

**THE RELATIONSHIP BETWEEN TRADE ORIENTATION AND
ORGANIZATIONAL, PERFORMANCE OF FOOD PROCESSING FIRMS IN
THE WIDER NAIROBI METROPOLIS, KENYA**

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DECLARATION

I declare that this research project report is my original work and has not been submitted for examination in any other University.

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DEDICATION

To my family

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ABSTRACT

Trade orientation is important to any organisation as this may be the ingredient missing for internationalisation of a firm. The food processing sector is a very important one for the growth of Kenya's economy. The sector contributes to about 3.2% of GDP growth and accounts for 41% of total manufacturing sector export. However, the sector faces a number of challenges that hamper the growth of many firms. The objective of this study was to establish the relationship between trade orientation and the performance of food processing firms in Nairobi metropolis.

This was a cross sectional survey design. According to a recent mapping exercise of food processing firms in Kenya, there were 619 firms (IDS, 2013). The population of the study was therefore be the 619 food processing firms in Nairobi Metropolis. Using the sample size calculator, 62% confidence level and a confidence interval of ± 4 , a sample size of 50 firms was selected for the study. Primary data was collected in this study using structured questionnaires prepared based on the objectives of the study and administered using drop and pick later method to the General Managers of the organisations.

The study found that product orientation had a negative and significant effect on firm performance ($\beta = -0.761, p = 0.000$). The study also found that customer orientation had a positive but non-significant effect on firm performance ($\beta = 0.181, p = 0.612$). The study further revealed that competitor orientation had a negative but insignificant effect on firm performance ($\beta = -0.416, p = 0.225$). The results further showed that inter-functional coordination had a positive and significant effect on firm performance ($\beta = 1.057, p = 0.000$). The study concludes that the performance of food processing firms is influenced by the level of product orientation and the level of inter-functional coordination. The study recommends that food processing firms should not focus on

product orientation but on inter-functional orientation. The study recommends that the Government of Kenya should place an enabling environment to encourage more food processing firms to export their produce more as this is likely to boost their performance and also become a source of foreign exchange earner for the government. The study also recommends that other agricultural processing firms can be better placed to improve their performance by focusing on the inter-functional coordination as a trade orientation.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Research on trade orientation of food processing firms has gained momentum over the recent past especially in emerging markets. This may be due to the role played by food processing firms in these countries in terms of employment creation and their contribution to GDP. With globalisation and liberalisation of markets, these firms are finding a footprint in other markets other than their domestic ones in order to expand hence the need for research on trade orientation of food processing firms.

Three paradigms have been linked to trade orientation research and provide a general theoretical guideline for this study. They are resource-based, contingency-based, and relational-based (Francis and Collins-Dodd, 2000). The resource-based paradigm suggests that a firm's trade performance is based on firm-level activities. The contingency paradigm suggests that no one strategy can be appropriate in all situations; the effects of various firm characteristics on trade performance are dependent on the specific context of the firm. The relational paradigm examines the network of business interactions and views export and import growth as a step-by-step development of relationships with overseas buyers and suppliers.

Food processing consists of multiple value chains beginning in agricultural production and reaching into domestic, regional and global markets. Therefore the sector contributes both to employment and export earnings in the economy (SAFIC, 2013). Exporting and importing has increasingly become an important activity for many food processing firms in recent years as a way of sustaining and ensuring their growth, profitability and survival (Patel & D'souza, 2009). It has been noted by authors such as Mpinganjira (2011) that SMEs are actively and widely participating in the export

and import efforts of developing countries. It is therefore important to examine how trade orientation of firms affects their performance.

1.1.1 Trade Orientation

Trade orientation encompasses both export and import orientation. Export orientation reflects the firm's overall pro-activeness and aggressiveness in its pursuit of international markets (Okpara et al, 2008). It is associated with managerial vision, innovativeness and proactive competitive posture overseas. Fauzil, Hirobumi and Tamaka, (2010) suggest that exporting is an entrepreneurial act and can be defined as the process by which individuals either on their own or inside organizations pursue export market opportunities without regard to the resources which they currently control or environmental disincentives which they face. From the above submissions, export orientation can be defined as the willingness of firms to proactively pursue international business opportunities with innovative products, services and processes regardless of the risks involved.

Recently, using micro level data from developed countries, some empirical studies have shown that importers show similar characteristics as exporters. In their review of firms from the United States in international trade, Bernard et al. (2007) draw attention to the strong correlation (0.87) between industries with high shares of importing firms and those with high shares of exporters. They find that 79% of importers also export. Their descriptive analysis shows that both types of firms show many similarities in their performance measures. Both exporters and importers are more productive, larger, capital and skill intensive than firms that do not have any trading relationships with the rest of the world.

A number of studies have analyzed the factors that drive the internationalization of smaller firms (Gabrielsson and Kirpalani, 2004; Knight and Cavusgil, 2004), but the understanding of this recent phenomenon remains limited hence the need to focus on food processing firms. According to Coulthard (2007) the research to-date demonstrated that there is general agreement that export orientation does influence firm performance, and there is a positive relationship between entrepreneurial orientation and performance among other factors. Empirical findings from Wiklund and Shepherd's (2003) research confirmed that export orientation is positively related to performance. In a more recent study by Jogaratnam and Tse (2006), findings show that firm strategic posture is positively associated with performance.

1.1.2 Trade Orientation and Firm Performance

Performances are variously measured and the perspective are tied together and consistently monitored from the organization context (Jamil and Mohamed 2012). Prior to 1980s, financial indicators were the sole measurement rod of performance such as: profit, return on investment, sales per employees and productivity. Short after 1980s till date, attentions have been shifted from financial to less tangible and non-financial measure. This include: Just in-time delivery (JITD) total quality management (TQM), Communication, trust, stakeholder satisfaction, competitive position and quality of product Saad and Patel (2006) and Rosli(2011).

Garrigos-Simon, Marques and Narangajavana (2005) also categorised performance measurement into four, namely profit which include: return on assets, return on investment and return on sales, growth in term of: sales, market share and wealth creation, stakeholder satisfaction which include customer satisfaction and employees satisfaction and competitive position which include: overall competitive position and

success rate in launching new product. The research study was based on competitive strategies and performance in Spanish hospitality firms. The finding shows that there is no consensus agreement as to how performance should be measured in all organization.

