STRATEGY ORIENTATION AND PERFORMANCE OF MEDIUM MANUFACTURING FIRMS IN KENYA

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ABSTRACT

The objective of this study was to establish the influence of strategy orientation on performance of medium manufacturing firms in Kenya. To achieve this objective of the study, a descriptive cross-sectional research design was adopted. The target population of the study consisted of all 179 registered medium Manufacturing Firms in Kenya. A Sample of 54 firms was drawn from the population using simple random sampling method. The study used primary data which was collected by a semi-structured questionnaire. The data was collected from sampled managers using a drop and pick- later method. Data was analyzed using descriptive statistics and regression analysis. It found that a unit increase in Market Orientation leads to a 29.6% (B=0.296, t=4.05, 0.001< 0.05) increase in the performance of medium manufacturing firms in Kenya. On the other hand, a unit increase in customer orientation leads to a 24.1% (B=0.241, t=3.35, P< 0.05) increase in the performance of medium manufacturing firms in Kenya and a unit increase in Technology Orientation lead to a 18.8% (B=0.188, t=8.95, P< 0.05) increase in the performance of medium manufacturing firms in Kenya. It further established that medium manufacturing firms make new demands and opportunities. The study also established that firms collect information on each customer's distribution preferences and further establish a good line of communication with customers. The study established that medium manufacturing firms are proactive in making new demands and opportunities. The firms emphasizes on innovativeness in manufacturing and they are competitive aggressive to achieve entry and improve position. The study also established that firms explore new innovations and carry out Internet marketing of the product. Computer network, hardware and software are up to date and firm improves communications systems regularly. It is further suggested that a similar survey to replicate this study in other sectors of the Kenya economy. The study concludes that medium manufacturing firms make new demands and opportunities. They emphasize innovativeness in manufacturing and are competitively aggressive in such of good market to achieve entry and improve position. A unit increase in Entrepreneurial Orientation leads to an increase in the performance of medium manufacturing firms in Kenya and firm entrepreneurs have freedom of action and independent decision making. Further, the study concludes that a unit increase in Market, customer and Technology Orientation leads to an increase in the performance of medium manufacturing firms in Kenya. Lastly, the study concludes that firms collect information on each customer's distribution preferences and establish good lines of communication with customers. This study recommends that for medium manufacturing firms in Kenya to be competitive they need to re-evaluate their capabilities. Benchmarking should be used to borrow best practices on the best strategies to cut cost and improve on other capabilities. More funds should be sourced in order to pursue a few or all strategies at the same time thus employing other models of competitive priorities. This could be done by acquiring loans from financial institutions such as banks, joining and benefiting from SACCOs and other micro finance institutions. Further the study recommends the firms should employ new information systems and explore new innovations so as to meet consumer's expectations and establish good lines of communication with the customers.

Key Words: *resource-based theory, strategic management theory, strategy orientation, organizational performance, medium manufacturing firms in Kenya, market orientation, customer orientation, technology orientation, entrepreneurial orientation*

INTRODUCTION

The rise and fall of businesses across the world depend on one simple rule of how it can prioritize on the strengths and opportunities available to counter threats and minimize weaknesses (Baker & Sinkula, 2015). If a company has a clear road map on where it is headed, there is no doubt it will achieve the set goals. Although weaknesses and threats remain a reality, a company will overcome using its strengths and available opportunities. However, many businesses fail because they cannot identify what they are good at or weak in and thus drawing a strategic direction thus finding out what they really need to do during certain situations (Lechner & Gudmundsson, 2014). As such, the companies remain in the 'firefighting' mode of handling what comes their way every day not knowing they need to identify the specific business strategy, pursue what they are best at and focus on achieving short term and long term goals amidst their weaknesses and threats. Sadly, many companies have missed to chart a clear road map of success because they only focus on what is happening presently not knowing the changes in the economy cannot be sustained by being reactive but by being proactive.

One of the best techniques of identifying the strategic direction is to focus on the strategic orientation of the company which is composed of strategic dialogue, strategic planning, strategic measurement, developing a strategic calendar, and integrating the strategy into the company (Ameer & Othman, 2012). Simply put, the components of strategy orientation revolve around the ability of a company to match and balance the strengths weaknesses, opportunities and threats. The performance of medium manufacturing firms' world over and specifically in Kenya has not been particularly excellent. The relationship between strategic orientation and performance has been a subject of growing interest in the field of strategy orientation (Hill, Jones & Schilling, 2014). Despite this trend, there has been little attention given to this relationship. Strategic orientation is typically associated with the large organizations. Medium companies are generally run by owner-managers who make strategic decisions mostly based on pragmatic perception than academic.

