLE & ELECTRONIC SERVICES
67. ARYAN ENTERPRISES
68. GESA TILES & STORES
69. BHAGWATI LTD
70. JAIN TRADING LTD
71. SAFARICOM LIMITED
72. MTN BUSINESS (K) LIMITED
73. THE STANDARD GROUP LIMITED
74. SWIFT GLOBAL (K) LIMITED
75. AIRTEL NETWORKS [K] LIMITED
76. CELTEL [K] LTD
77. ROYAL MEDIA SERVICES LIMITED
78. SAHARA RADIO
79. AIRTEL NETWORKS KENYA LIMITED
80. ZAYA MOTORCYCLE SPARE
81. AUTO GALLERY ASSESORS
82. GINGIS COMSTEEL SERVICES
83. LENINS AUTO WILL BEH
84. TRUSH FRESH FRUITS & VEGETABLES STORE
85. AMAAN AUTOMOTIVE PAINTS ENTERPRISE
86. KYLIAN SALOON
87. SMART PRESS AGENCIES
88. MWENDWA AUTO TYRES
89. AYMAN AGENCIES
90. TRINITY FASHIONS
91. MERCY ADHIAMBO OBUNGA
92. CITY GAL BEAUTY COLLECTINS
93. MERVEILLE AGENCIES

94. NANDI HILLS MILK CENTRE
95. KISUMU CITY AUTO TYRES
96. BENTA ACHIENG NDIEGE
97. SIPROSE ODHIAMBO
98. NOORDIN R.PUNJA SUKHIANI
99. PAMA GARMENTS
100. SILAS MWALO OKUDO
101. TOBIAS AGUTU
102. JANE AHAWO OCHIENG
103. MICAL WAGAH ONGACHI
104. CELLINE ODUOL ODIPO
105. ROSEMARY OCHIENG AKOTH
106. DASIRONS AUTO ENTERPRISES
107. STEVEN OCHIENG ODALO
108. HENRY MULI NDETO
109. JULLY`S CYBERNET
110. DANTEL COMMUNICATIONS
111. FATUMA YASSIN
112. LIGHT TRANSPORT [JILVIK]
113. EVANS JUMBA
114. BENARD KIGADA
115. P.M. MEISURIA
116. MR. SIMON MUNGU
117. MOTAROKI GENERAL STORES
118. MARY ANYANGO OCHOLA
119. ROSEMARY AKINYI ONYANGO
120. PATRICIA AKUMU
121. JOSEPH ONYOSI ROCHE
122. PHOEBE ANYANGO AGENG'O
123. CATHERINE A.E. MWOSH
124. MICHAEL O.DACHE
125. PAUL WAINDI

126.	ELIZABETH A. OKOTH
127.	ALOICE OLONDE SIGIS
128.	PHILIP OPEMI
129.	NYANZA HALAL BUTCHERY
130.	CALEB ODHAIMBO OKELLO
131.	MILLICENT ATIENO ODHIAMBO
132.	MILLICENT ODHIAMBO
133.	ANTONY OTIENO
134.	YUSUF MOHAMMED JAMIL
135.	SHARON AKINYI
136.	CONSLATER ADHIAMBO WERE
137.	BENSON OTIENO OLANG
138.	ROSELYNE ANYANGO OMOLLO
139.	HEZEKIAH O. AYARO
140.	BLESSED DESIGNERS & BEAUTY COLLECTION
141.	MARGARET M. MAKAYA
142.	MARGARET M .MAKAYA
143.	MELLEN MAGOMA
144.	ROWENAH AFANDI MUIA
145.	NANDI HILLS MILK CENTRE
146.	NANDIN HILLS MILK CENTRE
147.	ERICK OMBEWA
148.	MUTUNE NDABUKI RUBBY
149.	EMMA SALON
150.	JAIMEL SINGH SONDH
151.	LABAN OLENDO OTIENO
152.	PARADISE COMMERCIAL NETWORK
153.	MILIMANI GROCERY
154.	SABINA KAYWA
155.	OASIS BUTCHERY
156.	BEN LABAN
157.	RAMADHAN SALIM ODONGO

158.	VINCENT ODHIAMBO
159.	GRADUS ODHIAMBO
160.	JOHN OKOTH
161.	JOSEPH WAMBOGO
162.	JOHANA ONG'WEN
163.	MARTIN MISIGA
164.	BIBIANA ACHIENG' ONYANGO
165.	JUDITH AWUOR OLOO
166.	ESTHER ATIENO OGADA
167.	JOB OKECH ODERO
168.	JACOB ONYANGO OCHANDA
169.	JOAN NAFULA OOKO
170.	MARY K. NYAKUNDI
171.	GEORGE OKWACH
172.	RAEL B OGOLA
173.	AMNLON ENTERPRISES LIMITED
174.	PAUL ABOM SUS
175.	MILLICENT WASONGA
176.	LAKE MOTORCYCLES & ACCESSORIES
177.	ABDULQADIR M. OMAR
178.	MONICA AWUOR OWUOR
179.	KENNEDY OUMA ODIAWO
180.	MASENO SCHOOL FOR THE DEAF
181.	TELIA COMMUNICATIONS LTD
182.	JANE A. ODHIAMBO
183.	JUDITH OTIENO
184.	JUDITH OTIENO
185.	SWISSGARDE
186.	VINCENT OPONDO
187.	DANIEL OKELO ODALO C/O GOR KINYOZI
188.	GILBERT ONYANGO OKECH
189.	ELIZABETH A. OTIENO