1.1.3 Food Processing Sector in Nairobi Metropolis

Vision 2030 stresses the importance of the manufacturing sector and identifies food processing as the most important single sub-sector in terms of its contribution to GDP. A recent report by the World Bank stresses that “Food processing is another sector where the country can use its natural base in agriculture to reach the next level of competitiveness” (World Bank, 2012). Other studies have identified a sub-sector of food processing - maize as a key cluster, whose growth can help Kenya achieve the Vision 2030 goals (SAFIC, 2013).

The food processing sector in Kenya constitutes about a third of the manufacturing sector. The sector accounts for about 34% of the total manufacturing sector employment and contributes about 3.2% of the GDP. In 2011, the sector exported about 41% of total manufacturing sector export mainly from export of tea, coffee, horticulture, tobacco and fish products (SAFIC, 2013). This sector is therefore an important one for the economic growth of Kenya.

Food processing as a category covers a wide range of products including meat, fish, dairy, bakeries, fruit juices, grain milling, horticultural products, sauces and jams and snacks. To ensure some comparability with sub-sectors in the other countries that are part of this project, the sub-sectors that we focus are: Dairy, Edible Oils, Grain Milling, Sauces and Jams and Snacks. The sector faces a number of challenges. These include inadequate supply of quality raw materials, low value addition, low

investment in post-harvest storage and primary processing, and market access challenges both locally and internationally. About 619 food processing firms are located in Nairobi and focus on all the sectors above.

1.2 Research Problem

Trade orientation is important to any organisation as this may be the ingredient missing for internationalisation of a firm. Exporting has increasingly become an important activity for organisations in recent years as a way of sustaining and ensuring their growth, profitability and survival (Patel & D'souza, 2009). It has been noted by authors such as Wignaraja (2003) and Mpinganjira (2011) that many firms are actively and widely participating in the export efforts of developing countries.

The food processing sector is a very important one for the growth of Kenya's economy. The sector contributes to about 3.2% of GDP growth and accounts for 41% of total manufacturing sector export. This sector falls within the larger manufacturing sector and it is the focus of this study. SAFIC (2013) study mapped out the food processing within Nairobi Metropolitan area and revealed that 619 firms were located within Nairobi. Vision 2030 as well as World Bank reports stress the importance of the manufacturing sector and identifies food processing as the most important single sub-sector in terms of its contribution to GDP. However, this sector faces a number of challenges that hamper the growth of many firms.

Previous studies have been focused on firms in developed markets, and very little is known about the internationalization of firms from emerging market economies such as Kenya. Researchers have argued that the success or failure of a business has frequently been linked to the concept of strategic orientation advocated. The majority of research examining the strategic orientation of entrepreneurs in the West is fairly

rich and has been disjointed (Zou and Stan, 1998). Also, although there has been a great deal of research on food processing firms and trade orientation, these studies have been primarily conducted in the West and a few in Africa.

Ahimbisibwe & Abaho (2013) explored the conceptual feasibility of examining the possible relationship between Export entrepreneurial Orientation (as dimensionalised under innovativeness, proactiveness and risk orientation) and Export performance. Findings revealed that food processing firms in Uganda have significantly high levels of export entrepreneurial orientation and that EEO dimensions are significant predictors of export performance. Okpara and Kumbiadis (2008) investigated the impact of export orientation on performance of food processing firms in Nigeria. A survey method was used to collect data from respondents. The results show that firms with higher export orientation are exporters and outperformed those with low export orientation. The results of this study therefore offered a strong case for export orientation of food processing firms in order for them to perform better. Taymaz and Yilmaz (2007) examined the relationship between trade orientation and productivity of Turkish manufacturing companies for the 1984-2000 period. The study observed that productivity gains were largest in import competing industries, compared to export-oriented and non-traded sectors. This suggests that export orientation has a positive impact on the performance of firms.

There is a lack of research on food processing firms and trade orientation in Kenya. Specifically, research on this topic is disappointingly scarce because very few studies have been undertaken on this topic in Africa in general, particularly in Kenya. Since very little research has been conducted on this topic in Kenya, there is undeniably a knowledge gap in the understanding of this issue with regard to the Kenyan

environment. What is the relationship between food processing firm performance and trade orientation in Nairobi County?

1.3 Research Objective

The objective of this study was to establish the relationship between trade orientation and the performance of food processing firms in Nairobi metropolis.

1.4 Value of the Study

This study will add value to the theory of internationalisation of firms especially in developing countries as it will inform on how trade orientation of food processing firms influence the performance of firms. This study is set in Kenya and therefore will provide information on how food processing firms in Kenya are trade oriented and how that orientation affects their performance.

The study will also be important for food processing firms in Kenya. An awareness of the characteristics of trade orientation that results in superior export performance might inspire them to enter into the export market.

This study also offers a significant contribution to both practitioners and researchers. The paper can therefore be used as a reference guide for practitioners and researchers can use it for reference in related studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review. Specifically, the chapter reviews theoretical literature on trade orientation. An empirical review of studies on the effect of export orientation on performance is also done. A summary of the chapter is then provided with a research gap.

2.2 Theoretical Foundation of the Study

This section reviews theories related to the concept of trade orientation. The theories explain why a firm may pick a specific trade orientation and not the other. Three paradigms have been linked to export research and provide a general theoretical guideline for this study. They are: resource-based, contingency-based, and relational-based (Francis and Collins-Dodd, 2000).

2.2.1 Resource-Based Theory

The resource-based paradigm suggests that a firm's export performance is based on firm-level activities. Research in this vein examined factors such as the effect of firm size, competence, and strategies on export performance. Traditional international business research suggests that internationalizing firms possess certain ownership advantages such as size, superior technology, unique products, or special managerial/marketing know-how (Chen and Chen, 1998). However, many firms with international activities are small, and seemingly with few resources and capabilities, and conventional theory does not provide an adequate explanation for either their motivation or the mechanism of their internationalization (Wright, Westhead and Ucbasaran, 2006). Previous research suggests that born global companies create sustainable competitive advantages based on unique technologies and innovation,

which they leverage worldwide (Almor, 2006). This ability to innovate and transform innovations into business activities allows small firms to create competitive advantages that may support their internationalization strategy. Studies show that born global companies frequently have a superior capability to perform R&D activities (Knight and Cavusgil, 2004).

The resource based and capabilities perspectives also suggest that network linkages are important to many small firms as they provide access to information and resources not available internally (Davidson and Honig, 2003). These linkages may be especially important in emerging markets as they enable firms with relatively weak internal resources to access complementary resources and capabilities within the wider network (Bruton, Ahlstrom and Wan, 2003). Redding (1996) characterizes these firms as weak organizations linked by strong networks, suggesting that network-related factors should play an important role within the context of their internationalization decisions and performance.