Survival of businesses in the world and particularly in Kenya heavily depends on the strategic orientation of a company. A company will succeed in business if it has the focus on what it can do best, how it can improve customer experience, engage the employees to understand the strategy and finally draw up a calendar of how to achieve the desired objectives (Scott-Kennel & Giroud, 2015). Medium manufacturing firms could therefore grow in leaps and bounds if they found the little secret of having a well-defined strategy orientation and implementing it as it has a direct effect into the performance of the company. Once a company has no direction, it means anything will be accepted as progress and there will be no measuring rod to gauge how better or worse a company has performed. Entrepreneurs in the field of medium manufacturing firms could plunge in frustration if they fail to have a clearly cut strategy orientation.

According to Joyce and Drumaux (2014), strategy orientation is a specific method used to develop strategies. It is a method based on the analysis of strengths, weaknesses, opportunities and threats (SWOT). It generates a number of realistic alternatives and provides a prioritization. However, identifying strengths, weaknesses, opportunities and threats is not enough. Depending on their joint pattern strategic choices have to be made. Strategic Orientation is thus a way to combine and match strengths, weaknesses, opportunities and threats in order to arrive at a number of strategic options from which a choice can be made (Bloom, Genakos, Sadun & Van Reenen, 2012). Strategic Orientation can be done individually, but it is much more effective when carried out in a participatory exercise involving all major stakeholders of the project/organization. The strategy's rational and consequences can then be understood and accepted by all decision-makers and field workers. The proposed procedure therefore aims at reaching consensus among the stakeholders concerning strategic the choices.

Strategic orientation involves different steps which include defining the entity or the problem area, identifying the strengths, weaknesses, opportunities and threats from internal analysis (Coles, Lemmon & Meschke, 2012). Also, it involves identifying the strengths and weaknesses from external analysis while short listing the opportunities and threats based on joint discussion or brainstorming. Developing strategic options generating concrete strategic options (concrete objectives/aims) that would make advantage of this opportunity or that would reduce the threat. Next is selecting the 4-5 best options by developing one or more criteria to select the best options and apply the criteria to the options. Often criteria will follow from a basic question. In the second step the company will select the best options using consensus or using voting by participants (Goetsch and Davis (2014). Matching the strategic options with strengths and weaknesses and using the strategic orientation matrix is the next step. The company should also identify for each of the options which strengths can be used and which weaknesses should be reduced to be able to realize the selected option. It will also formulate tentative strategies by selecting 2 or 3 options that have sufficient strengths and relatively few weaknesses. The process also involves formulating the major tentative strategies for these options identified.

Organizational performance relates to how successfully an organized group of people with a particular purpose perform a function. Essentially, this is what we are speaking about when we refer to organizational performance and achievement of successful outcomes. It is termed as the analysis of a company's performance as compared to goals and objectives. Within corporate organizations, there are three primary outcomes analyzed: financial performance, market performance and shareholder value performance (in some cases, production capacity performance may be analyzed (Ameer & Othman, 2012). High organizational performance is when all the parts of an organization work together to achieve great results with results being measured in terms of the value we deliver to customers. Performance measurement provides useful insights for conducting annual reviews of managers and employees and is also important for understanding how a company is performing compared with its competitors.

When it comes to performance, it is always a challenge to determine what to measure and of course how to measure it. In many organizations we find that one department will determine what they should measure (For example, average hours an employee works each week) and another department will determine that these are not important areas to measure; they may determine that measuring an employee’s output or extent to which their work performance is met, to be of greater importance (Amankwah-Amoah & Zhang, 2015). As a result, the organization misses out on getting an overall performance measurement with performance improvement opportunities.

Medium manufacturing firms in Kenya cluster together in developed areas, especially towns and cities, and have the potential to gain from local external economies and collective efforts. Manufacturing enterprises engage in flexible specialization where they perform certain operations or produce certain parts for other enterprises. In Kenya, micro- enterprises are those with 10 or fewer workers, "small enterprises" have from 11 to 50 workers, and "medium enterprises" have from 51 to 100 workers. Censuses indicate that micro-enterprises comprise the lion's share of enterprises in Kenya, while there are a few medium enterprises. The small and micro enterprises (SMEs) play an important role in the Kenyan Economy. According to the Economic Survey (2006), the sector contributed over 50 percent of new jobs created in the year 2005.

