INFLUENCE OF STRATEGIC ORIENTATION ON PERFORMANCE OF TELECOMMUNICATION FIRMS IN KENYA

ZIPPORAH NGANGA

A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

2017

DECLARATION

Student

This research Project is my original work and has not been presented to any other university for the award of a degree.

Zipporah Nganga Reg. No: D61/P/8544/2005 Signed ……………………………………..

Supervisor

This research proposal has been submitted for examination with our approval as the University's supervisors.

Dr. Mercy Munjuri Signed ……………………… Date ………………………………

Lecturer,

University of Nairobi,

School of Business.

DEDICATION

I wish to dedicate this project to my husband, my son and to my beloved family members who have always supported and motivated me in my studies. I also extend my dedication to my friends and university fraternity at large for making it a success in completion of this project paper.

ACKNOWLEDGMENT

I thank the Almighty God for the good health and the opportunity to undertake this project.

I would also like to acknowledge the great contribution, positive criticism, support and guidance of my supervisor Dr. Mercy Munjuri.

Finally, my sincere gratitude goes to the respondents for taking time to provide data that has been invaluable in the completion of this project paper.

TABLE OF CONTENTS

LIST OF TABLES

ABSTRACT

The greatness, speed and direction of environmental change in business is increasing at an unprecedented rate and for firms to survive, strategies have to be applied so as to answer to the forces that threaten to halt survival. Such variations are being brought about by globalization. This study aimed at determining the influence of strategic orientation on organizational performance of telecommunication firms in Kenya. The researcher reviewed related research material that has been previously studied and identified a knowledge gap which the research endeavored to fill. The study aimed at determining whether the identified strategic orientations of entrepreneurial, market, customer and technology orientations influenced the performance of telecommunication firms in Kenya. The research then used environment strategy performance theory and configuration theory to support the topic in addition to the reviewed literature of the identified variables. Further the research adopted descriptive survey design and targeted specific employees working in the telecommunication firms. The targeted population was the IT, marketing and business development managers because they were the ideal individuals who are directly involved in identifying appropriate strategic orientations and policy implementation. Primary data was collected and used for this study using questionnaires administered through a drop and pick mode. The collected data was analyzed and tabulated by use of tables and the findings summarized. The research concluded that majority of the individuals who were interviewed were top ranked officials in the organizations where they worked and were involved in the long term strategies undertaken by their respective firms. In most cases, they were the ones who implemented them thus making them the ideal target respondents for this study. Lastly, most respondents of this study have served their firms for long periods hence are well informed of the processes and activities in their organization. This study finding established that strategic orientations indeed do influence the performance of organizations in the telecommunication sector in Kenya. The study recommends that organizations within this sector of study, should embrace different strategic orientations due to technological advancement and the need to always catch up with latest trends which will help them in identifying the needs of their customers and the market at large so as to fulfill them, which is equally a great opportunity to grow their businesses. Further, Telecommunication firms should invest in innovation and sophisticated telecommunication technologies in new product development. This is because it will create a new market niche for their products and services hence being competitive in the telecommunication industry. Further, the firms should endeavor to focus on identifying customers expressed needs that guide it in developing products and services. In return, this will give them an opportunity in shifting the paradigm in the way things are done in the environment they operate in.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Due to increased globalisation and rapid changes in business environments, organizations way of transacting business is increasingly becoming turbulent. Under such an environment, business units should align their internal resources with their strategic focus such as marketing orientation, so as to remain competitive and also to achieve a superior organisational performance. (Ahlstrom, 2012). Strategic Orientation focuses on the way an organisation adjusts and interacts with its external environment. It has also been termed as strategic fit (Zhou & Li 2010). Since a firm's strategy should be multi-dimensional, different attributes of strategy should be pursued by a firm at the same time. By continuously seeking out new opportunities and ensuring strategic alignment, Lukas and Ferrell (2010) note that a firm's strategic orientation posture should take into account its market, competitor strategies, networking and entrepreneurial capacity. Consequently, by a firm developing an appropriate strategy that covers different operational angles, it is expected that it will remain competitive in the short and long-term period. Zhou and Li (2010) highlight that a firm performance is dependent upon its capacity to match its market demands with internal operations through adoption of appropriate technology and entrepreneurial posturing in order to achieve an increased performance as compared to its competitors.

The study will be anchored on two theories; environment-strategy-performance theory and configuration theory. According to the environment-strategy-performance theory (Child, 1972), business entities select strategies in response to their external environment because a fit between strategic choice and environmental conditions enhances firm operations, which in turn improve firm performance. More recently, O'Class and Ngo (2007) expanded the traditional environment-strategy-performance theory to include internal characteristics and capabilities in explaining organisational performance and strategic focus. The second theory is the Configuration theory (Walker and Ruekerts, 1987) which posits that an organisation will have superior performance if there is an appropriate fit between a firm's internal organisational characteristics and its strategic focus. It further posits that a match between marketing function and strategic function of a firm will lead to a firm's performance having a positive effect.

The telecommunication sector in Kenya is one of the sectors that have witnessed exponential growth in the last decade. The growth of the sector is supported by the connections of the local internet network to the fibre optic cables which has increased internet speed. In addition, the number of Kenyans that are connected to a mobile phone has increased to over 32M as at the end of 2016. However, the three major mobile firms that operate in Kenya have faced increased level of competition from other smaller players that do not need to ride through established communication infrastructure, which are expensive to install and also from an enlightened customer base that have become forceful in demanding quality services. Operating under such environment requires that a firm not only develops appropriate strategies, but rather continuously orients its strategies to the market demands. The interest in undertaking this study within the telecommunication industry in Kenya was informed by the need to determine whether strategic orientation practices are responsible for the rapid and exponential growth experienced by firms in this industry.

1.1.1 Strategic Orientation

In the recent past strategic orientation has received attention due to the recognition that it forms one of the core ingredients to the success of an organization. Gatignon and Xuereb (1997) observe that strategic orientation is concerned with creating proper behaviours to achieve superior performance in a firm by focusing in a manner in which an organisation interacts with its internal environment and also the way it adapts to its external environment

(Zhou and Li 2010). Strategic orientation has also been described as strategic choice, strategic predisposition and strategic thrust and strategic fit. According to Noble et al. (2002), strategic orientation assists organizations to create proper strategies to achieve their goals effectively. Narver and Slater (1990) point that strategic orientation is often divided into 4 dimensions namely; market, technology, entrepreneurial and network orientation.

Market orientation is concerned with the extent that a firm's business strategy is sufficiently aligned to its target customer needs and aims at continuously creating superior value for them. In addition, the firm will seek to provide products that have the best fit for the customer needs. Entrepreneurial orientation is concerned with the degree to which a firm introduces innovations and how it pursues new market opportunities in its business strategy as well as how it's oriented to the renewal of existing areas of operation. It emphasises on seizing external opportunities and committing resources to the increase of internal innovative behaviours aimed at gaining competitive advantages (Wuet al, 2008). Network orientation is the extent to which a firm's business strategy stresses effective and efficient location of network partners, management of network relationships, and improvement of networks. When strategic orientations are operating synergistically, new product commercialization could benefit from complementarity, which means that the effect of one activity can increase the effectiveness and efficiency of other activities.

In several of the earlier studies, strategic orientation is considered to represent an approach to business and is often divided into technology, market, entrepreneurial, and customer orientations (Narver and Slater 2010). While the firms with a high level of technology orientation are strongly oriented to research and development (R&D) and use of sophisticated technology to develop new products , a market orientation requires organizations to place a greater focus on customers and their needs in order to continually provide them with superior value relative to the firm's competitors. An entrepreneurial orientation is seen as a willingness to be adventurous and to take risks in development of new products while customer-orientation is formulation of strategies and tactics to satisfy market needs inter-functionally and disseminating information about customers throughout an organization and achievement of a sense of company-wide commitment to these plans (Shapiro, 2008). Customer-orientation on the other hand is the culture within a firm that that is dedicated to satisfying customer needs in their market.

Moreover, Kohli and Jaworski (2010) suggest that customer orientation represents the degree to which customer information is both accessed and utilized by the business unit. They emphasize the need to not only introduce the terms of the business unit to be favorable to its customers, but also to collect information of their customer's tastes, needs and preferences. Thus, customer orientation is an essential element of an organization and attention drawn on information about customer needs should be taken as value-add within the firm. Further, customer orientation is a concept that comprises of orientations that understand customers and those that focus on customer satisfaction. (Appiah-Aduand Singh, 2010).