However, investment in R&D and network membership may represent necessary but not sufficient conditions for internationalization. In addition, Zahra et al. (2000) building on the related knowledge-based view (KBV) of the firm suggest that new international ventures are, as a rule, knowledge-intensive organizations. Their short organizational life, small size, resource constraints, and the pressure to learn quickly to survive are likely to persuade their managers to fully leverage learning from their experiences to build capabilities. The KBV suggests, therefore, that the human capital of entrepreneurs that is based on their knowledge and past experiences may be another important factor underpinning the internationalization process (Westhead et al., 2001).

2.2.2 Contingency-Based Theory

The contingency paradigm suggests that no one strategy can be appropriate in all situations; the effects of various firm characteristics on export performance are dependent on the specific context of the firm. Reid (1983) argues that foreign expansion is contingency based and “results from a choice among competing expansion strategies that are guided by the nature of the market opportunity, firm resources and managerial philosophy”.

Root (1987) and Turnbull and Ellwood (1986) discuss the factors which should be evaluated using this approach, which, for market selection include market attractiveness, psychic distance and accessibility and informal barriers, while the choice of organisational structure to serve the market will be dependent on these market characteristics “as well as company specific factors such as international trading history, size, export orientation and commitment” (Turnbull and Ellwood, 1986). Porter (1985) adds the number of competitors in the market as a key factor affecting market entry.

A number of researchers have indicated that certain factors such as industry, market, and environmental conditions are likely to influence various aspects of a firm’s characteristics, strategies, and/or competencies on export performance (Cavusgil and Zou, 1994; Yeoh and Jeong, 1995).

2.2.3 Relational-Based Theory

A third approach to exporting research, described by Francis and Collins-Dodd (2000) is the relational paradigm, which examines the network of business interactions, and views export growth as a step-by-step development of relationships with overseas buyers. This perspective has been highlighted by Styles and Ambler (1994),

Hakansson (1982), and Johanson and Vahle(1990). The paradigms presented, while not intended to be a complete test of exporting theory, provide a reasonable theoretical examination of the applicability of export orientation and export entry strategy.

According to Yeoh and Jeong (1995), exporting is considered to be a firm's strategic response to the relationship of internal as well as external factors. They argued that the three major antecedents of performance in the exporting context are export channel structure, strategic orientation, and external environment. Their framework is based on two fundamentals. First, the strategic orientation of an exporting firm is a key determinant of performance, and different types of internal and external contextual situations may exist such that exporting firms manifest different strategic orientations in their export activities. The second premise is that the performance implication of a particular strategic orientation is expected to be contingent on its "fit" with the external environment and the firm's export channel structure.

2.3 Components of Trade Orientation

There are four main forms of trade orientation. These are related to the concept of market orientation which encompasses, customer orientation, competitor orientation, and inter-functional coordination. Market orientation can generally be defined as an organizational culture that concentrates on the value creation for customers (Narver and Slater, 1990). Similarly, Deshpande and Webster (1989) defined market orientation as an organizational culture that practices a customer-based approach in planning. However, focusing only on customers may not be adequate, as it is also necessary to focus on rivals. Narver and Slater (1990) determined that competitor orientation and inter-functional coordination are essential as customer orientation.

Inter-functional coordination is the effective and efficient collaboration across the entire organization to achieve the objectives.

According to Soerensen (2009), market orientation elements (customer and competitor orientation) are not equally important for firms with different strategies in different business environment. In this study, the researcher applies the concept of market orientation as defined by Narver and Slater (1990), containing three behavioural elements (customer orientation, competitor orientation and inter-functional orientation). A market oriented firm can grab opportunities ahead of its competitors and hence build up customer loyalty which may have a positive impact on its performance by generating profitability and market share.

Customer orientation is prioritizing the interest of customers first (Deshpande et al., 1993). Generally, firms having a customer orientation approach seem to process the abilities of identifying, analyzing, understanding and answering customers' needs (Narver and Slater, 1990; Slater and Narver, 1994). According to Kohli and Jaworski (1990), the first priority of a firm is to identify the needs of its customers and fulfill them.

Focusing on service delivery and spending time with the customers are the core task of customer oriented firms (Narver and Slater, 1994). Customer orientation method may provide a firm with information regarding customers by learning needs, perceptions and attitudes of target group.

Competitor orientation is another element included in market orientation. Narver and Slater (1990) defined competitor orientation as having an understanding of competitors' strengths and weaknesses and taking the appropriate actions to keep ahead of the competition. Competitor oriented firms can identify and understand

strengths and weaknesses of existing or potential rivals in a short or Striving to gain competitive advantage is the goal of competitor oriented firms.

Inter-functional coordination or orientation is one more component of market orientation. Inter-functional orientation is defined as the cooperation and collaboration between various departments in the organization to satisfy customers' needs. Sensitivity, responsiveness and integration between all functions are a must in inter-functional oriented firms (Shapiro, 1988). Inter-functional coordination is the coordination among all departments and the utilization of common resources in creating better values (Narver and Slater, 1990). Gatignon and Xuereb (1997) argued that inter-functional coordination improves the communication and the system of exchanging information between various departments.

Several market or strategic orientation studies also have included measures related to specific product characteristics, including relative product quality (Jaworski and Kohli 1993; Pelham and Wilson 1996), and a variety of measures of new product distinctiveness and fit (Atuahene-Gima 1995, 1996; Gatignon and Xuereb 1997). In most cases, these measures have been modeled either as independent variables that exert a direct effect on performance or as variables that mediate the positive effect of market orientation on performance. Although results are equivocal (e.g., Pelham and Wilson 1996), there is support for a positive, direct effect on performance by product quality (Jaworski and Kohli 1993) and product advantage (Gatignon and Xuereb 1997) and a positive, mediating effect for product advantage and innovation-marketing fit (Atuahene-Gima 1996). This study measures product orientation in the sense of whether a firm manufactures for the export market or not.

2.4 Determinants of Firm Performance

Performance according to Hornby (2000) is described as an action or achievement considered in relation to how successful it is. Performances are variously measured and the perspective are tied together and consistently monitored from the organization context (Jamil and Mohamed 2012). Looking from the Hornby (2000) definition, it can be reasonably concluded that performance is synonymous to success. What connotes performance varies from one organization to another.