In Kenya, small and micro manufacturing enterprises normally cluster together in Jua Kali sheds – Swahili for hot sun, since they operate in open air exposed to the sun – that could be used to create collective efficiency. The clusters facilitate gains in efficiency and flexibility, which individual producers can rarely attain. The cluster model is concerned with local growth processes, which arise from regional concentration of small and medium sized firms (Amankwah-Amoah & Zhang, 2015). It is therefore important to explore how collective efficiency among the Kenyan small manufacturing enterprises could facilitate their growth and transition to medium or large enterprises. A policy consequence for this approach is to move away from targeting assistance to individual firms to providing support to cluster of enterprises. Small and medium-scale enterprises (SMEs) form the majority of the enterprises in the Kenyan economy. They employ a large share of the labor force. The sector is perceived as an alternative employer. Recent studies show that SMEs are at least as important as large firms in the creation of gross and net new jobs.

RESEARCH PROBLEM

Strategy orientation and performance are closely related because they involve balancing the equation on how to juggle with the available strengths and opportunities while minimizing the threats and weaknesses to secure maximum performance. Companies therefore determine how well they are performing by comparing the results of initiatives to objectives and evaluating to what extent they have met the set targets. Performance has remained for many years in the business world as the measuring tool of how well the strategy orientation of the company has been horned. Independently of the measuring process, financial indicators are also used to evaluate the company's business performance and compare it to that of other companies in the field (Rosenbusch, Rauch & Bausch, 2013). According to Mohelska and Sokolova (2016), the medium manufacturing sector has been flooded over the last few years as people have seen there is a lot of profit flowing in the industry. However, there is still need to ensure the business strategy orientation is aligned to the right direction to ensure improved success. Various studies related to strategic orientation and performance has been carried out. Reulink (2012), carried out a research on Strategic orientation and innovation performance at Dutch manufacturing SME’s: The overrated role of Market Orientation and Entrepreneurial Orientation. The study found that strategy must be stretched with ambition to stay ahead of competitors and resources must be leveraged to obtain enough capital to pursue the new strategic direction. In another study Lee (2011), researched on the influence of strategic orientations on business performance and mediating role of entrepreneurial orientation relationship among technology, market orientations and business performance in Korean technology intensive SMEs. The study concluded that the appropriate interrelationship actively provides an organization with the ability to achieve and maintain competitive advantage. Market and technology orientations do not directly affect business performances. However, it turns out that market and technology orientations can positively affect business performances but only through entrepreneurial orientation. The implication here is that for Korean technology intensive small firms, market and technology orientations can improve business performance only when it is combined with entrepreneurial orientation. Azhar (2007), also studied the strategies, market orientation and capabilities: business performance perspectives from Pakistan, a developing market economy. The study concluded that there is a strong relationship between market orientation on strategic orientation and that market orientation also has an influence on performance. Ngetich (2015), studied the effect of strategic orientation on the performance of large retail stores in Nairobi, Kenya. The findings on interaction orientation was that the stores encourage customers to share opinions on the firm products and encourages customers to participate interactively in designing products, thus enabling the firms to understand the customers’ needs thus coming up with products that will give the store a competitive edge over its competitors. The pursuit of strategic orientation was found to have resulted in an increase in market share, relationship with customers, efficiency in serving customers, sales volume, profits and customer satisfaction. The regression analysis revealed that the performance of large retail stores was influenced to a large extent by market orientation, entrepreneurial orientation and interaction orientation. Similarly, Kiowi (2014), studied on human resource strategic orientation, employee job performance and performance of state corporations in Tanzania. The study revealed that interactive effect contributed significantly to employee job performance. Third, in terms of moderating variables, culture and politics moderated the relationship between HR strategic orientation and organizational performance while structure had no significant effect on the same. On the other hand, Chebet (2014), researched on the role of strategic orientation as a source of competitive advantage at geothermal development company in Kenya. In the study, it was revealed that the company strategic orientation has helped the company analyze a strategy for future growth as it compares with an actual execution of procedures, puts in place timelines that shall aid in achieving the vision/mission and sustainability of target goal of 5000 Mw. The study results established that it improves performance and allocation of resources, gives the company strategic orientation towards achieving its goals and that it influences decision on strategic direction. From the local studies, little had been done on the strategy orientation and performance of medium manufacturing firms in Kenya. This study therefore sought to fill the research gap by answering this question: What is the influence of strategy orientation on performance of medium manufacturing firms in Kenya?