1.1.2 Organizational Performance

This refers to the ability of an organisation to realise such mundane objectives as high profit, increased market share, new product development, good financial results, and achieving long-term sustainability (Koontz and Donnell, 2010). From the above performance measures, it can be deduced that it is important for an organization to develop appropriate performance targets which it will use periodically to assess its performance. Through the establishment of appropriate performance, an organization is able to assess how well it is progressing towards predetermined objectives and identify areas that need intervention if the actual results are not going according to the plan (Vanweele, 2006).Organizational performance measures can be divided into two, financial and non-financial measures.

An organisation's financial performance is a function of its profitability, and it's determined by both external and internal factors. The internal factors of an organization that impacts the firm performance include size of the firm, capital adequacy, liquidity of the firm and expense management (Duttweiler, 2009). On the other hand, the external factors that will influence a firm's profitability include structural factors such as stock market development, market concentration, ownership, and other macro-economic factors. Green et al, (2010) identified other important factors that can be used to measure organisational performance such as return on investment, growth in sales, growth in market share and profitability. The common financial performance measures used include return on capital and return on investment. The non-financial performance measures include such measures as level of customer satisfaction, product/service quality, and internal process modification, rate of introduction of new products and responsiveness to business opportunities. According to Ruekert and Walker (2007), in the present day business environment, firms should not be so much pre-occupied with financial measures because the non-financial measures are equally important to remain competitive.

1.1.3 Telecommunication Industry in Kenya

The telecommunications sector in Kenya was transformed when the Kenya communications Act was enacted in 1998 which led to the establishment of the Communications Authority of Kenya in February 1999. It's mandated to regulate and license radio communication, telecommunications and postal services in Kenya. There has been extensive growth experienced within the industry in the number of subscribers as well as geographic expansion of cellular mobile services in the country (ca.go.ke). Since inception, mobile penetration in

Kenya has grown dramatically and stood at 82.6% as at December 2016 (CA quarterly sector statistical report October-December 2016 Pg. 6). This dramatic growth in the industry has been attributed to the expansion of a single company Safaricom. It commenced as a company partly owned by the government owned telecommunications monopoly Telkom Kenya limited. It converted into a public company in 2002 even though it had been partially privatised in 1997. (World Development indicators, The World Bank Group, 2009).

As at 31st December 2016, Kenya had over 35.6 million subscribers with Safaricom having 67.4% market share, followed by Airtel Networks Kenya Limited’s 22.6%, while Telkom Kenya, under the brand name Orange, and who formerly gained entry into the market with CDMA technology, but later adopted the GSM technology due to changing technology and market demand, share stood at 10%. Econet Wireless, formerly owner of the brand name Yu, and who was the last GSM entrant exited the market after being bought by both Safaricom and Airtel in 2014 (CA quarterly sector statistical report October-December 2016 Pg. 8)Yu was operating under the umbrella of Essar Group (CAK report, September-December 2016 Pg. 10).

1.2 Research Problem

In unpredictable business environment where there arises a need for organisational actions that are strategically planned, a firm will need to align its operations in a manner that will enable it to meet the customer needs and at the same time remain competitive relative to the other players in the market. According to Kaya and Seyrek (2012), in times of higher business turbulence, there is need for firms to interact proactively with consumers to predict, network with other players in the sector, be able to identify and rollout new business opportunities, by applying a technology orientation and introducing new products to lead and shape customer preferences and needs thus continuously creating customer demand.. Upon identifying what the customers want, a firm should also orient itself to the market demands by producing products through the use of an appropriate technology. Above all, the firm managers should have appropriate attributes relating to entrepreneurship. (Noble, 2012). This implies that according to the strategic orientation principles, a firm's competitiveness is determined by the interaction of the firm technology, market performance, entrepreneurship and customer performance.

The need for telecommunication firms in Kenya to continuously re-orient their strategies with the changes in the market is of importance if the firms have to maintain their competitiveness. The level of competition within the telecommunication industry has become unprecedented due to the increased number of firms that offers the same service as the mainstream telecommunication firms which has forced the firms to move outside their operating zones. The operational strategies that the telecommunication firms can pursue to remain relevant is to strategically orient their business activities by analysing the market that they operate in as well as their entrepreneurial activities. In the Kenyan telecommunication industry, for example, fast technological change that have been witnessed recently including voice and data management has become synonymous with a reduction of existing product life circle and the introduction of a new products periodically has become a must to these firms. As Li and Calantone (2008) posit, for a firm operating under such an environment not to be squeezed from the market, they have to invest heavily in their research and development and seize the opportunities that new technologies generate to advance next-generation products. Telecommunication players in Kenya are faced with competition from not only the major players but also from smaller players that offer similar products especially internet services that are even faster and more cost effective. This calls for the major telecommunication firms to not only develop appropriate strategies, but to also be appropriately oriented too.

Tsai and Yang (2014) researched on the performance of businesses in turbulent environments in relation to the contingent value of a firm's innovativeness among the Taiwan Insurance firms. The study found that when the turbulence in the technology and in the market are higher, there is also a stronger relationship between innovativeness and performance which is positive. Powell (2015) researched on strategic orientation and management in Small and Medium-sized Enterprises (SMEs) In The United States, Mexico and in Peru and the findings were that in Mexico and Peru the extent of concern for crisis was notably higher than in the United States for 12 of 21 crises. In Mexico and Peru, the intensity of concern for crisis increased with increased management levels than in the United States. Locally, Njeru (2013) sought to establish the relationship between firm internal characteristics, its external environment, its strategic market orientation and performance of tour firms in Kenya. He established that organisational performance is not influenced by a firm's characteristics nor moderate the relationship between strategic market orientation and marketing practices. Oduyo (2014) researched on the relationship between strategic market orientation and performance of commercial banks in Kenya and established that there was a significant positive relationship between bank performance, customer orientation, competitor orientation and inter-functional coordination. Kimaiyo (2016) researched on the effect of strategic market orientation on performance of tour firms in Nairobi, Kenya. The findings were that inter-functional coordination was being used by tour firms throughout the firm in order to increase customer value and build business plans to meet the needs of prospective and current customers.

While studies have been undertaken with regard to establishing the link between a firm's strategic orientation and performance, the findings have sometimes been contradictory and therefore complicating the assessment of the robustness of concepts used to support the model that links strategic orientation to firm performance. In addition, several studies that focus on a specific orientation or on the direct effects of each respective orientation; ignore the consideration for the possibility of interaction that they function as a system. This therefore created an interest in undertaking this study within the telecommunication industry in Kenya so as to determine whether strategic orientation practices are responsible for the rapid and exponential growth experienced by firms in this industry. Consequently, the research sought to answer the following research question: Does strategic orientation influence the performance of telecommunication firms in Kenya?

1.3 Research Objective

The objective of the study was to establish the influence of strategic orientation on the performance of telecommunication firms in Kenya.

1.4 Value of the Study

This study can be of importance for policy, practise and the academia in the field of strategic management. The understanding of the link between technology, customer, market and entrepreneurial orientations on the organizational performance means that the policy makers, such as the Ministry of information, communication and technology and other relevant regulators such as the Communication Authority (CA) will be able to develop appropriate regulations that will shore up a firms customer and technology strategies. The need for the telecommunications firms to consider each other as partners and not competitors will be able to guide the regulators and government in developing appropriate policies for shoring up the performance of these firms.

The management and owners of the telecommunications firms will also benefit from the study. Appropriate establishment of a mix of different strategic orientation will facilitate orientations that will need to be given more attention in an emergent market like Kenya. This significance of strategic market orientation to superior firm performance has been underscored in the strategic management and marketing fields, thus ascertaining its applicability to telecommunication firms and will provide important performance indicators as firms try to make their firms more efficient, effective and profitable.

For the academia, the study introduces fresh understanding of strategic orientation by reviewing its role in the realm of the environment-strategy-performance relationship. In addition, the study of strategic orientation is advantageous because it will help to eliminate the integration of naive experimental results and then ascertain whether the choice of previous conclusions could be comprehensive to other periods of time, geographical areas or populations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the review of various studies conducted by other researchers on the concept of strategic orientation and performance of a firm. The areas to be reviewed include the theories that guide the study, discussion on the four dimensions of strategic orientations, measures of firm performance and empirical studies on strategic orientation and organizational performance.

2.2 Theoretic Underpinning of the study

The debates relating to the effect of orientation on firm performance can be looked at from two theories namely; the environment-strategy-performance theory and configuration theory. The theories will also explain the reasons why organizations employ different strands of orientations in their business operations.