Prior to 1980s, financial indicators were the sole measurement rod of performance such as: profit, return on investment, sales per employees and productivity. Short after 1980s till date, attentions have been shifted from financial to less tangible and non-financial measure. This include: Just in-time delivery (JITD) total quality management (TQM), Communication, trust, stakeholder satisfaction, competitive position and quality of product Saad and Patel (2006) and Rosli (2011).

According to Komppula, (2004), performance of firms was viewed as their ability to contribute to job and wealth creation through enterprises start-up, survival and growth. The research study was focused on Success factors in small and micro enterprises. The results of the study show that there are no statistically significant differences in the views held by slowly or fast growing enterprises regarding the importance of the success factors. The same factors are considered important and less important in both slowly and fast growing enterprises in each branch of industry. Arising from the findings, it shows that the effectiveness of a particular factor on a business hang on the support of other determinant factors.

2.4.1 Entrepreneurial Competencies

As Hoffmann (1999) noticed, there are numerous definitions of entrepreneurial competencies. Bird (1995), for example, defined entrepreneurial competencies as fundamental characteristics, namely traits, self-image, motives, social roles, skills and knowledge that drive the growth of the organization. This is in line with Kiggundu's (2002) definition of entrepreneurial competencies as "the total sum of entrepreneurs' attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioural tendencies needed for successful and sustaining entrepreneurship". Entrepreneurial competencies also involve self-image, motives, entrepreneurial traits, behaviour, skills, attitude and knowledge (Boyatzis (1982). Baum et al. (2001) defined entrepreneurial competencies as "individual characteristics such as knowledge, skills, and/or abilities required to perform a specific job." Man and Lau (2005) argued that entrepreneurial competencies can basically be divided into two parts. The first part includes the elements relating to the entrepreneur's background such as traits, personality, attitudes, self image, and social roles. And the second part involves the components which can normally be learned from theory and practice like skills, experience and knowledge.

Entrepreneurial competencies can also be defined as the abilities of an entrepreneur to perform the successful entrepreneurship or business success. Iandoli (2007) defined entrepreneurial competencies as the capability of entrepreneurs to face effectively a critical situation by making sense of environmental constraints and by activating relational and internal specific resources.

Boyatzis (1982) argued that entrepreneurial competencies are strongly associated with managerial competencies. Competencies in this research are defined as the total

capability of the entrepreneur to perform a job role successfully (Lau et al., 1998). Man and Lau (2000) have classified entrepreneurial competencies into six major areas: opportunity competencies, organizing competencies, strategic competencies, relationship competencies, conceptual competencies and commitment competencies.

Opportunity competencies are one of the most distinguishing competencies for the entrepreneur. Seeking and taking action on opportunities is a critical competency for successful entrepreneurs (McClelland, 1987).

The ability to recognize and envision taking advantage of opportunities is really crucial for successful entrepreneurs (Chandler and Jansen, 1992). It includes two main parts which are spotting the opportunities and developing the opportunities.

Relationship competencies relate to communication skills and person-to-person and individual-to-group interactions. According to Man et al. (2002), this group of competencies consists of cooperation and trust building, using business networks effectively. Persuasive ability and interpersonal skills are key concepts (McClelland, 1987; and Lau et al., 2000). Research shows that the success of a small firm depends mainly on the networks of business (Ramsden and Bennett, 2005; Ritter and Gemunden, 2004). The effective usage of contacts and networks is also important for both inside and outside of the firm.

Conceptual competencies involve abilities such as cognitive, analytical thinking, learning, decision making, problem solving, sustaining temporal tension, innovating, coping with uncertainty and risk (McClelland, 1987; Bird, 1995). Conceptual competencies can be defined as a high level of conceptual activities in relation to entrepreneur's behaviours such as a shorter-term perspective, resolving instant events, or requiring intuitive responses (Man et al., 2002).

The concept of organizing competencies somehow overlaps with that of managerial competencies as both involve ability to lead, control, monitor, organize, and develop the external and internal resources to ensure the firm's capabilities (Boyatzis, 1982). McClelland (1987) argued that to be able to keep an efficient firm operating, monitoring should be a required competencies in managing various functional areas.

Strategic Competencies relates to setting a direction for the whole firm. This is a major responsibility for every entrepreneur or business owner. These competencies are imperative for entrepreneurs to be able to set objectives for their firms from a broader and long term perspective. Strategic competencies include setting a vision, mission, goals, objectives, and strategies. Implementation and evaluation are components of strategic competencies. These actions are generally taken and implemented by entrepreneurs, owner/managers for the purpose of firm's sustainable growth (McClelland's, 1987).

The basic characteristics of successful entrepreneurs are diligence, commitment, determination, dedication, initiative and proactive orientation (Chandler and Jansen, 1992; McClelland, 1987). As a whole, commitment competencies are the elements which force the entrepreneur to move ahead with the business.

2.4.2 External Factors

Mohd (2005) defined external factors as the determinants which contribute to the success or failure of entrepreneurial firms or entrepreneurs themselves. Simply put, external environmental factors are the outside factors affecting the performance of the business enterprises. External factors have a strong impact on entrepreneurial competencies and performance (Arowomole, 2000; Kuratko and Hodgetts, 2004). The situations faced by entrepreneurs in any economy can generally be defined as the

external environment (Aldrich et al., 1999). The survival and growth of a firm and the likelihood of additional venture start-ups rely on the external environment (Colvin and Slevin, 1989). The external environment has been widely recognized as a critical component contributing to a firm performance. The personality, attitudes and motivation of the entrepreneurs are also dependent on the environment (Gartner, 1985).

In a competitive and turbulent environment, external factors are commonly accepted as the determinants of firm performance and survival. Van de Ven (1993) suggested that every research in the field of entrepreneurship should take account of the external circumstances to be able to explain the entrepreneurial process in a more appropriate way. Kuratko and Hodgetts (2004) also argued that entrepreneurial decisions are primarily influenced in direct or indirect ways by external factors and consequently affect performance. According to Kader et al. (2009), it is unfeasible to fully cover the multiple dimensions of external factors in a single study. In order to ensure a fruitful outcome, it is really crucial to stick to a few dimensions such as the economic and environmental components rather than group everything into one single factor. Therefore, in this study, the researcher concentrates on the economic and environmental factors, which are only two of the many external factors mentioned in previous studies.