RESEARCH OBJECTIVE

To establish the influence of strategy orientation on performance of medium manufacturing firms in Kenya.

THEORETICAL REVIEW

Resource-Based Theory

The resource-based view (RBV) of Wernerfelt (1984), suggests that competitiveness can be achieved by innovatively delivering superior value to customers. The extant literature focuses on the strategic identification and use of resources by a firm for developing a sustained competitive advantage (Borg & Gall, 2009). International business theorists also explain the success and failures of firms across boundaries by considering the competitiveness of their subsidiaries or local alliances in emerging markets. Local knowledge provided by a subsidiary or local alliance becomes an important resource for conceptualizing value as per the local requirements (Gupta et al., 2011).

Azhar (2007), defined strategic orientation as an attribute that influences the ability of a firm to focus on strategic direction of the firm and build or sustain the proper strategic fit for superior firm performance. Since strategic orientation vary from one organization to the next; and vary based on contextual organizational variables, strategic orientation is viewed as a multidimensional construct (Venkatraman, 2009). Therefore, organizations use resource allocation and environmental cues to determine the right plan for the company to achieve its goals. Based on strategic management literature, strategic orientation increases the likelihood of share goals, making it easier to implement effective processes and improve performance.

The resource-based view describes a firm in terms of the resources that firm integrates. Resources are insufficient for obtaining a sustained competitive advantage and a high performance as well (Teece, 2007). Being so, firms must be able to transform resources in capabilities, and consequently in a positive performance. Firms reach a superior performance, not because only they have more or better resources, but also because of their distinctive competences (those activities that a particular firm does better than any competing firms) allow to do better use of them (Azhar, 2007). In the dynamic perspective, capabilities approach is a theoretical stream inside the RBV.

This theory is relevant to the study since it considers that, the medium Manufacturing Firms in Kenya are constantly creating new combinations of capabilities and, on the other hand; the market competitors are continually improving their competences or imitating the most qualified competences from other firms (Venkatraman, 2009). This approach puts emphasis on internal processes, assets and market position as restricting factors not only the capability to react but also the management capability to coordinate internal competences of the firms. The impact of strategic orientation on Manufacturing Firms in Kenya differs from big businesses based on resource allocation constraints and capabilities of the firm

Strategic Management Theory

Strategic management theory was developed by Peter Drucker in (1954) who was a prolific management theorist and author of dozens of management books. Strategic management theory involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. Slater and Narver (2010), noted that a collection of ideas which set forth general rules on how to manage a business or organization. Management theory addresses how managers and supervisors relate to their organizations in the knowledge of its goals, the implementation of effective means to get the goals accomplished and how to motivate employees to perform to the highest standard.

Before changing company's leadership style, managers should make sure it does need altering. A new style may sound promising, but maybe what the company will be doing now works just fine. An assessment can also help the company identify strengths and weaknesses, so it can better determine what management theory is right for the organization. According to Selznick (2007), central management is the mandate to only hire employees who possess the specific skill set the job requires. Weber worried about the impact of nepotism, fearing companies would hire people not qualified for a job, and this would hinder the efficiency of the entire company. By accurately assessing an applicant's abilities, you ensure you hire only those who are a good fit for the job and the company.

This theory is relevant to the study since it promotes a systematic approach to strategy formulation that is rooted in the mission, or purpose, of the medium Manufacturing Firms in Kenya and tests the implementation choices and actions of the firms against that mission. The mission forms the direct basis for the specific targets the firm will select and attempt to achieve. It also defines the nature, form and extent of evaluation of the firm and its environment; as well as the nature of the corporate and business level decisions it makes. Finally, the mission defines the conditions by which the medium Manufacturing Firms in Kenya determines the success of its actions.