2.2.1 Environment-Strategy-Performance Theory

The environment-strategy-performance theory (ESPT) was advanced by Child (1972) and opines that environmental factors are important determinants of an organizational strategic choice. For a firm to defend its existing market position and performance, they need to deliberately identify appropriate strategies in response to the environmental changes. Matsumo and Mentzer (2000) assert that business performance of a firm is enhanced when the strategic choice and the environmental conditions have a fit that maximises the effectiveness of operations of the firm. In addition, it is therefore incumbent upon the firms to continuously modify their strategies to fit their external environments. The environmental strategy performance theory highlights the scope of strategic planning process that must be integrated into the environmental conditions. The theory focuses on satisfying the expectations or needs of segment customers who demand greener products and services.

Environmental concerns result in strategic actions like; developing new products ,increased investments in research and development, locating new manufacturing plants ,developing new technology (especially in managing waste and prevention of pollution) , changes in design processes and changes in products (Schwartz, (2009).

In addition, the theory applies the use of ecological messages in the advertisement activities of a firm, development of special advertising programs to educate consumers or customers and developing close relationships and alliance with environmental organizations. This theory remains internally focused, and rather than being evaluated as an external strategic focus on sustainable development, it's evaluated on its financial benefit to the firm. Moreover, the theory can be applied at four different levels, these are: enterprise, corporate, business, and functional strategies. Enterprise strategy is a re-examination of the mission of a firm. At this level of strategy, the role of a firm in society which is the fundamental mission of a firm is determined. The firm's function, form and governance are addressed during enterprise strategy which also provides value for shareholders and customers who are more likely to be integrated at this level (Fraj-Andres, 2009).

Though the theory recognizes the importance of a firm's environment in its performance, it fails to recognize the role that a firm's internal resources play in creating the necessary competitiveness to a firm. As opposed to the resource based view which recognizes the critical role that a firm's internal resources that are rare and imitable have on the firm competitiveness, the ESPT theory appreciates the critical role of the environmental factors to the firm's performance. In addition, the theory does not appreciate the role of appropriate configuration of the firm resources to match the market needs.

2.2.2 Configuration Theory

The Configuration theory was advanced by O’Cass and Ngo (2007) and posits that there is need for a strategic fit between a firm’s strategic focus and internal organization characteristics and which should lead to improved performance. The configuration theory appreciates that a firm’s level of leverage will influence its ability to build, integrate and reconfigure internal and external capabilities so as to address the rapidly changing business environments. Configuration theory therefore refers to an organization's ability to produce new and innovative forms of competitive advantage given market positions and path dependencies (Johnson, Sholes and Whittington, 2008). According to configuration theory, synergy is a key element in combining the capacity of individual organizations across different organizations to enhance coordination. As business partners synergise to coordinate their businesses, they are seeking for more than just a mere exchange of resources. Rather, they are after the potential ability of the firms to enjoy value added advantages through the integration of individual firm resources so that the overall effect of sharing these resources is greater than the combination of individual organisational contribution.

Eisenhardt and Martin (2000) explain the importance of configuration of the firm resources to adapt to the fast changing environment and therefore in business environments that are fast-changing dynamic capability view explains the formation of firm’s level of competitiveness. This is because, they are considered a transformer for converting resources into improved performance. King and Tucci (2012) found that firms can increase the probability of success in new market exploration, and the arrangement to integrate industry development during product development. Amit and Schoemaker (2013) noted there is the need to grow a more cost effective process than competitors to reconfigure and transform their resources. Therefore, reconfiguration is generally considered a key orientation for monitoring market and development trends, and for timely feedback through resource alteration. Similarly, Zhou and Wu (2010) posit that having flexible strategies that deal with the varying use and reconfiguration of resources strengthens the positive effects of strategic orientation and thus improves firm performance.

The configuration theory, though it appreciates the need for a firm to align its resources with a view to creating the necessary synergy, it fails to appreciate the role of adjusting the firm's operations to the demands of the market that are ever changing. The configuration of internal resources should be guided by the level of competition in the market and not only the available resources in the market. Consequently, a combination of both the ESPT and the configuration theory will be appropriate nexus in explaining the role of firm's strategic orientation on firm performance.

2.3 Types of Strategic Orientation

A firm's strategic orientation represents the strategic direction that a firm applies to create the proper behaviours that will enable a firm attain continuous superior performance (Slater et al., 2006). There exist different forms of strategic orientation that a firm can pursue, namely; technology, customer, market and entrepreneurial orientations.

2.3.1 Technology Orientation

This refers to a firm's preference to present or use new products and technology in its operation. Hult, Hurley and Knight (2004) define technology orientation as the capacity and determination to obtain significant technological background and employ it in the advancement of new products. Technology orientation also means that the firm can use its technological know-how to build an advanced technical solution to respond to the new needs of its customers.

Various authors have suggested that technology orientation has positively contributed to a firm's overall performance. (Gao, Zheng and Yim, 2007). Many industries that feature in increased use of innovative technology often consider this orientation a crucial source of organisational growth and innovation. Zhou and Li (2010) argue that technology orientation helps organizations in adopting and implementation of new ideas and technologies earlier than their competitors. Firms using technology orientation are very open to accept new state of the art technology and they invest heavily in research and development. Such firms tend to adapt innovative management styles due to their level of technological knowledge hence adapting more digital than analogue management methods.

2.3.2 Customer Orientation

Narver et al (2004) suggest that customer orientation (CO) is a responsive construct of strategic orientation that tends to be reactive in nature. It focuses on identifying customers' expressed needs that will guide the firm in developing products and services. Customer-oriented businesses focus on understanding the desires of their customers. Such firms identify the needs and wants of the customers in the markets they serve and then develop products and services that meet and satisfy those desires. (Atuahene-Gima et al. 2005). In this regard customer orientation differs from the related construct of market orientation, because unlike the latter, customer orientation captures immediate and expressed customer demands as well as the latent, unarticulated needs of the customers.

The influence of customer orientation on the firm performance is short-term because firms that only rely on customers' expressed needs to develop their products, are at a risk of not creating new insights into value-adding opportunities for the customer and thereby missing an opportunity for customer dependence as well as losing out on customer loyalty (Atuahene-Gima & Ko, 2011). The long-term growth impact of a customer orientation in a dynamic market environment therefore, is likely to be negligible especially in a vibrant market environment. However, Green, Covin & Slevin (2008) posit that a customer oriented strategy can be a useful strategy in stable environments because it may not lead to generation of adequate motivation for the significant innovation that constant change requires. Therefore, in a customer orientated business the customer becomes central to the efforts of the organisation making it an appropriate orientation that is best suited to drive a firm's business performance.

2.3.3 Market Orientation

The uncertain business environment that business units face presently requires adaptability and the need to be competitive for the sound health of any organization. The firms' market orientation should produce value for its customers that are unique and complex to imitate, for it to have leverage as well as a competitive edge to surpass the performance of their less market-oriented competitors (Liao, et al., 2011). Market orientation is divided into two, behavioural and cultural perspective (Theodosiou, Kehagias & Katsikea, 2012). The behavioural outlook emphasizes explicit actions relating to the creation, distribution, and responsiveness to market intelligence .The cultural view focuses on the organizational principles and norms that promote behaviours that are associated with market orientation. According to the market orientation, it is necessary for a firm to have ample consideration of its customers to be capable of creating greater worth for them incessantly.

In addition, the firm should recognise its competitors with an aim to understand their short-term and long term goals, strengths as well as weaknesses and the long-term abilities of the existing and possible participants. Further, there is need to institute inter-functional synchronisation of organisational resources so as to create greater value for the target clienteles.(Narver and Slater, 1990).Grinstein (2008), claim that, market orientation generates both direct and indirect benefits to a firm. These include high product quality, customer loyalty, increased innovativeness and ultimately positive firm performance. While market orientation has been cast as a strategic orientation, Zhou, YimandTse (2005) compared it with alternative strategic orientation level to understand its performance implications

2.3.4 Entrepreneurial Orientation

Entrepreneurial orientation (EO) refers to the business perspective encompassed and used by an enterprise, the firms level of behaviour, the management practices , the owner-manager behaviour and an approach that anticipates new market and product needs (Kreiser Marino & Weaver, 2012). On the other hand, a commercial company is one that involves in product market advancement, accepts dangerous speculations and is major to originate “proactive” innovations and in the process outperforming competitors. Therefore, the popular dimensions that define entrepreneurial orientation include advancement, practicality (proactiveness), inventions and risk taking attributes. Latter, Lumpkin and Dess (1996) argued that two other elements that define entrepreneurial orientation are competitive aggressiveness and autonomy though Miller(1997) noted that not all dimensions were equally imperative for the success of a venture, but rather depend on the nature of the business and stage of its life cycle. Entrepreneurs will always seek to identify an existing opportunity and capture the same before a competitor.