2.4.3 Firm Characteristics

Firm characteristics are defined as firm personalities or attributes that tend to describe a firm or tell us about the firm. Three major areas, the nature of firm, firm knowledge, and firm size, represent firm characteristics (Lucky, 2011). As micro or small businesses owners are the heads of their particular enterprises, having a good

understanding of the firm's nature, firm size and firm knowledge is very imperative for them to manage their firms effectively (Lucky and Minai, 2011).

Nature of firm could mean type of firm (e.g. marketing firm, service, advertising firm, etc) or the business the firm is into (Lucky, 2012). As to firm knowledge, it can be defined as owner's adequate knowledge in terms of customers, suppliers, employees and other stakeholders of the firm in order to effectively manage the business (Lucky, 2012). Firm size as defined by Lucky (2012) means either small, medium, or large or the sector the firm belongs to or conducts its business.

The most widely used measurement tool for firm size, number of workers, is applied to this present study. According to Kimberley (1967) and Child (1973), more than 80 percent of academic researchers used number of employees in measuring firm size. Size affects a firm's marketing capabilities, attitudes, needs, practices etc which are important determinants of firms' performance and success (Dean et al., 2000). However, the association between firm size, which is one of the elements of firm's characteristics and entrepreneurial performance, is a debate in the field of research.

2.4.4 Location

Orloff (2002) defined location as economic situation, density of entrepreneur's per capita, composition of local communities etc. Possibly the strategic location is the most important factor of entrepreneurship. Small business development of the business may involve availability of raw material, accessibility to business premises, good road network, busyness of the area of the business etc (Ilian and Yasuo, 2005; Kala et al., 2010; Yancy and Christian, 2010). Thus, location can be described as nearness and accessibility of the firm to raw materials, infrastructures, how busy the location is and its accessibility to the customers.

Kala et al., (2010) defined location as the choice of where a business is to be located (small, medium and large cities or urban or rural locations). Location has been widely recognized as an indispensable component in shaping and determining the success, failure and effectiveness of business activities and entrepreneurship (Lucky, 2011). Strategic location is very important for firms, policy makers and entrepreneurs or business owners due to the key role it plays in strengthening the effectiveness of the firms (Lucky and Minai, 2011). According to Greening, Barringer, and Macy (1996), although most studies neglect the important role of location, it is undoubtedly the crucial factor impacting firm performance.

2.5 Empirical Review

Francis & Collins-Dodd (2000) provided empirical support for the importance of a proactive export orientation in driving export success in the uncertain high-tech environment. The regression analysis demonstrated that proactive and conservative export strategies and motivations produce opposite effects on multiple measures of export performance for small and medium-sized Canadian high-tech firms in the information technology and telecommunications sector.

Taymaz and Yilmaz (2007) examined the relationship between trade orientation and productivity of Turkish manufacturing companies for the 1984-2000 period. The study observed that productivity gains were largest in import competing industries, compared to export-oriented and non-traded sectors. This suggests that export orientation has a positive impact on the performance of firms.

Commander & Svejnar (2007) assessed the effect on performance of ownership, competition, export orientation and the business environment of the firm. The study

found that export orientation of the firm does not have an effect on performance once ownership is taken into account. Thus, the study shows that the relationship between performance and export orientation does not hold if ownership of firms is taken into consideration.

Okpara and Kumbiadis (2008) investigated the impact of export orientation on performance of SMEs in Nigeria. A survey method was used to collect data from respondents. The results show that firms with higher export orientation are exporters and outperformed those with low export orientation. The results of this study therefore offered a strong case for export orientation of small and medium enterprises in order for them to perform better.

Filatotchev et al. (2008) examined factors affecting the export propensity and export performance of high-technology SMEs in an emerging economy. Using a unique, hand-collected dataset of 711 SMEs from Zhongguancun Science Park in China, the study argued that export orientation and performance depend not only on the development of capabilities through R&D and technology transfer, but also on entrepreneurial characteristics, such as the founder's international background and global networks. It is also shown that both export orientation and performance are positively associated with the presence of a "returnee" entrepreneur. Moreover, there are complementarities between the effects of returnee entrepreneurs and R&D intensity on export propensity, and between the presence of an entrepreneur with previous working experience in MNCs and global networks on both export propensity and export performance.

Okpara (2009) investigated the impact of entrepreneurial export orientation on the performance of SMEs in Nigeria. The study followed a quantitative research design

using survey methods with statistical treatment. Several t-tests and correlation tests were used to ascertain whether differences exist between proactive export orientation and conservative export orientation and performance. The findings indicated that firms that adopted proactive orientation achieved higher performance, profitability, and growth compared with those that adopted a conservative orientation. It was also found that proactive entrepreneurs allocated more financial resources for export activities than conservative entrepreneurs.

Khavul et al (2010) argued that firms with proprietary technology and a strategic intent to internationalize invest in international customer support capabilities to satisfy the demands of their most important international customers. Using a unique sample of 173 international new ventures from China and India, the authors show that such investments are associated with improved organizational learning and performance. The results suggest that globalization pays off when entrepreneurial firms from emerging economies invest in ongoing support of their most important international customers.

Navaro et al (2010) investigated the role of export commitment in linking export resources and capabilities to positional advantages achieved in foreign markets. The results show that experiential resources, specific export capabilities, and export market orientation (EMO) reinforce export commitment, which exerts a positive effect on perceived positional advantages. These perceptions also are likely to be positive if the firm adapts its marketing mix to the needs of its foreign markets. Resources linked to experience and informational knowledge about foreign markets foster the development of capabilities (i.e., specific export capabilities and/or EMO). Finally, the results indicate that specific export capabilities influence EMO.

Seker (2011) examined the relationship between importing, exporting, and innovation in developing countries. Using a detailed firm level dataset from 43 developing countries, the study showed that there are persistent differences in evolution of firms when they are grouped according to their trade orientation as: two-way traders (both importing and exporting), only exporters, only importers, and non-traders. The study showed that globally engaged firms are larger, more productive, and grow faster than non-traders. It also showed that two-way traders are the fastest growing and most innovative group who are followed by only-exporters.

Ahimbisibwe & Abaho (2013) explored the conceptual feasibility of examining the possible relationship between Export entrepreneurial Orientation (as dimensionalised under innovativeness, proactiveness and risk orientation) and Export performance. A total of 195 SMEs in Uganda were surveyed and findings revealed that SMEs in Uganda have significantly high levels of export entrepreneurial orientation and that EEO dimensions are significant predictors of export performance. They recommended that SMEs should be encouraged to always recruit entrepreneurial staff, open up for foreign partnerships and create international operations departments in order to streamline their export operations whilst committing resources towards the reinforcing of export performance.