EMPIRICAL REVIEW

Measures of Strategy Orientation

Strategic Orientation can be done individually, but it is much more effective when carried out in a participatory exercise involving all major stakeholders of the organization. The strategy's rational and consequences can then be understood and accepted by all decision-makers and field workers. There are several measures of strategy orientation which includes;

Entrepreneurial orientation is an organizational willingness to find and accept new opportunities and taking responsibility to affect change. Firms level strategic processes that businesses use to gain competitive advantage. Thus, entrepreneurial orientation is not related to individual level variables as in the previous entrepreneurship theories, it is related to firm level processes (Nakata & Zhu, 2006). Especially newly established firms should be very careful in pursuing strategic orientations because they have limited financial and managerial resources. When the importance of entrepreneurial orientation on firm performance is considered, the entrepreneurial orientation can be a good measure to explore opportunities in the market and to utilize from them. If a firm offers new products and services above averages and enter new markets it can be said that this firm is an entrepreneurial firm.

According to Hill and Jones (2006), innovativeness reflects "willingness to support creativity and experimentation in introducing new products/services, and novelty, technological leadership and R&D in developing new processes". Huber (2011), is one of the researchers who firstly emphasized the importance of innovativeness in entrepreneurial processes and defined innovativeness as doing new things or doing existing things in new ways. According to Selznick (2007), innovativeness is the most important subject of entrepreneurship. Huber (2011), noted that risk taking propensity as a reflection of activities of entrepreneurial firms such as "incurring heavy debt or making large resource commitments, in the interest of obtaining high returns by seizing opportunities in the marketplace". Risk taking behavior is a crucial factor that differentiates entrepreneurs from others because it can create losses and inconsistencies in the performance but it is the behavioral dimension of an entrepreneurial orientation along which opportunity is pursued.

Another measure of strategy orientation is market orientation, organizational success largely depends on determining the needs and wants of target markets and delivering satisfactions to those markets/consumers more effectively and efficiently than competitors do. Market orientation is a central tenet of marketing, its activities and behaviors are related to; a proactive search for marketplace opportunities; problem solving, and future positioning. Market orientation has been regarded as a source of competitive advantage and can be an important determinant of firm performance. Superior organizational performance can be achieved as a market oriented firm is able to satisfy customers through tracking and responding to customer needs and preferences. Further, a market oriented organization performs better in the market since the firm develops an organizational culture in delivering superior value to customers.

Jaworski and Kohli (2013), suggest that the relationship between a market orientation and performance appears to hold across a variety of contexts, and that it may support performance regardless of the firm's external circumstances. In their study Slater and Narver (2010), also found little support for the effect of competitive environment and suggest that a market oriented firm should be prepared to achieve and sustain competitive. They state that market orientation affects performance in a number of ways, either by providing a customer oriented focus or reshaping an organization's culture for developing superior value for customers. Van Raaij and Stoelhorst (2008) argue that business processes are the central concern of being market oriented. That market orientation is seen as the ability of a firm to generate knowledge about markets and use the knowledge in its business processes for creation of superior customer value.

McEachern and Warnaby (2007), define customer orientation as a component of market orientation that focuses on putting the customers at the centre of strategic focus thus bringing about high business performance. Chahal and Kumari (2011), emphasize the need for organizations to move from the level of studying customer segments to shaping separate offers, services and messages to individual customers. Hence such firms may need to collect information on each customer's past transactions, demographics, psychographics, and media and distribution preferences. And they would hope to achieve profitable growth through expenditures by building high customer lifetime value (Slater & Narver, 2010). They further assert that the ability of a company to deal with customers one at a time has become practical as a result of advances in factory customization, computers, the internet and database marketing software hence high firm performance.

Nakata and Zhu (2006), assert that customer orientation encompasses the analysis of customers' needs, and responsiveness of organization to such needs. But some salient questions have been raised concerning whether customer orientation actually translates to better performance. It is obvious that for customer orientation to translate into performance there is need for efficient marketing information system that keeps track of all customers, their purchases, number of patronages, needs, complaints etc. An evident limitation of this line is the assumption that for a firm to be customer-oriented it must possess a working marketing information system, and managers in such organizations must embrace the culture (Martin & Bush, 2006), considering the precarious situation of small and medium scale businesses in a developing economy this looks almost impossible, coupled with the fact that there is need for definite marketing competence that would facilitate the culture in such a firm for it to translate into positive performance (Hill & Jones,2006).

Chandler (2010), argues that technologically-oriented firms devote their resources to acquiring new and advanced technologies and developing new processes, products and services hence high firm performance, although, the rate of technological changes within an industry might affect their technological adoption and/or development. Selznick (2007), found a positive relationship between technology orientation and business performance. The importance of technology orientation to innovation has been long recognized, but relationship between technology orientation and business performance is given minimal attention in the literature.