EO determines a firm’s willingness to stay ahead of its competitors and to seize new opportunities by innovating in an uncertain environment. According to Renko, Carsrud and Brannback (2009) EO includes innovativeness, pro-activeness, and risk-taking. Innovativeness involves the use of new technology in new products/services. Therefore, innovativeness means that firms make an attempt to employ creativity and experimentation by introducing new products or services, which enhances new product performance. Further, product innovation requires firms to disconnect from existing technologies and practices, which might cause higher costs and reduce the overall firm performance.

2.4 Strategic Orientation and Organizational Performance

Gupta (2015) while researching on the business orientation and firm performance of Indian SMEs found that a strong entrepreneurial orientation can allow companies to gain from recognizing ways in which new product satisfies the unmet consumer requirements or at the same time demonstrate how it is greater to and exceptionally diverse from reasonable contributions in the eyes of customers. The findings further imply that entrepreneurial orientation has an overall constructive effect on firm performance in the budding economy of India. The findings reinforced other similar studies confirming a noteworthy and optimistic relationship concerning entrepreneurial orientation as well as company performance.

Lee, Choi, and Kwak (2015) investigated the impact of four scopes of strategic orientation on company innovativeness as well as performance in promising markets with reference to the Small- and Medium-Size Enterprises in South Korea. The study sought to establish the four constructs of strategic orientation namely, possessions of technology, entrepreneurial, market, and learning orientations on firm innovativeness. In count, the study wanted to determine the mediating role of firm innovativeness on these relationships, using a survey of 374 small-and medium-size enterprises in Korea. The findings were that, while technology, entrepreneurial, and learning orientations significantly influence firm innovativeness, firm innovativeness was found to have a noteworthy outcome on firm performance. In addition, the firm innovativeness was found to be statistically significant mediating role in the relationships of technology, entrepreneurial, and learning orientations to firm performance. The study however, did not seek to find out the effect of the strategic orientation variables on firm performance and more so, in the telecommunication industry.

Chow, Teo and Chew (2013) sought to find the relationship between the human resource structures as well as company performance with the mediating role of strategic orientation among the SMEs firms in Singapore. The study finding was that Singapore wasn't a low cost centre; instead, its position as a universal business centre resources that firms in the country tend to assume difference orientation for on-going performance. Further, Strategic orientation as an instrument for HR operation serves as the connection in the HRM systems–performance connection and that senior executives ought to amplify strategic orientation as a guide to advance their performance.

Park and Ghauri (2011) investigated critical measures influencing achievement of technological proficiencies from foreign firms obtaining by small as well as medium sized local firms among Iranian foreign firms. The results were that foreign firms that use a specialty products policy are inclined to have products with high profits and inimitability targeted at a precise high price segment while those who apply a good product strategy are inclined to be more regular with commonly low profit margins. Further, the results were that foreign firms should create exceptional products that are updated and advanced than their competitors who sell standard products. These firms will focus on quality, effectiveness, design, innovativeness and style. Similarly, firms which take on a marketing strength approach have a tendency to differ in their planned orientations. They can both adapt promotion as a main and essential income creating instrument or build their business approach around other competitive plans. Organizations which put superior prominence in marketing differentiation are likely to generate a "unique image" for their merchandise.

Cost-oriented entrepreneurial firms are expected to considerably benefit from cost control and minimization. This is because a cost-oriented firm has express control on the bottom line leading to higher profits. Gatignon and Xuereb (1997) assert that a firm's technology orientation encourages inventive thinking, openness to novel ideas and risk taking. These measures are vital within entrepreneurial firms. Technology oriented behaviour has the likelihood to produce new markets and form customer behaviour and it is often used by positive entrepreneurial firms that desire to influence new or promising technologies. This implies that a technology oriented firms can be involved in the survival of numerous entrepreneurial firms when competing against large, reputable firms. Since entrepreneurial firms are often excluded from gaining scale economies, they can attain competitive advantage during the development of modern products that represent novel technologies.

Slater and Narver (1994) support that marketing orientation influences organizations to adapt an external focus and obligation to innovation, which assists them to realize and maintain superior performance. They suggest that market orientation and performance relationship are driven by innovation which is a core value-creating capability. Farley and Webster (1993) further posit that market orientation may ease innovation en route to organizational performance. With market orientations demonstrating organization-wide receptiveness to market information propose that market orientation is an antecedent to innovation. Market orientation, can thus serve as the channel for innovation, since it opens up the firm to new customer needs and new business processes.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter is about the research methodology that was used, comprising research strategy, data gathering methods and the data analysis techniques. The objective of this chapter was to demonstrate how data collection and analysis is utilized in the study to respond to the study questions and meet the objective in chapter one.

3.2 Research Design

The research was cross sectional descriptive design as the study was intended to describe the effect of strategic orientations on the performance of the telecommunication firms in Kenya. Descriptive research design allows a conclusion about phenomena without making an inference on the entire population. Expressive research portrays an exact outline of persons, proceedings or conditions, and allows the gathering of hefty volume of qualitative and quantitative data from the target population (Yin, 2003). The study was cross-sectional because it covered all the telecommunication firms in Kenya at the same time period.

3.3 Study Population

The project undertaken was a census survey involving all the registered and licensed telecommunication firms in Kenya (Appendix III). The list of the eleven companies is obtained from the Communication Authority of Kenya as at the end of the year 2016. The respondents targeted were marketing managers, business development managers and IT managers from each of the 11 telecommunication companies. In total the study targeted a population of 33 managers.

3.4 Data Collection

Primary data was gathered by use of questionnaires. The questionnaire had three parts. Section A aimed to collect data about the organisation. Section B sought to establish the strategic orientation practices employed by the firm while Section C was seeking to collect data on firm performance. Discussions and guidance on how to complete the questionnaire were offered where solicited, and any additional information gathered was recorded in a note book to assist in analysing the data collected through the questionnaires. The targeted respondents were marketing managers, business development managers and IT managers of the respective telecommunication firms. The questionnaires were dropped and then picked upon follow-up with the relevant people. Some of the respondents were contacted on phone to follow up on when the questionnaire was likely to be ready and for those who had difficulties in completing the questionnaires, guidance was offered.

3.5 Data Analysis

The data gathered was both quantifiable as well as qualitative in nature. It was checked and edited for accuracy, completeness and consistency, then analysed through examination, categorizing, coding, tabulating and testing to identify the patterns and enhance the validity of the study. The data collected was analysed using descriptive measures that include percentages, mean and standard deviation. For findings, it was presented through the use of tables. A standard deviation of 1 or above is an indication that there is a high disparity among the respondents on the degree to which various principles of strategic orientation and firm performance.

To establish the relationship, the regression analysis below was used to determine it:

$Y = \alpha + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \acute{\varepsilon}$

Y = Firm performance

α = Constant (Co-efficient of intercept)

X_1 = Technology Orientation

X_2 = Customer Orientation

X_3 = Market Orientation

X_4 = Entrepreneurial Orientation

έ. = Error Term

$B_1 \ldots B_4$= Regression co-efficient of three variables

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents findings of the research study. The chapter provides expressive statistics of the interviewed respondents before presenting the findings of the effect of strategic orientation on the performance of Telecommunication companies in Kenya.

4.2 Response rate

The study targeted 33 respondents working in 11 telecommunication firms in Kenya. However, 25 of them responded presenting a response rate of 75.8% of the respondents while 24.2% did not respond as shown in table 4.1 below:

Table 4.1 Response rate

	Frequency	Percentage
Responded	25	75.8%
Didn't respond	8	24.2%
Total	33	100%

Source: Researcher 2017

Mugenda Mugenda (1999) noted that if the response rate is 50% it is adequate, 60% is satisfactory while 70% is superb. In this case the response rate is 75.8% which was achieved by the researcher as a result of constant follow up through phone calls, personal visits and sending emails to remind the respondents.

4.3 Organizational Characteristics

The demographic research study sought to ascertain the organisational characteristics of the telecommunication firms by obtaining organisational background information to establish the length of period the respondents had been in continuous service in the firm, the period of time the company has been in service in Kenya, the number of employees within the firm and the nature of ownership of the telecommunication firm.

4.3.1 Length of continuous service

The researcher sort to find out the period of time that the respondents had been in a continuous period of service with the telecommunication firm as shown in table 4.2 below:

Table 4.2 Length of continuous service

Duration	Frequency	percentage
Less than 5 years	5	20%
Between 5 to 10 years	8	32%
Over 10 years	10	40%
Over 11 years	2	8%
Total	25	100%

Source: Researcher 2017

The study established that 20% of employees served for less than five years, 32% for a period between 5 to 10 years, 40% for a period between 11 to 15 years and 8% for over a period of 16 years as shown in table 4.2 above. This was an advantage to the study because only 20% had been with the firm for less than 5 years hence they seemed fully familiar with the processes and activities of the firms further making the information collected more accurate.