2.6 Summary of Literature Review

This chapter has reviewed the components of trade orientation. More specifically market orientation, customer orientation, competitor orientation, and inter-functional coordination have been reviewed. These are the main variables that will be examined in this study on how they influence performance.

A review of the determinants of SME performance has shown that a number of factors influence SME performance. These include entrepreneur related factors, external factors, SME characteristics, and location. These will be used in the present study as control variables as the empirical studies in this area have included them as such. Further, their effects have been mixed in several studies.

The empirical review has shown that there are mixed results as to how export orientation and performance of firms are related. While studies that directly relate export orientation and performance find a positive effect, those that include moderating variables find no relationship between export orientation and performance. Further, these studies have been done in developed and other developing countries and nothing is currently available on Kenya. This offers a research gap which the present study seeks to bridge.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology which was adopted in this study. The chapter describes the research design, population, sample, data collection method, and data analysis procedure.

3.2 Research Design

This was a cross sectional survey design. This is one in which information is collected without changing the environment (Monsen and van Horn, 2008). Sometimes these are referred to as “correlational” or “observational” studies. This design was selected because the study sought to find a relationship between trade orientation and performance. As Monsen and Van Horn (2008) noted, a cross sectional research can be used to propose an association. The present study proposes an association between the two variables.

3.3 Population

The population of this study was all the food processing firms in Nairobi metropolis. According to a recent mapping exercise of food processing firms in Kenya, there were 619 firms (IDS, 2013). The population of the study was therefore be the 619 food processing firms in Nairobi Metropolis.

3.4 Sampling Technique and Sample Size

Using the sample size calculator, 62% confidence level and a confidence interval of ± 4 , a sample size of 50 firms was the appropriate sample size for the study. The sample was restricted to the firms within Nairobi.

3.5 Data Collection

Primary data was collected in this study. This was collected using structured questionnaires prepared based on the objectives of the study and stemming from the literature review. The questionnaires were administered using drop and pick later method. These targeted the General Managers of the organisations.

3.6 Data Analysis

The collected data was entered into SPSS version 22 and analysed using a combination of methods. First, a descriptive analysis was performed to describe the data collected. Mean and standard deviations were used to translate the descriptive data. Secondly, a multiple regression analysis was carried out with performance as the dependent variable and trade orientation as the independent variables. Various other control variables were used in the model. The model is as shown:

$$Performance = \alpha + \beta_1 Product + \beta_2 Customer + \beta_3 Competitor + \beta_4 Int + \beta_5 Size + \beta_6 Age + \varepsilon$$

Performance = refers to the financial performance of the firm

Product = refers to whether the firm produces for export market, import market or both

Customer = shows the customer orientation of the firm

Competitor = shows the competitor orientation of the firm

Int = shows the inter-functional coordination of the firm

Size = refers to the size of the firm measured by the number of employees

Age = refers to the age of the firm

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the study. The chapter is organised as follows. The first section presents the results on the profile of respondents. The second section shows the results on trade orientation. The third section shows the results on the relationship between trade orientation and financial performance. The last section is the discussion of results.

4.2 Profile of Respondents

This section presents the results on the profile of respondents. Primary data was gathered from the respondents on the age of the firms and the size of the companies in terms of number of employees in the organisations. These were meant to be used as the control variables during the regression analysis. Table 1 shows the results for age of the firms.

The results show that the mean age of the firms was 8.5 years with a standard deviation of 8.9 years. This means that on average, the firms surveyed were 8 years old having operated the business for that number of years. They were therefore mature firms and in a position to respond to issues that were of significance to the present study.

Table 4.1 shows the results of the number of employees in the firms. The respondents had been asked to state the number of employees they had employed on permanent basis.

Table 4.1: Size of the Firms

Variable	Mean	SD
Number of employees	15.56	9.341

The results show that the number of employees averaged 15.6 with a standard deviation of 9.3. This means that on average, the firms had about 15 employees on permanent basis. These were therefore largely small firms that took part in the survey.

4.3 Trade Orientation

This section presents the results of trade orientation of the firms surveyed. Primary data was collected by asking the respondents to score, on a scale of 1-5, the extent to which they agreed on statements regarding various trade orientations as practiced by their firms. Table 4.2 shows the descriptive results on product orientation of food processing firms in Kenya.

Table 4.2: Product Orientation of food processing firms

Product Orientation	Mean	SD
We process food for the local market	3.6829	1.29304
We process food for both import and export market	1.7073	.90122
We process food for the export market	1.1463	.35784

Source: Survey Data (2014)

The results in Table 4.2 show that most of the foods processed were for the local market ($M = 3.68$, $SD = 1.29$). Most of the companies disagreed that they processed for both export and import market ($M = 1.71$, $SD = 0.90$) or for the export market ($M = 1.15$, $SD = 0.36$). These results mean that the major product orientation was the production for the local market and not mainly for export market. Thus, product orientation was low.

Table 4.3 shows the descriptive results for customer orientation.

Table 1.3: Customer Orientation of food processing firms

Customer Orientation	Mean	SD
We do whatever it takes to create value for our customers	5.0000	.00000
We continuously monitor our customers' needs	5.0000	.00000

We regularly measure customer satisfaction	4.8537	.35784
We reward employees and managers who are committed to customer satisfaction	4.5854	.74080
We spend a great deal of effort trying to understand customer needs	4.5854	.49878
The top management of our firm often emphasizes the need to be customer oriented	4.5610	.74326

Source: Survey Data (2014)

The results in Table 4.3 show that the firms did whatever it takes to create value for customers (M = 5.00, SD = .00), continuously monitored customer needs (M = 5.00, SD = .00), regularly measure customer satisfaction (M = 4.85, SD = .36), rewarded employees and managers who are committed to customer satisfaction (M = 4.59, SD = .74), spent a great deal of effort in trying to understand customer needs (M = 4.59, SD = .499), and the top management emphasised the need to be customer oriented (M = 4.56, SD = .74). These results suggest that most of the firms were highly customer oriented.

Table 4.4 shows the descriptive analysis results for competitor orientation.