Huber (2011), asserts that firms that have a high technology orientation gain better business performance when technology changes rapidly because they are able to introduce new processes, products and services to satisfy customer needs. Technologically-oriented firms that combine customer-value innovation with technological innovation have an increased chance of enjoying sustainable profit and performance. However, given the technological advances in the dynamic market, firms need to experiment with new technologies in order to survive in the market.

Firms that have adopted a technology orientation (TO) pursue advances in technology and innovations, and investments are made in discontinuous innovations and disruptive technologies on the assumption that entirely new markets will emerge (Joyce & Drumaux, 2014). Technology orientation can be viewed from a strategic perspective that can guide the development and use of technological capabilities in a firm and where search practices, exploration activities, and firm performance have been shown to improve innovations in a firm (Teece, 2007). However, technology is characterized by its high degree of uncertainty, shown in aspects such as the level of output generated, the time in which these returns are produced, and the specific area of application. Additionally, even though firms create technologies, rival firms might readily exploit these technologies, with the consequence that no benefits are harvested by technology orientation firms. There is even uncertainty about whether the results expected from the technology investment will really be achieved (Ameer & Othman, 2012). These difficulties surrounding the adoption and effective use of technology have highlighted the importance of uncertainty and the relevance of non-predictive strategy, with numerous researchers questioning the utility of emphasizing prediction and/or adapting to exogenously-given circumstances

Strategy Orientation and Performance

Strategic orientation, a concept of balancing the strengths, weaknesses, opportunities and threats of a company has a direct impact on performance. Companies with the ability to identify what they can do best with minimal risk have high chances of tossing a strong competitive advantage in the market (Dauda, Akingbade & Akinlabi, 2010). It is unlike when a company has not yet identified what it needs to do or what it is good at while appreciating threats and weaknesses. Such a company is bound to fail due to poor performance. A good example is when a company is aware of its strengths and weakness while appreciating its threats and opportunities; it will simply improve the customer experience. There the company will more likely develop products that match up with the needs of the customers. This means customers will experience more satisfaction with the product, which ultimately increases the likelihood of repeat purchases and brand loyalty. It will also simply have all functions and resources available deployed and aligned with the strategic vision of meeting the needs of customers. Good marketing strategies will follow suit and long term profitability will prevail.

Companies seek to have a strong, specific and actionable strategy orientation in terms of having clear business awareness, specific critical analysis and purposeful integration of information, and the ability to develop an action- oriented plan. This is because they know the end result of a clear and purposeful strategy orientation will have the defined results of success in terms of improved profitability, increased customer satisfaction and highly motivated employees. When the whole company has a clear guideline on where it is headed and how it wants to achieve the different goals and objectives, absolutely there is no doubt the results will be impressive unlike for companies without a clear direction on what should be done when and how. When a company ensures goals set are clear, that everyone in the business understands what the important aspects to the success of the business are, there is no doubt; the strategy orientation improves the overall performance of the business.

RESEARCH METHODOLOGY

The study employed a descriptive cross-sectional research design. A descriptive cross-sectional survey enabled the researcher describe the characteristics of the variables of interest. It is therefore justified that descriptive design is most suited and justifiably adopted in this study. According to Kenya Association of Manufacturers (2015), there was 179 registered medium Manufacturing Firms in Kenya. The study focused on all the 179 registered medium Manufacturing Firms in Kenya. All the 179 managers participated in the study. This was therefore a census study. Primary data was collected by means of a semi- structured questionnaire. The questionnaires were self-administered via drop and pick later method to the managers. Sampling frame describes the list of all population units from which the sample is selected (Cooper & Schindler, 2006). The study used simple random sampling method which is a probabilistic method. Sample was 30% of the population. Using 30% rule sample size was 54 managers from medium manufacturing firms in Kenya. The data collected was analyzed using descriptive statistics (measures of central tendency and dispersion) to achieve the objectives of the study. The research yield quantitative data. Data analysis was analyzed using the Statistical Package for Social Sciences (SPSS). Regression analysis was used to establish relationship between strategy orientation and performance of Medium Manufacturing Firms in Kenya. The study applied the following regression model to test the relationship between strategy-orientation.

$$\mathbf{Y = \beta o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Where: Y = Performance; X_I = Entrepreneurial Orientation; X_2 = Market Orientation; X_3 = Customer Orientation; X_4 = Technology Orientation; B_1– β_4 are the regression co-efficients or change introduced in Y by unit change in each independent variable; **ε** = random error term accounting for all other variables that affect performance but not captured in the regression model.