4.3.2 Period Telecommunication Company has been in operation

The researcher further wanted to establish the period that the telecommunication company has been in operation in Kenya as shown in table 4.3:

Table 4.3 Period Telecommunication Company has been in operation

	Frequency	percentage
Less than 5 years	3	12%
Between 6 to 10 years	5	20%
between 11 to 15 years	12	48%
Over 16 years	5	20%
Total	25	100%

Source: Researcher 2017

The study recognized that 12% of the firms have been in service for less than 5 years, 20% for a period of between 6 to 10 years, and 48% for a period of over 10 years , while 5% have been in operation for a period of over 16 years as illustrated in table 4.3 above. This was an advantage to the research study because over half the telecommunication companies had been in service for over 5 years and therefore provided a trend on the industry that enriched the data collected.

4.3.3 Number of employees in the firm

The researcher needed to find out the number of workers in each firm as shown in table 4.4 below:

Table 4.4 Number of employees in the firm

	Frequency	**Percentage**
Less than 200	3	12%
Between 201 to 400	3	12%
Between 401 to 600	8	32%
Between 601 to 800	5	20%
Between 801 to 1000	3	12%
Over 1000	3	12%
Total	**25**	**100**

Source: Researcher 2017

It established that 12% have less than 200 employees, 12% to have between 200 to 400 employees, 32% have between 401 to 600employees, 20% have 601 to 800 employees, 12% have between 801 to 1000 employees and 12% have over 1000.

4.3.4 Nature of ownership of Telecommunication firms in Kenya

The research did a further study on the nature of ownership of telecommunication firms in Kenya as shown in table 4.5.

Table 4.5 Nature of ownership of Telecommunication firms in Kenya

	Frequency	Percentage
Locally owned	9	36%
Mixed ownership	8	32%
Foreign ownership	8	32%
Total	25	100%

Source: Researcher 2017

The research findings were that 36% of the firms are owed locally in Kenya, another 32% has mixed ownership between local and foreign ownership while the remaining 32%has full ownership being foreign owned.

4.4 Strategic Orientation Practices

This study had a single objective to determine the influence of strategic orientation on the performance of telecommunication firms in Kenya. The section analysed factors of the independent variables for the various strategic orientations identified for the study. The analysis of the data was done using mean and standard deviation. Recorded means were interpreted as follows: 5 = Very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Small extent, 1 = Very small extent

4.4 .1 Technology orientation

The extent to which technology orientation has been practiced in telecommunication firms in Kenya, the results have been analysed in table 4.6 below.

Table 4.6 Technology orientation

Technology Orientation	Mean	Standard Deviation
The applied refined telecommunication technologies in new product growth	4.72	.49
The firm possess the ability and will to acquire superior technological background and apply it in commercializing new products in telecommunication field	4.31	.66
The firm embraces innovation as a strategic and cultural priority tool	4.29	.81
The firms bias towards technology applications mobilizes a company’s entry into new market places	4.32	.93
The firm technology orientation fosters its capability to respond to customers’ preferences in an effective way	4.36	.89
The company technology orientation is a chief means for it to create product differentiation and endorse product designs that surpass those of rivals	4.24	.04
Overall	**4.37**	**.64**

Source: Researcher 2017

From the above table ,the statement that the firm uses refined telecommunication technologies in new product growth was the highest rated with (M = 4.72, SD 0.49) indicating it influenced performance of telecommunication firms to a large extent. It is followed by the statement that the firm technology orientation promotes its ability to answer to customer preferences in an effective way with a mean of (M = 4.36, SD 0.89) meaning that the firms have employed technology orientation to remain innovative and satisfy the demands of their market or the consumers , the firms bias towards technology applications assembles a company's access into fresh market places with a mean of (M = 4.32, SD 0.93) showing that they influenced performance to a great extent. The statement that the firm owns the capability and will to acquire superior technological background and apply it in commercializing new products in telecommunication field followed with a mean of (M = 4.31, SD =.66) indicating that it influenced performance on a large scale. The least rated statement was that the firm technology orientation is a leading means for creation of product differentiation and encourage product strategies that surpass those of rivals with a mean of (M= 4.24, SD =.04) implied that it was to a great extent. However, the respondents had varied opinions as recorded by standard deviation. For example, respondents differed more on the statement that the firm's technology orientation is a leading means for creation of product differentiation and encourage product strategies that surpass those of rivals with a standard deviation of (0.03) while they agreed more on the statement that the firm's bias towards technology applications assembles a company's access into current market places with a standard deviation of (0.93)

On average, an overall mean of (M= 4.37, SD 0.64) was registered signifying that most respondents agreed that technology orientation influences performance of telecommunication firms in Kenya to a large extent.

4.4.2 Customer Orientation

The results of the influence of customer orientation on performance of telecommunication firms in Kenya are shown on table 4.7.

Table 4.7 Customer Orientation

Customer Orientation	Mean	Standard Deviation
The firm focuses on identifying customers' expressed needs that guide it in developing products and services	4.57	.66
The telecommunication firm focus on understanding the needs of their clienteles in their obliged markets	4.39	.87
The firm identifies demands developing products and services that satisfy their desires	4.31	.29
Customer complaints are addressed whenever raised	4.29	.65
Overall	**4.39**	**.63**

Source: Researcher 2017

The study sought to find out how customer orientation influences performance of telecommunication firms in Kenya. The highest rated statement was the firm focuses on identifying customers 'expressed needs that guide it in developing products and services with a mean of (M = 4.57, SD =.66), followed by statement that the telecommunication firm focus on accepting the needs of their clientele in their obliged markets with a mean of (M = 4.39 SD =.87) indicating that it influenced performance to a large extent. The firm identifies demand mounting products and services that fulfil the desires with a mean of (M = 4.31, SD =.29) indicating it was to a large extent. The least rated statement was customer complaints are addressed whenever raised with a mean of (M = 4.29 SD =.65) though it was to a large extent. The respondents had varied opinions as shown registered by standard deviation. The statement that the telecommunication firm emphasis on accepting the requirements of their clientele in their obliged markets had the highest standard deviation of (0.87) while the statement Customer complaints are addressed whenever raised had least standard deviation of (0.65)

Overall, this section established that customer orientation is done to a wide scope as witnessed by a total of (M = 4.39, SD 0.63).

4.4.3 Market orientation

The results on impact of market orientation on performance of telecommunication companies in Kenya are shown on the table 4.8.

Table 4.8 Market orientation

Market Orientation	**Mean**	**Standard Deviation**
The products introduced by firms that have market course are liable to be alleged by consumers as fulfilling their current needs better than the competing products do	4.23	.62
The firms excels in their capability to pursue and engage market information to make as well as to deliver products of greater customer value	4.24	.80
The firm is more adjusted to changes as well as tendencies in the marketplace, and further vigorously expected and prepare for variations in its day-to-day operations	4.24	.79
The firm also endeavour to form market sensing and customer-linking abilities	4.12	.89
Overall	**4.21**	**.78**

Source: Researcher 2017

From the table above, the statement that the firms excel in their capability to look for as well as soak up market information to produce and convey products of greater consumer cost influenced to a large extent by a mean of (M =4.24, SD .80) the statement that the firm is more adjusted to changes and tendencies in the marketplace, and more vigorously expect and organize for changes in its day-to-day operations influenced to a large extent by a mean of (M =4.24, SD =0.79). The statement that the products brought in by firms that have market direction are probably to be alleged by customers as fulfilling their existing wants better than the rival products do influenced to large extent by a mean of (M =4.23, SD =.62).The firm also endeavours to grow market intelligence and customer-linking abilities was the last statement and it influenced to a large extent with a mean of (M = 4.12, SD =0.89). The respondents differed the least on the statement that the products brought in by firms that have introduced by companies with market orientation are likely to be presumed by customers as substantial to their existing wants far much better than the opposing products do with a standard deviation of (0.62) while they differed more on the statement that the firm also endeavour to form market sensing and customer-linking capabilities with a standard deviation of (0.89)

On overall, the study establishes market orientation influences performance of telecommunication firms to a big scope by a total mean of (M =4.21, SD =0.78)

4.4.4 Entrepreneurial Orientation

The results on effect of entrepreneurial orientation on performance of telecommunication companies in Kenya are shown on table 4.9.