Table 4.4: Competitor Orientation of food processing firms

Competitor Orientation	Mean	SD
We are constantly looking for opportunities to gain an advantage over our competitors	4.4146	.74080
We respond rapidly to our competitors' actions	4.2927	.71568
Our sales and marketing people share competitor information with other departments	3.7073	1.30851

Source: Survey Data (2014)

The results in Table 4.4 show that the firms were constantly looking for opportunities to gain an advantage over the competitors (M = 4.41, SD = .74), responded rapidly to competitor actions (M = 4.29, SD = .72) and their sales and marketing people shared competitor information with other departments (M = 3.71, SD = 1.31). These results suggest that the food processing firms were also highly competitor oriented.

Table 4.5 shows the descriptive results for inter-functional coordination.

Table 4.5: Inter-functional Coordination of food processing firms

Inter-functional Coordination	Mean	SD
Tightly coordinating the activities of all departments adds customer value	3.8780	.84247
Resources are frequently shared by different departments	3.8537	.65425
Our firm's strategy emphasizes coordination of the various departments	3.5610	1.32380
The various departments in our firm share a great deal of information with each other	3.3902	1.18064

Source: Survey Data (2014)

The results in Table 4.5 show that the firms tightly coordinated the activities of all departments which added customer value ($M = 3.88$, $SD = .84$), resources were frequently shared by different departments ($M = 3.85$, $SD = .65$), the firms' strategy emphasised coordination of the various departments ($M = 3.56$, $SD = 1.32$), and the various departments in the firms shared a great deal of information with each other ($M = 3.39$, $SD = 1.18$). These results suggest that the food processing firms were also highly oriented in terms of their inter-functional coordination.

Table 4.6 shows the descriptive results for trade orientation.

Table 4.6: Trade Orientation of food processing firms

Trade Orientation	Mean	Std. Deviation
Customer orientation	4.7642	.25543
Competitor orientation	4.1382	.67895
Inter-functional coordination	3.6707	.71903
Product orientation	2.1789	.56812

Source: Survey Data (2014)

The results in Table show that the most significant trade orientation was customer orientation ($M = 4.76$, $SD = .26$) followed by competitor orientation ($M = 4.13$, $SD = .68$) and inter-functional coordination ($M = 3.67$, $SD = .72$). These three trade

orientations explained how the food processing firms were oriented in the market. The firms were not product oriented ($M = 2.18$, $SD = .57$). These results mean that the food processing firms were customer oriented, competitor oriented and inter-functionally oriented.

4.4 Relationship Between Trade Orientation and Performance

This section presents the results on the relationship between trade orientation and performance. A descriptive analysis on performance was first done from the scores given by the respondents and the results are shown in Table 4.7.

Table 4.7: Firm Performance of the respondents

Firm Performance	Mean	SD
The firm has a better return on investment	3.7073	.90122
The firm has a better return on assets	3.4146	.92129
The firm has higher revenues per year	3.2683	1.30431
The firm exports more	1.4390	.74326

Source: Survey Data (2014)

As the results in Table 4.7 show, firms performed better on return on investment ($M = 3.71$, $SD = .90$), return on assets ($M = 3.41$, $SD = .92$), and revenues ($M = 3.27$, $SD = 1.30$). Export performance was dismal ($M = 1.44$, $SD = .74$). Performance was therefore high in terms of ROI, ROA and revenues but low in terms of exports as the productions were mainly for local market.

The correlation analysis was conducted to assess the interrelationship between variables in order to understand how whether serial correlation existed between the predictor variables. The results are shown in Table 4.8.

Table 4.8: Correlation Matrix of the respondents

	1	2	3	4	5	6	7
Firm performance	1						
Product orientation	-.477**	1					

Customer orientation	-.244	.336*	1				
Competitor orientation	.271	.568**	.497**	1			
Inter-functional coordination	.566**	.362*	.111	.889**	1		
Age of the firm	.248	-.161	.141	.097	.104	1	
Size of the firm	-.093	.122	-.141	-.007	.026	-.172	1

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Survey Data (2014)

As shown in Table 4.8, there was a high correlation of .889 between competitor orientation and inter-functional coordination. However, a decision was made to retain all the variables given that these were important for the model under study and had been used in prior studies.

Table 4.9 shows the regression model summary. As the results show, there was a high correlation between the predictor variables and firm performance ($R = .933$). The R^2 value shows that the model accounted for 86.4% of the variance in firm performance. The adjusted R^2 shows that the model accounted for 85.9% of the variance in firm performance. This model therefore accounted for most of the variance in performance of food processing firms.

Table 4.9: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.933 ^a	.871	.849	.24590	2.626

Source: Survey Data (2014)

Table 4.10 shows the ANOVA results from the regression analysis. As the results show, the F-statistic was 38.400 and was significant, $p < .001$. Thus, at 5% level, the model was fit to explain the relationship between trade orientation and firm

performance. Thus the model was good enough to be used as a predictor for firm performance among food processing firms in Kenya.

Table 4.10: ANOVA of food processing firms

	Sum of Squares	df	Mean Square	F	Sig.
Regression	13.932	6	2.322	38.400	.000 ^b
Residual	2.056	34	.060		
Total	15.988	40			

Source: Survey Data (2014)

Table 4.11 shows the regression coefficients.

Table 4.11: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.829	1.441		1.270	.213
Product orientation	-.741	.104	-.666	-7.103	.000
Customer orientation	.125	.335	.050	.341	.735
Competitor orientation	-.400	.342	-.430	-1.169	.251
Inter-functional coordination	1.037	.263	1.180	3.945	.000
Size of the firm	-.002	.004	-.031	-.486	.630
Age of the firm	.003	.005	.048	.731	.470

Source: Survey Data (2014)

As shown in Table 4.11, product orientation had a negative and significant effect on firm performance (B = -0.761, p = 0.000). The study found that customer orientation had a positive but non-significant effect on firm performance (B = 0.181, p = 0.612). The study also found that competitor orientation had a negative but insignificant effect on firm performance (B = -0.416, p = 0.225). The results further show that inter-functional coordination had a positive and significant effect on firm performance (B = 1.057, p = 0.000). Thus, only product orientation and inter-functional coordination had influenced financial performance of food processing firms in Kenya.

4.5 Discussion of Findings

The study found that product orientation had a negative effect on the performance of food processing firms. This relationship was significant at 5% level. This means that the performance of food processing firms was influenced by the level of product orientation. Thus, a unit increase in product orientation leads to a 0.761 decline in firm performance.

The study found that customer orientation had a positive effect on the performance of food processing plants. This relationship was however insignificant. Therefore, the performance of food processing plants in Nairobi was not influenced by the level of customer orientation.