RESEARCH RESULTS

The findings on the demographic information of the respondents greatly enhanced the reliability of the research findings. The study findings indicate that majority of the respondents had worked with the medium manufacturing firm for more than six years, coupled with the long years of operation of the firm needed to enhance the reliability of the information provided. The study established that medium manufacturing firms are proactive in making new demands and opportunities. The firms emphasizes on innovativeness in manufacturing and they are competitive aggressive to achieve entry and improve position. The study also noted that a unit increase in Entrepreneurial Orientation lead to an increase in the performance of medium manufacturing firms in Kenya. Further the study established that firm entrepreneurs have freedom of free actions and independent decision making. The firms also aim at creating a business concept and have a risk taking propensity.

Further the study revealed that a unit increase in Market Orientation lead to an increase in the performance of medium manufacturing firms in Kenya and firms identifies and manufactures according to wants of customers so as to meet their needs. Study also revealed that firms tests new marketing strategies and establishes selling points for existing products to reach the consumers. Also the firms tailor products to meet the demands of customers. On customer orientation, the study found out that firms meets consumers' expectation, they collect information on each customer's distribution preferences and they establishes good lines of communication with customers. It further revealed that a unit increase in customer orientation leads to an increase in the performance of medium manufacturing firms in Kenya. The study also established that firms explore new innovations and carry out Internet marketing of the product. Computer network, hardware and software are up to date and firm improves communications systems regularly. It further established that a unit increases in Technology Orientation lead an increase in the performance of medium manufacturing firms in Kenya.

REGRESSION ANALYSIS

A regression analysis was applied to establish the influence of strategy orientation on performance of medium manufacturing firms in Kenya. Thus performance was regressed on strategic orientation. The results are presented in table 1, 2, and 3.

Table 1: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.888[a]	0.789	0.776	0.021

Results in Table 1 shows that strategic orientation (as measured by four sub-variables or attributes) explained about 89% of variation in performance of medium manufacturing firms in Kenya (R2=88.8, F=18.63, P<0.05). 11% of the change in performance of the firms under study is due to other factors not included in the study. The results of this study concur with Huber (2011) who found that Market Orientation has an effect on performance of a business.

Table 2: Anova[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	274.97	4	68.74	18.63	.006[a]
Residual	140.22	38	3.69		
Total	415.19	42			

The ANOVA results in table 2 show F-value of 18.63, which is significant at P<0.05. This signifies a model fit. This implies a match between the regression model and the data. This means that the use of regression analysis was justified. Regression coefficients are presented in table 3. All the coefficients of the four attributes of strategy orientation are statistically significant at p<0.05

Table 3: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.186	.037	.174	5.03	.003
Entrepreneurial Orientation	.326	.068	.311	4.79	.020
Market Orientation	.296	.073	.281	4.05	.001
Customer Orientation	.241	.072	.231	3.35	.000
Technology Orientation	.188	.021	.165	8.95	.009

a) Predictors: (Constant), Entrepreneurial Orientation, Market Orientation, Customer Orientation, Technology Orientation.
b) Dependent Variable: Performance.

The established regression equation was:

$$Y = 0.186+0.326X_1+0.296X_2+0.241X_3+ 0.188X_4$$

The regression equation above has established that holding all the independent variable (Entrepreneurial Orientation, Market Orientation, Customer Orientation and Technology Orientation) constant, other factors influencing service delivery will be 0.186 ($p = 0.003< 0.05$). The findings also show that taking all other independent variables at zero, a unit increase in Entrepreneurial Orientation leads to a 32.6% (B=0.326, t=4.79, 0.020< 0.05) increase in the performance of medium manufacturing firms in Kenya. A unit increase in Market Orientation leads to a 29.6% (B=0.296, t=4.05, 0.001< 0.05) increase in the performance of medium manufacturing firms in Kenya. On the other hand, a unit increase in customer orientation leads to a 24.1% (B=0.241, t=3.35, 0.000< 0.05) increase in the performance of medium manufacturing firms in Kenya and a unit increase in Technology Orientation lead to a 18.8% (B=0.188, t=8.95, 0.009< 0.05) increase in the performance of medium manufacturing firms in Kenya. This infers that Entrepreneurial Orientation influences the performance of medium manufacturing firms most followed by Market Orientation, Customer Orientation and Technology Orientation.