Table 4.9 Entrepreneurial Orientation

Entrepreneurial Orientation	**Mean**	**Standard Deviation**
The firm dwell much on grabbing external opportunities and making obligation of assets to the enhancement of internal inventive behaviors	4.43	.71
The company is proactive in taking risky actions to find out market opportunities and therefore employing these avenues to form as well as to bring new products into the market.	4.33	.93
The firms consumer course foster a company's inventive ability by taking advantage of upcoming markets avenues through targeting at quality market divisions	4.29	.84
The firm endeavors to be the first to come up with "proactive" innovations and in the process beating competitors	4.24	.67
Overall	**4.32**	**.79**

Source: Researcher 2017

From the table above, most of the respondents approved to a larger degree to the statement that the firm dwell much on grabbing outside opportunities as well as making obligation of assets to enhance the domestic inventive behaviours with a mean of (M =4.43, SD =.71)

The company is proactive in taking risky actions to find out market chances and therefore utilizing these avenues to grow as well as to bring new products into the market assertion was accepted at wide measures by a mean of (M = 4.33, SD =.93) followed by the statement that the firms consumer course encourage a company's modern potential through taking advantage of upcoming market avenues as well as aiming at quality market divisions with a large extent by a mean of (M =, 4.29, SD =.84) the least rated statement was that the firm endeavours to be the earliest to invent "proactive" innovations and in the process beating competitors with a mean of (M = 4.24, SD =.67) to a large extent.

On average, this study established that entrepreneurial orientation influenced performance of telecommunication firms in Kenya to a bigger degree by a total mean of (M = 4.32, SD = 0.79).

4.5 Organizational performance

This section sought to find out how respondents rated the performance over the last five years of telecommunication firms in Kenya. The research analysed organizational performance Where the following Likert scale was used 1 = Negative   2 = Constant   3 = (1% – 30%) 4 = (31% - 60%)   5 = (Over 61%). The research majorly focuses on fiscal as well as non-financial markers of the firm's operation to ascertain how telecommunication firms are influenced by strategic orientations

4.5.1 Financial performance

The results on how respondents used different indicators to rate financial performance of their telecommunication firms in Kenya are shown on the table 4.10.

Table 4.10 Financial performance

Measure	Mean	Standard Deviation
<u>**Financial Performance**</u>		
Cost reduction	4.73	0.51
Increase in profitability	4.52	0.52
Return on assets	4.47	0.54
Return on equity	4.42	0.55
Overall	**4.54**	**0.53**

Source: Researcher 2017

The results of financial performance are shown on the table above whereby the statement on Cost reduction was most rated with a mean of (M =4.73, SD=0.51) this implies that the performance improvement was raging between (31% - 60%) The other statements were rated as follows: Increase in profitability (M =4.52, SD =0.52), Return on assets (M =4.47, SD =0.54) and Return on equity (M =4.42, SD =0.55). The implication was that the performance improvement was raging between (31% - 60%). This means therefore that most respondents agreed that reducing costs and increased profitability played a key role in enhancing performance of their firms. Both return on equity and assets were equally highly ranked meaning that financial indicators had a direct relationship to the firm’s overall performance which hence supports the overall score of (M =4.54, SD =0.53)

4.5.2 Non-financial performance

The results on how respondents rated non-financial performance of their telecommunication firms in Kenya are shown on the table 4.11.

Table 4.11 Non-financial performance

Non - Financial Performance	Mean	Standard Deviation
Increase in market share	4.68	0.53
Improved product innovation	4.56	0.61
Improved internal processes	4.59	0.50
Improved product functionality	3.99	0.41
Improved product reliability	3.87	0.39
Improved product/service quality	4.01	0.49
Overall	**4.28**	**0.49**

Source: Researcher 2017

The study established that telecommunication firms in Kenya had non-financial indicators that influenced their performance as shown in the table above. The statement on increase in market share (M = 4.68, SD =0.53) followed by statements on improved internal processes with a mean of (M =4.59, SD =0.50) improved product innovation was rated with a mean of (M =4.56, SD =0.61) while improved product/service quality was rated with a mean of (M =4.01, SD =0.49). (31% - 60%). The other two statements o improved product functionality was rated with a mean of (M =3.99, SD 0.41) while statement on improved product reliability was rated lowest with a mean of (M = 3.87, SD .39). The implication of the last two statements was that performance improvement was picking up and raging from1% to 30%.The overall score of this study is therefore (M = 4.28, SD 0.49) which depicts that the overall performance of a firm in this sector is influenced more by financial indicators than non-financial indicators.

4.6 Regression analysis of strategic orientation and firms performance

This research sought to determine the correlation involving strategic orientation and firm's performance. The researcher did a regression analysis to expound on this relationship by use of SPPS to code, enter as well as to calculate the dimensions of multiple regression of the study. Discussions of the obtained results are shown in the table below.

Table 4.12 Model Summary

Model	R	R Square	Adjusted R Square	Std, Error of the Estimate
1	0.918	0.843	0.794	0.221

Source: Researcher 2017

From the table above, the accustomed R is the coefficient of determination that describes the degree to which a change in the dependent variable can be illustrated by the change of the independent variable or a proportion disparity in the dependent variable. The value of adjusted R Square was 0.794, an indication that there was a variation of 0.794 %t on the performance of telecommunication firms as a result of changes in the independent variable (Technology Orientation, Customer Orientation, Market Orientation, and Entrepreneurial Orientation)

This is an indication that 0.843 changes in the performance of firms in the telecommunication sector could be accounted to the independent variable (Technology Orientation, Customer Orientation, Market Orientation, and Entrepreneurial Orientation). From the above table 4.12, it is observed that there is a superior optimistic correlation involving the study variables as shown by the value of 0.918.

4.6.2 ANOVA (Analysis of Variance)

Table 4.13 ANOVA (Analysis of Variance)

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	118.992	5	18.968	20.968	0.001b
1	Residual	2.699	3	.900		
	Total	**121.696**	**8**			

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

Source: Researcher 2017

Critical value= 3.85

The ANOVA Statistics indicated that the regression model had a significant level of 0.1% showing that the data was perfect for basing an assumption on the population parameters since the value of significant (p-value was less than 5%. Computed value of the dependent variable was bigger than Critical value (20.968 > 3.85) this indicates that all Strategic orientation statistically influence on telecommunication firms' performance

4.6.3 Regression analysis of strategic orientations and firms performances

A multiple regression analysis was conducted to find out the correlation involving strategic orientation and telecommunication firms' performance.

Table 4.14 Coefficients of determinations

Model	unstandardized coefficients		Standardized coefficients	T	Sig
	B	Std. Error	beta		
Constant	1.541	.613		2.399	1.651
Technology orientation	0.480	0.109	0.338	4.561	0.001
Customer Orientation	0.481	0.119	0.335	4.318	0.006
Market orientation	0.426	0.110	0.324	4.127	0.321
Entrepreneurial Orientation	0.471	0.117	0.341	4.169	0.009

Dependent variable: Firms performance

Source: Researcher 2017

In the analysed data in the above table, the regression function is

$Y = \alpha + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + έ$

Y**= 1.541 + 0.480X1 + 0.481X2 + 0.426X3 + 0.471X4**

Whereby:

Y = Firm performance (Dependent variable)

$X_{1\text{ to }}X_4$ =the independent variable

X_1 = Technology Orientation

X_2 = Customer Orientation

X_3 = Market Orientation

X_4 = Entrepreneurial Orientation

έ. = Error Term

B_1 to B_4= Regression coefficients.

The regression function showed that considering all elements (Technology Orientation, Entrepreneurial Orientation, Customer Orientation and Market Orientation,) Constant at zero, performance of telecommunication companies will be 1.541. The study results also showed that the consideration of all the independent variables with a unit of zero increase Technology Orientation will lead to 0.480 increase in performance of telecommunications firms in Kenya, a unit in increase in Customer Orientation will lead to 0.481 increase in performance of telecommunications firms in Kenya while one unit in Entrepreneurial Orientation leads to 0.471 increase in performance of telecommunications firms in Kenya. Only three of the four variables showed to have a significant value as their significant value was less than zero (p-value < 0.05).This were technology, customer and entrepreneurial orientations at (0.001, 0.006 and 0.009) respectively.

The research findings further showed that out of the four independent variables, three showed significance as their significant value was less than zero (p-value < 0.05. Only market orientation had P-value greater than 0.05 making it insignificant at 0.321.