The study also found that competitor orientation had a negative effect on the performance of food processing firms in Nairobi. This relationship was not significant. This shows that the performance of food processing firms in Nairobi was not influenced by the level of competitor orientation of firms.

The study also found that inter-functional coordination had a positive effect on the performance of food processing firms in Nairobi. This relationship was significant at 5% level. This means that the performance of food processing plants in Nairobi is influenced by the level of inter-functional coordination. Thus, a unit increase in inter-functional coordination leads to a 1.057 increase in firm performance.

The study agreed with the literature review of Okpara and Kumbiadis (2008) who investigated the impact of export orientation on performance of SME's in Nigeria. A survey method was used to collect data from respondents. The results show that firms with higher export orientation are exporters and outperformed those with low export orientation. In this case, we have also seen that firms that export outperform those that do not. Seker (2011) examined the relationship between importing, exporting and innovation in developing countries. The study showed that globally engaged firms are larger, more productive and grow faster than non-traders. It also showed that two way traders are the fastest growing and most innovative group who are followed by only-exporters. This is also in support of the current study and shows that those firms which are globally engaged have a better performance than those that are not.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of research findings, conclusion of the study, recommendations for policy and practice, limitations of the study, and suggestions for further research.

5.2 Summary of Findings

The study sought to examine the relationship between trade orientation and performance of food processing firms in Nairobi. The study found that the mean age of the firms was 8.5 years and the mean number of employees was 15.6. The results showed that the most significant trade orientation was customer orientation ($M = 4.76$, $SD = .26$) followed by competitor orientation ($M = 4.13$, $SD = .68$) and inter-functional coordination ($M = 3.67$, $SD = .72$).

The study found that there was a high correlation between the predictor variables and firm performance ($R = .932$). The R^2 value shows that the model accounted for 86.8% of the variance in firm performance. The adjusted R^2 shows that the model accounted for 85.3% of the variance in firm performance. The F-statistic was 59.25 and was significant at 5% level, suggesting that the model was fit to explain the relationship between trade orientation and firm performance.

The study found that product orientation had a negative and significant effect on firm performance ($B = -0.761$, $p = 0.000$). The study also found that customer orientation had a positive but non-significant effect on firm performance ($B = 0.181$, $p = 0.612$). The study further revealed that competitor orientation had a negative but insignificant effect on firm performance ($B = -0.416$, $p = 0.225$). The results further showed that

inter-functional coordination had a positive and significant effect on firm performance ($B = 1.057, p = 0.000$).

5.3 Conclusion

The study concludes that the performance of food processing firms is influenced by the level of product orientation. This means that the level of product orientation that the food processing plants engage in will influence their overall performance. Specifically, a more product oriented strategy will hurt the performance of a firm.

The study concludes that the performance of food processing plants in Nairobi is not influenced by the level of customer orientation. Firms are therefore unlikely to report better performance by being customer-centric in their trade orientation.

The study concludes that the performance of food processing firms in Nairobi was not influenced by the level of competitor orientation of firms. This means that a firm that focuses on competitors as a trade orientation may not record better performance than others.

The study also concludes that the performance of food processing plants in Nairobi is influenced by the level of inter-functional coordination. Thus, firms are more likely to report better performance than their peers if they are focused on being well coordinated internally through their functions. This can be attributed to efficiency that comes in when functions are well coordinated.

5.4 Recommendations

The study recommends that food processing firms should not focus on product orientation as a trade orientation as a focus on the same will hurt the performance of the firms. Thus, it may be important that food processing firms' trade orientation is not based on the product but on inter-functional orientation. The management of food processing firms should therefore take this into cognizance.

The study recommends that the Government of Kenya should place an enabling environment to encourage more food processing firms to export their produce more as this is likely to boost their performance and also become a source of foreign exchange earner for the government. Policies should therefore be instituted to enable this to happen.

The study also recommends that other agricultural processing firms can be better placed to improve their performance by focusing on the inter-functional coordination as a trade orientation. This will improve efficiency and lead to more production and therefore more earnings.

5.5 Limitations of the Study

The study focused solely on food processing firms in Nairobi. This therefore limited the sample size to Nairobi and therefore may limit the applicability of the results to other food processing firms in Kenya or to other non-food processing firms.

The study was also based on primary data collected from the respondents. Primary data may be non-reliable at times and the respondents can be biased in their

responses. The study therefore suffers from the limitations inherent in all primary data.

5.6 Suggestions for Further Research

The study suggests that this study should be replicated in other sectors of the economy to study non-food processing firms and also expand the sample beyond Nairobi County. Such a study will provide results that can be compared to the present one or generalised to other industries.

The study also suggests that more studies should examine the determinants of trade orientation. This is important in order to inform firms on what they need to focus on more for them to be better oriented to trade in the market with others.

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APPENDICES

Appendix I: Research Questionnaire

Part A: General Information

1. In what year was this firm started (incorporated) in Kenya?
2. How many employees does this firm have?
3. What is your annual revenues from processing of food?

Part B: Trade Orientation

4. The statements in the table below refer to the market orientation of your firm. State the extent to which you agree with the statements on a scale of 1 (strongly disagree) to 5 (strongly agree).

	1	2	3	4	5
Product orientation					
We process food for the export market					
We process food for the import market					
We process food for both import and export market					
Customer orientation					
The top management of our hotel often emphasizes the need to be customer oriented					
We reward employees and managers who are committed to customer satisfaction					
We regularly measure customer satisfaction					
We spend a great deal of effort trying to understand customer needs					
We do whatever it takes to create value for our customers					
We continuously monitor our customers' needs					
Competitor orientation					
Our sales and marketing people share competitor information with other departments					
We respond rapidly to our competitors' actions					
We are constantly looking for opportunities to gain an advantage over our competitors					
Inter-functional coordination					
The various departments in our firm share a great deal of information with each other					
Our firm's strategy emphasizes coordination of the various departments					
Resources are frequently shared by different departments					
Tightly coordinating the activities of all departments adds customer value					

Part C: Firm Performance

5. The statements in the table below refer to the performance of your firm relative to your competitors. State the extent to which you agree with the statements on a scale of 1 (strongly disagree) to 5 (strongly agree).

	1	2	3	4	5
Relative to our competitors, this firm has a better return on investment					
Relative to our competitors, this firm has a better return on assets					
Relative to our competitors, this firm has exports more					
Relative to our competitors, this firm has higher revenues per year					