The study also established a significant relationship between the performance of medium manufacturing firms and the independent variables; Entrepreneurial Orientation (B=0.326, t=4.79, 0.020< 0.05), Market Orientation (B=0.296, t=4.05, 0.001< 0.05), Customer Orientation (B=0.241, t=3.35, 0.000< 0.05) and Technology Orientation (B=0.188, t=8.95, 0.009< 0.05). The regression coefficients were tested for significance at alpha =0.05. Significance occurs at p-values less than 0.05. From the above results, all the predictors are good predictors for the performance of medium manufacturing firms. These findings were consistent with that of Chandler (2010) that technology orientation is dependent on performance.

DISCUSSION OF THE FINDINGS

The study established that the medium manufacturing farms are proactive in making new demands and opportunities (M=3.95, SD=0.56). The firms emphasizes on innovativeness in manufacturing and they are competitive aggressive to achieve entry and improve position (M=3.69, SD=0.45). The study further established that firm entrepreneurs have freedom of free actions and independent decision making. The firms also aim at creating a business concept and have a risk taking propensity. This finding is in line with (Nakata & Zhu, 2006) that when the importance of entrepreneurial orientation on firm performance is considered, the entrepreneurial orientation can be a good measure to explore opportunities in the market and to utilize from them. Prediction by regression model indicated that taking all other independent variables at zero, a unit increase in Entrepreneurial Orientation would lead to a 0.326 ($p = 0.020< 0.05$) increase in the performance of medium manufacturing firms in Kenya.

Further the study established that unit increase in Market Orientation leads to a 0.296 ($p = 0.001 < 0.05$) increase in the performance of medium manufacturing firms in Kenya. This finding concur with Narver (2010) who found a little support for the effect of competitive environment and suggest that a market oriented firm should be prepared to achieve and sustain competitive. Further the study found that firms identifies and manufactures according to wants of customers so as to meet their needs. It revealed that firms tests new marketing strategies and establishes selling points for existing products to reach the consumers. Also the firms tailor products to meet the demands of customers.

Prediction by regression also indicated that a unit increase in customer orientation leads to a 0.241 increase in the performance of medium manufacturing firms in Kenya. Further the study noted that firms meets consumer expectations, collect information on each customer's distribution preferences and they establishes good lines of communication with my customers. This finding conforms to that of McEachern and Warnaby (2007) that customer orientation as a component of market orientation focuses on putting the customers at the centre of strategic focus thus bringing about high business performance. Finally the study established that firms have explored new innovations and they carry out Internet marketing of the product. Computer network, hardware and software are up to date and firm improves communications systems regularly. Further the study revealed that a unit increase in Technology Orientation lead to a 0.188($p = 0.009 < 0.05$) increase in the performance of medium manufacturing firms in Kenya.

CONCLUSIONS

This study has provided information on influence of strategy orientation on performance of medium manufacturing firms in Kenya. Based on the findings of this study, it is concluded that medium manufacturing firms make new demands and opportunities. They emphasize innovativeness in manufacturing and are competitively aggressive in such of good market to achieve entry and improve position. A unit increase in Entrepreneurial Orientation leads to an increase in the performance of medium manufacturing firms in Kenya and firm entrepreneurs have freedom of action and independent decision making.

Further, the study concludes that a unit increase in Market, customer and Technology Orientation leads to an increase in the performance of medium manufacturing firms in Kenya. Firms identify and manufacture according to needs of customers, they test new marketing strategies and establish selling points for existing products to reach the consumers. Firms also tailor products to meet the demands of customers.

Lastly the study concludes that firms collect information on each customer's distribution preferences and establish good lines of communication with customers. Firms also explores new innovations and they carry out Internet marketing of the product. Computer network, hardware and software are up to date and firms endeavor out to improve communications systems regularly

RECOMMENDATIONS

1. This study recommends that for medium manufacturing firms in Kenya to be competitive they need to re-evaluate their capabilities.
2. Benchmarking should be used to borrow best practices on the best strategies to cut cost and improve on other capabilities.
3. More funds should be sourced in order to pursue a few or all strategies at the same time thus employing other models of competitive priorities. This could be done by acquiring loans from financial institutions such as banks, joining and benefiting from SACCOs and other micro finance institutions.
4. Firms should employ new information systems and explore new innovations so as to meet consumer's expectations and establish good lines of communication with the customers.

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