4.7 Discussion of the research findings

The research objective was to find out the influence of strategic orientation on the performance of telecommunication firms in Kenya concentrating on 11 telecommunication firms in Kenya. The findings of this study revealed that the most widespread strategic orientations influence performance of telecommunication firms. The study also showed that technology has been a critical factor in strategic orientation of telecommunication firms in Kenya. Majority of the respondents agreed that technology greatly influences performance to a large extent. This confirms Zhou and Li (2010) argument that technology orientation assists organizations in adopting and utilizing new ideas and technologies earlier than their competitors. The findings also posits that customer orientation and entrepreneurial orientation are critical factors in strategic orientation and they influence performance outcome of the firm. This statement agrees with Gupta (2015) findings on research about entrepreneurial orientation and firm performance of Indian SMEs which found that a strong entrepreneurial orientation can allow firms to benefit from identifying how the new product serves unmet customer needs or at the same time showing how it is superior to, and uniquely different from, competitive offerings in the eyes of customers. A good example in Kenya context is telecommunication giant Safaricom Limited whereby its performance is enhanced by its entrepreneurial innovation which has led to mobile banking. The organizational performance of the organization maybe in terms of financial or non-financial and strategic orientation the firms undertakes influences overall performance of the organization. Market orientation was insignificant. From the result of regression analysis, showed that the regression equation taking all factors into account (Technology Orientation, Customer

Orientation, Market Orientation, and Entrepreneurial Orientation) Constant at zero, performance of telecommunication firms will be 1.541. The study findings also showed that taking all other independent variables at zero a unit in increase Technology Orientation will lead to 0.480 increase in performance of telecommunications firms in Kenya, a unit in increase in Customer Orientation will lead to 0.481 increase in performance of telecommunications firms in Kenya and a unit in Entrepreneurial Orientation will lead to 0.426 increase in performance of telecommunications firms in Kenya. Other findings further showed that out of the four independent variables, three proved to be significant as their significant value was less than zero (p-value < 0.05. Only market orientation had P-value greater than 0.05 making it insignificant.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the outcomes gathered from the analysis of the data, the conclusions reached and the recommendations given. The research findings have been summarized within the context of the objectives. Inferences have been made from the research and suggestions for further research were given.

5.2 Summary of findings

The goal of the research above was determine the influence of strategic orientation on the performance of telecommunication firms in Kenya focussing on 11 telecommunication firms in Kenya.

The result findings indicated that most of those who reacted upon the questionnaire seem to have served in respective firms for a period above 5 years whereby 12 out of 25 respondents interviewed served for over 10 years which was a plus to the study since they understood the questionnaire very well. Only 3 of the 25 respondents interviewed said their companies have been operating for less than 5 years while 17 of the 25 respondents interviewed agreed that their firms have been service for more than 11 years. The advantage of this was that these firms in one way or the other engaged in long term strategies with a view of enhancing their performances and in a bid to remain relevant in the market. The number of employees in a firm depended on the size of the technology it applied. In regard to this, majority had over 400 employees working in the firms whose ownership was equal between foreigners and locals as well as firms with mixed ownership of foreigners and locals.

The study also showed that technology has been a critical factor in strategic orientation of telecommunication firms in Kenya. Several responses agreed that it influenced performance to a big level. The findings posit that customer orientation and entrepreneurial orientation are both critical factors in strategic orientation and they greatly influence performance outcomes of the firm. The organizational performance of the firm maybe in terms of financial or non-financial measures or indicators and the strategic orientation the firm undertakes does eventually influence the firm's overall performance. Market orientation on the other hand did not show a positive relationship with performance as it returned an insignificant score.

5.3 Conclusion

Based on the above research study conclusions, it clearly illustrates that strategic orientation influences performance of telecommunication firms in Kenya. Use of technology within an organization helps it to create and innovate new products and systems that meet their customers' needs and expectations. Customer orientation familiarizes the customer with the product hence making it easier for him or her to use in creation of demand. Market orientation helps the customer to grow market share hence increasing revenue for the organization. This can be done through advertisements that help a firm reach its target market and customers. Firms should invest in marketing so as to assure their customers that they are well versed with the latest and most advanced products in the market. Entrepreneurial orientation also helps to grow the business enabling it to utilize its full potential to gain leverage in the market where it's in operation.

Most respondents of this study have served their firms for longer periods hence are well informed of the processes and activities in their organization. Based on the regression analysis the study established a positive relationship between strategic orientation and firm performance as follows; Technology orientation (0.480), Customer Orientation (0.481)

Market orientation (0.426) Entrepreneurial Orientation (0.471). For this reason, the research concludes that any distortion made is projected to certainly influence telecommunications firms' performance. However, market orientation returned insignificant results while determining the significance of the relationship between performance and strategic orientation.

5.4 Recommendations

This study finding has established that strategic orientation influences organization performance in the organizations within the telecommunication sector in Kenya. Therefore, this study recommends that these firms should adapt strategic orientations due to technological advancement and the need to always catch up with the latest trends which will help them identify and fulfill the needs of their customers. It is also an opportunity to grow their business.

Telecommunication firms need to be more innovative in the use of refined telecommunication know-how in new product development. This is because it will create a new market niche for their products and services hence being competitive in the telecommunication industry. Further, the firms should endeavor to focus on identifying their customers' expressed needs that guide them in developing products and services. This will give the firms an opportunity in shifting the paradigm in the way things are done in the environment they operate in. For example, in Kenya, majority of people are transacting through M-pesa mobile banking introduced by Safaricom Kenya limited hence prompting locals to shift to mobile banking including people in the diaspora and those in upcountry areas.

5.5 Limitation of the study

The time allocated to gather data was not sufficient and the study did not manage to obtain all the information required. During data collection processes, some respondents were reluctant to respond to the researcher's questions. Bureaucracies involved in some organizations were tedious making it difficult to gather data.

5.6 Suggestions for further studies

Based on the findings of this research, extra studies should be undertaken to establish the effect of long term strategies on innovation in telecommunication firms in Kenya.

REFERENCES

Auh S & Menguc B (2005) Balancing exploration and exploitation: The moderating role of competitive intensity. *Journal of Business Research 58(12): 1652–1661.*

Ahlstrom, D. (2012)On the types of papers the Asia Pacific Journal of Management generally publishes. *Asia Pacific Journal of Management, 29(1): 1–7.*

Child, J. & Kieser, A. (1972). *Development of Organizations over Time. Handbook of Organizational Design.* New York: Oxford University Press.

Duttweiler, R. (2009),*Managing Liquidity in Banks*, Wiley, Singapore Gao,G. Y., Zheng, K. Z., & Yim, C. K. (2007). On what should firms focus in transitional economies? A study of the contingent value of strategic orientations in China. *International Journal of Research in Marketing, 24, 3-15.*

Gatignon, H., & J.-M. Xuereb (1997) Strategic Orientation of the Firm and New Product Performance, *Journal of Marketing Research 34, no. 1: 77–90.*

Green, K., Covin, J. & Slevin, D. (2008).Exploring the relationship between strategic reactiveness and entrepreneurial orientation: The role of structure-style fit. *Journal of Business Venturing, 23, 356-383.*

Hult, G. T. M., Hurley, R. F., & Knight, G. A. (2004). Innovativeness: Its antecedents and impact on business performance. *Industrial Marketing Management, 33*, 429-438.

Kacperczyk, A. (2009). With greater power comes greater responsibility? Takeoverprotection and corporate attention to stakeholders. *Strategic Management Journal*, *30*(3), 261-285.

Kinuu, D. (2014). Top management team psychological characteristics, institutional environment, team processes and performance of companies listed in Nairobi securities exchange. *University of Nairobi, Unpublished Ph.D. thesis*

Kropp, F, & Zolin, R. (2005), Technological Entrepreneurship and Small Business Innovation Research Programs, *Academy of Marketing Sciences Review*, 7(2), 237-252

Lee, D.H; Choi, B.S & Kwak J.W (2015). The effects of four Dimensions of strategic Orientation on Firm Innovativeness and Performance in Emerging Market Small-and Medium size Enterprises ,*Emerging Markets Finance & Trade /*September – October 2014,50(5), 78-96

Lukas, Bryan, A. & Orville C. Ferrell (2010), "The Effect of Market Orientation on Product Innovation," *Journal of the Academy of Marketing Science*, 28 (2), 239–47.

Lumpkin, G. T., & Dess, G. G. (2006). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21: 135-172.

Machuki, V. N., Aosa, E., & Letting, N. K. (2012). Firm-level institutions and performance of publicly quoted companies in Kenya, *International Journal of Humanities and Social Science, 2*(21), 298- 312

Matsumo, G.L & Mentzer, W (2000). *The External Control of Organizations: A Resource Dependence Perspective.* Harper & Row: New York

Meyer, K., & Nguyen, H. V. (2005). Foreign investment strategies and sub-national institutions in emerging market: Evidence from Vietnam. *Journal of Management Studies*, 42(1): 63–93

Mu, G.L & Di Benedetto, W.K (2011). Strategic orientations and new product commercialization: Mediator, moderator, and interplay, *Administrative Science Quarterly,28,* 468-48

Narver, J.C & S.F. Slater (1990) The Effect of a Market Orientation on Business Profitability, *Journal of Marketing* 54 (4), 20–35.