190.	WESTERN HIGHWAY TYRES
191.	BOOCH INSTANTS
192.	CATHERINE SHERRY MOLE
193.	FATUMA DOTI
194.	NDUME AUTO SPARES LIMITED
195.	ANNE ANYANGO OSAWA
196.	MARY A. SIDERA
197.	STEVEN OTIENO OCHIENG
198.	FRANCIS AKECH OMBEE
199.	DAVID OLUOCH AGUTU
200.	ASCA ANYANGO
201.	ROSE OWALLA ACHIENG'
202.	OMULIEBI SHOP
203.	SMARTEX PAINTS ENTERPRISES
204.	GABRIEL ONGERI
205.	KABELLA ELECTRICALS
206.	FRANCISCA AWINO
207.	LUBE LINK
208.	SHREE RAM PAPER SUPPLIES LTD
209.	FLORENCE ACHIENG' MBURU
210.	MONICA A. JUMA
211.	BENARD M. ODONGO KEYA
212.	SHIM LIMITED
213.	BURGESSE COMPUTER
214.	SAFARITEL LTD
215.	TOBIAS OCHIENG' ADIPO
216.	TOBIAS OCHIENG' ADIPO
217.	NEW TOM & JOHN ELECTRICALS & HARDWARE
218.	JANE ACHIENG' WASIANGA
219.	PAUL ODUNGA YAHYA
220.	PETRONILLA A. ONYANGO
221.	CHRISTINE ODHIAMBO

222.	VINCENT OOKO
223.	NGERE ELECTRONICS & HARDWARE SUPPLIES
224.	ROSE ODHIAMBO
225.	IBRAHIM ODHIAMBO OKOMBA
226.	EMMACULATE OTIENO
227.	WALTER KITOTO ADELL
228.	HARRIET CHEPKORIR ROTICH
229.	JOHN KIMEU
230.	M. O. NYAKINYA & E. ODAWA
231.	SAMWEL MONGA'RE MOMANYI
232.	RUTH AOKO ONDIEK
233.	SHABAN WANJALA MASINDE
234.	WILLIKISTER A. OKEYO
235.	KISUMU POPULAR STORE
236.	MAURICE OTIENO
237.	ISAAC OTIENO OWINO
238.	WILSON NYALIK
239.	VIOLET OKOMO
240.	MAURICE OTIENO
241.	ODERA SUPERLIGHT ELECTRONICS
242.	JULIA AKINYI OYOO
243.	BEATRICE OKOTH AJIGO
244.	HAKEN GENERAL SUPPLIES
245.	YAHYA A. BAFANA
246.	TRANSLAKE STATIONER
247.	JUDITH OLOO
248.	KENNEDY OKOTH DAAKMAN ENTERTAINMENT
249.	PAMELA KIDAVI
250.	PHILLISTER M. KUSA
251.	DANIEL OCHIENG' ACHOLLA
252.	ROSE ADHIAMBO
253.	BARADESA ENTERPRISES

254.	HAMEEDA JUNEJA
255.	OXFORD MAILING & OPTISHOP
256.	ESTHER MORAA
257.	JOYCE AWUOR SIAYA
258.	PHILLIS CHEPKEMBOI
259.	ESTHER ENTERPRISES
260.	JAMES MIRUKA NYANYA
261.	SAMMILL COMMUNICATIONS
262.	WILLY MMACH OMUCHENYA
263.	ELMI FARAH
264.	IRENE ANYANGO AYUGI
265.	LUCY E. A. WEJE
266.	PAUL JISEVE MBUNI
267.	BELDINE AKINYI OMBAGA
268.	COLLINS SAMSON OPAT
269.	DAN B. KABELLE
270.	BARAKA TRADING AND SHOP
271.	PAK SOUNDS INTERNATIONAL LTD
272.	SANIMY MESSENGERS ENTERPRISES
273.	JANE ATIENO
274.	GRACE A. ONDULA
275.	COLLINS ODHIAMBO
276.	VINCENT ODHIAMBO OTIENO
277.	LAKESIDE DISTRIBUTORS COMPANY LTD
278.	MARTIN OMONDI ODONGO
279.	JANE RABURU
280.	ESAAL BUNYORE ENTERPRISES
281.	FARAH ALI
282.	FARAH ALI HERSI
283.	FLORENCE ARONDO
284.	ALEX JUMA
285.	NEEMA INVESTMENTS