Noble, C.H.; R.K. Sinha; & A. Kumar (2002) Market Orientation and Alternative Strategic Orientations: A Longitudinal Assessment of Performance Implications, *Journal of Marketing* 66, no. 4: 25–39.

O'Cass A & Ngo, J (2007) The effects of perceived industry competitive intensity and marketing related capabilities: Drivers of superior brand performance. *Industrial Marketing Management* 39(4): 571–581

Ombaka, B., Machuki, V. N, & Mahasi, H (2015). Organizational Resources, External Environment, Innovation and Firm Performance: *A Critical Review of Literature*, DBA Africa Management Review, 5(1)

Ormanidhi, O. & Stringa, O. (2008), *"Porter's model generic competitive strategies"*, Business Economics, 43 (3), 55-64

Parthasarthy, R. (2007), *Fundamental of Strategic Management*, Houghton Mifflin Co, Boston, MA

Park, B. I., & Ghauri, P. N. (2011). Key factors affecting acquisition of technological capabilities from foreign acquiring firms by small and medium sized local firms. *Journal of World Business, 46*, 116-125

Parnell, J.A (2015) Management and strategic orientation in Small and Medium-sized Enterprises (SMEs) In Peru, Mexico and The United States, *Journal of Contingencies and Crisis Management Volume, 23 (4)*

Porter, M. E. (1980), *Competitive Advantage*. New York: The Free Press.

Renko, M., Carsrud, A.& Brannback, M. (2009), The effect of a market orientation, entrepreneurial orientation, and technological capability on innovativeness: a study of young biotechnology ventures in the United States and in Scandinavia, *Journal of Small Business Management*, Vol. 47 No. 3, pp. 331-368.

Scott, W. R. (2008). *Institutions and organizations ideas and interests*, Los Angeles: Sage Publications, Inc.

Schwartz, B. (2009), Environmental Strategies as Automorphic Patterns of Behaviour, *Business Strategy and the Environment.* Vol.18, pp.192-206

Slater, S.F& Narver, J.C. Narver. (1994). Market Orientation, Customer Value, and Superior Performance.*Business Horizons* 37, 2: 22–28.

Mugenda, O.M. and Mugenda, A.G. (1999). *Research Methods. Quantitative and Qualitative Approaches.* Nairobi: ACTS Press, ICRAF Complex, United Nations Avenue.

Slater, F.S., Olson, E.M. & Hult, G.T.M. (2006). The moderating influence of strategic orientation on the strategy formation capability-performance relationship, *Strategic Management Journal*, 27(12), 1221-1231.

Tsai K.H & Yang S.Y (2014)The contingent value of firm innovativeness for business performance under environmental turbulence. *International Entrepreneurship and Management Journal* 10(2): 343–366.

Venkatraman, K, & Ramanujam,V (2006) Measurement of business performance m strategy research: A comparison of approaches. *Academy of Management Review, 11,* 801-814.

Walker, O.C & Ruekert, N.K (1987) *marketing role in implementation of business strategies, A critical review and conceptual Framework, 5(1): 97–112.*

Weinzimmer, G.L; Robin, J & Mitchel, E.J (2012). The Measurement of Strategic Orientation and its Efficacy in Predicting Financial Performance, *Journal of Business Strategies, 2(2), 53-67*

Zhou, K.Z., & C.B. Li. (2010) How Strategic Orientations Influence the Building of Dynamic Capability in Emerging Economies *Journal of Business Research* 63, no. 3: 224–231.

APPENDIX I: LETTER OF INTRODUCTION

Date: ……………………….…………

To: …………………………………….

Dear Sir/Madam,

RE: <u>COLLECTION OF RESEARCH DATA</u>

My name is Zipporah Nganga and an MBA student in Business Administration – Strategic Management option at The University of Nairobi. Currently, I' am carrying out a research on the "influence of strategic orientation on performance of telecommunication firms in Kenya". I am in the process of gathering relevant data for this study and you have been identified as one of the collaborators and respondents in this study and request for your assistance towards making this study a success.

I therefore kindly request you to take some time to respond to the attached questionnaire. I wish to assure you that your responses will be treated with confidentiality and will be used solely for the purpose of this study.

I thank you in advance for your time and responses. It will be appreciated if you can fill the questionnaire within the next 5days to enable early finalization of the study.

Yours Sincerely

Zipporah Nganga

<u>Student Reg. No: D61/P/8544/2005</u>

APPENDIX II: QUESTIONNAIRE

Section A: Demographic Characteristics of Respondents

1. Name of the Telecommunication firm (Optional)…………………………………….

2. Length of continuous service with the firm?

a) Less than five years [ ] b) 5-10 years [ ]

c) Over 10 years [ ] d) Over 11 years [ ]

3. How long has your telecommunication firm been in operation in Kenya?

a) Under 5 years [ ] b) 6 – 10 years [ ]

c) 11 – 15 years [ ] d) Over 16 years [ ]

4. How many employees are there in your firm?

a) Less than 200 [ ] b) 201 - 400 [ ]

c) 401 – 600 [ ] d) 601- 800 [ ]

e) 801 – 1000 [ ] f) Over 1000 [ ]

5. What is the nature of ownership of your telecommunication?

a) Locally Owned [ ] b) Foreign Owned [ ]

b) Mixed Ownership [ ]

Section B: Strategic Orientation Practices

6. Please indicate the extent to which you concur with the following statements regarding your firm strategic orientation practices. Using the following rating; 5 = Very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Small extent, 1 = Very small extent

Technology Orientation	**5**	**4**	**3**	**2**	**1**
The firm uses sophisticated telecommunication technologies in new product development					
The firm possess the ability and will to acquire superior technological background and apply it in commercializing new products in telecommunication field					
The firm embraces innovation as a strategic and cultural priority tool					
The firms bias towards technology applications mobilizes a firm’s entry into new market niches					
The firm technology orientation fosters its capability to respond to customers’ preferences in an effective way					

The firm technology orientation is a chief means for it to create product differentiation and promote product designs that exceed those of competitors					
Customer Orientation					
The firm focuses on identifying customers' expressed needs that guide it in developing products and services					
The telecommunication firm focus on understanding the desires of customers in their served markets					
The firm identifies demands developing products and services that satisfy their desires					
Customer complaints are addressed whenever raised					
Market Orientation					
The products introduced by companies with market orientation are likely to be perceived by customers as satisfying their current needs better than the competing products do					
The firms excels in their ability to seek and absorb market information to create and deliver products of superior customer value					
The firm is more attuned to changes and trends in the marketplace, and more actively anticipate and prepare for changes in its day-to-day operations					
The firm also endeavour to develop market sensing and customer-linking capabilities					
Entrepreneurial Orientations					
The firm places emphasis on seizing external opportunities and making commitment of resources to the increase of internal innovative behaviours					
The firm is active in taking risks to discover market opportunities and accordingly employing these opportunities to develop and introduce new products to the market					
The firms entrepreneurial orientation foster a firm's innovative capability by taking advantage of emerging market opportunities and by targeting at premium market segments					
The firm endeavours to be the first to come up with "proactive"					

innovations and in the process beating competitors					

Section C: Organisational Performance

7. Indicate in terms of average percentage therating of the following performance measures in your organization over the last five years.

Where, **1 = Negative2 = Constant 3 = (1% – 30%) 4 = (31% - 60%) 5 = (Over 61%)**

Measure	**1**	**2**	**3**	**4**	**5**
Financial Performance					
Cost reduction					
Increase in profitability					
Return on assets					
Return on equity					
Non - Financial Performance					
Increase in market share					
Improved product innovation					
Improved internal processes					
Improved product functionality					
Improved product reliability					
Improved product/service quality					

THANK YOU FOR YOUR TIME

APPENDIX III: LIST OF TELECOMMUNICATION FIRMS IN KENYA

1. Safaricom Kenya Limited
2. Airtel Networks Kenya Limited
3. Telkom Orange Kenya Limited
4. Access Kenya (Dimension Data)
5. Liquid telecom
6. Jamii Telecom
7. Wananchi Telecom
8. MTN Business Kenya
9. Internet Solutions Kenya
10. Africa Online
11. Swift Global

Source: Communication Authority of Kenya, 2016