286.	MONIQUE BEAUTY SHOP
287.	FRED WASIKE
288.	MESHACK ONYANGO SIRE
289.	AHMED SHARIF
290.	PHILIP ABUTO MAINA
291.	MARTINE OUMA OGAWO
292.	BETTY AMBICHE
293.	FILGONA AKOTH
294.	MARY ONYANGO
295.	PETER MBIRIKA ANDAYI
296.	HELLEN KANAIZA
297.	ERICK OWUOR
298.	GRACE KWAMA
299.	CONSOLATA OCHIENG'
300.	CITY TYRES
301.	NICMOSS BUTCHERY
302.	MARY ACHIENG'
303.	JUDITH T. LINYULU
304.	HELLEN ACHIENG' LORE
305.	RICHARD OYOMBE AMITO
306.	BRIDGE VIEW HAIR SALOON
307.	COLLINS J. OTIENO
308.	COLLINS J. OTIENO
309.	JAMES AGALLO
310.	ESTHER C. OMAIDO
311.	GEORGE NYAMOR
312.	SARAH BOOKSHOP
313.	SASA BOOKSHOP
314.	INTER COMPUTING SYSTEMS
315.	EVERLYNE TAAKA
316.	FAIR CARE SALON
317.	FREDRICK OCHIENG' ONGONG'A

318.	OMBIRO J. OGACHI & ASSOCIATES
319.	JACKLINE ADHIAMBO OKELLO
320.	FREDRICK OMONDI MKUNGU
321.	TOMASSO AGENCIES
322.	TOMASSO AGENCIES
323.	MICHAEL SEWE OGWAYO
324.	PETER ONGOWO OLUOCH
325.	KIKUUBO GENERAL STORES
326.	LEGY TECH AUTO PARTS
327.	FELPAM INVESTMENTS
328.	BETTY LIPOSHE / JECINTA MAJALE
329.	ADAN NOOR
330.	ADAN NOOR
331.	KENNEDY OCHIENG ODAGO
332.	GEOFREY AMOLLO MADARA
333.	BAREY GARRAA IBRAHIM
334.	BAREY GARRAA IBRAHIM
335.	LILIAN OWILI
336.	WEIDAR INVESTMENT CO. LTD
337.	AHMED HASAN AWIL
338.	DESMA APIYO AMUOM
339.	JOHN W. WAWIRE
340.	YOGHOURT CENTRE C/O JACKLINE K. ANDATI
341.	TOM OKEYO AGEKE
342.	EVA CHELIMO TENAI
343.	ADAN NOOR
344.	ABDULLAHI SHEIK MOHAMMED
345.	DAVID GIKONYO WAMBACHA
346.	SARURA ABDI
347.	ABDI ALI
348.	LYDIA ATIENO MADOH
349.	FREDRICK JOHN OWUOR

350.	SHARIFF SHOP
351.	EVERLINE A. ADERO
352.	LUKE OPIYO OJWANG
353.	JOSEPH ONYANGO
354.	ROCK CAPITAL PRINTING PRESS
355.	WERIS AHMED HUSSEIN
356.	GROSSA WHOLESALERS
357.	ROSE MORAA MASESE
358.	PETER MOCHAMA ONGERA
359.	CHRISTINE M. ESHIKUMO
360.	FARAH ALI HERSI
361.	MAGIS PHARMACY
362.	PAMELA AUMA ONYANDO
363.	MOHAMMED ALI MOHAMMED
364.	FAUSTIN OMONDI JACK
365.	SHUEB ABDULLE
366.	KATWECH HOTEL
367.	AISH ALI AWARE
368.	ALKANA OBIERO AJOWI
369.	MUSA AHMED
370.	MAMA JUNIOR W/RETAIL SHOP
371.	KIBOS MEDICINE SHOP
372.	NARYL ENTERPRISES
373.	NICHOLAS & JOSHUA
374.	TABITHA ATIENO
375.	ABDULKADIR MOHAMED AHMED
376.	YUSSUF HAJI MAMOW
377.	YUSSUF HAJI MAMOW
378.	ROSE KORIR
379.	BENTER ATIENO ONYANGO
380.	GEORGE OMONDI OLWAL
381.	SERFINE AKOTH ODERA

382.	OYENGO JOHNSON
383.	PATRICK KISILU
384.	MUKOLWE PETER MUKHOLA
385.	MAMOW INVESTMENTS LTD
386.	MAMBOLEO CEMENT CENTRE
387.	SUSAN SAWO
388.	TAWAKAL FASHION SHOP
389.	HENJENE BUTCHERY
390.	BAYO ENTERPRISES LIMITED
391.	SIRENGO ONYODHO
392.	MONICA ODHIAMBO
393.	ROBERT OCHIENG
394.	JOYCE A. ODHIAMBO
395.	MARGARET GOGI
396.	KRISHNA ENTERPRISES

